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

FORM 10-Q

☒ **QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Quarterly Period Ended March 31, 2021

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Transition Period From ____________ to ____________

Commission File Number: **000-54258**

TERRA TECH CORP.

(Exact Name of Registrant as Specified in its Charter)

NEVADA	**26-3062661**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
3442 S.Halladay Santa Ana, California	**92705**
(Address of Principal Executive Offices)	(Zip Code)

(888) 909-5564
(Registrant's Telephone Number, Including Area Code)

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities and Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (section 232.405 of this chapter) during the preceding 12 months (or such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☒
Emerging growth company	☐		

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

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

As of May 10, 2021, there were 236,190,148 shares of common stock issued and 233,881,740 shares outstanding, 41,026,610 shares of common stock issuable upon the exercise of all of our outstanding warrants and 7,027,345 shares of common stock issuable upon the exercise of all vested options.

TERRA TECH CORP.
INDEX TO FORM 10-Q FOR THE
QUARTERLY PERIOD ENDED MARCH 31, 2021

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

	March 31, 2021 (Unaudited)	December 31, 2020
ASSETS		
Current Assets:		
Cash	$ 1,243	$ 888
Accounts receivable, net	1,300	835
Short Term investments	40,256	34,045
Inventory	2,354	1,602
Prepaid expenses and other assets	628	234
Current assets of discontinued operations	1	2
Total current assets	45,782	37,606
Property, equipment and leasehold improvements, net	31,641	32,480
Intangible assets, net	7,522	7,714
Goodwill	6,171	6,171
Other assets	12,844	13,040
Investments	330	330
Assets of discontinued operations	2,927	2,953
TOTAL ASSETS	**$ 107,217**	**$ 100,294**
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES:		
Current liabilities:		
Accounts payable and accrued expenses	$ 9,869	$ 8,621
Short-term debt	12,746	8,033
Current liabilities of discontinued operations	9,782	9,768
Total current liabilities	32,397	26,422
Long-term liabilities:		
Long-term debt, net of discounts	3,532	6,632
Long-term lease liabilities	7,592	8,082
Long-term liabilities of discontinued operations	-	28
Total long-term liabilities	11,124	14,742
Total liabilities	**43,521**	**41,164**
STOCKHOLDERS' EQUITY:		
Preferred stock, convertible series A, par value 0.001: 0 and 100 shares authorized as of March 31, 2021 and December 31, 2020; 0 and 8 shares issued and outstanding as of March 31, 2021 and December 31, 2020, respectively.	-	-
Preferred stock, convertible series B, par value 0.001: 0 and 41,000,000 shares authorized as of March 31, 2021 and December 31, 2020; 0 shares issued and outstanding as of March 31, 2021 and December 31, 2020.	-	-
Common stock, par value 0.001: 990,000,000 shares authorized as of March 31, 2021 and December 31, 2020; 235,491,198 shares issued and 233,182,790 shares outstanding as of March 31, 2021; 196,512,867 shares issued and 194,204,459 shares outstanding as of December 31, 2020.	256	218
Additional paid-in capital	290,225	275,060
Treasury Stock (2,308,408 shares of common stock, 12 shares of Preferred Stock Convertible Series A)	(808)	(808)
Accumulated deficit	(230,822)	(219,803)
Total Terra Tech Corp. stockholders' equity	58,851	54,667
Non-controlling interest	4,845	4,463
Total stockholders' equity	**63,696**	**59,130**
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**$ 107,217**	**$ 100,294**

The accompanying notes are an integral part of the unaudited consolidated financial statements.

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

	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020
Total revenues	$ 5,112	$ 4,047
Cost of goods sold	2,680	1,723
Gross profit	2,432	2,324
Selling, general and administrative expenses	14,138	8,541
Impairment of assets	-	5,120
(Gain) / Loss on sale of assets	-	(35)
Loss from operations	(11,706)	(11,302)
Other income (expense):		
Loss on Extinguishment of Debt	(6,161)	-
Interest expense, net	(400)	(902)
Other income/loss	345	65
Unrealized Gain (Loss) on Investments	6,212	-
Total other income (expense)	(4)	(837)
Income (Loss) from continuing operations	(11,710)	(12,139)
Income (Loss) from discontinued operations, net of tax	14	(5,235)
NET INCOME (LOSS)	(11,696)	(17,374)
Less: Income (Loss) attributable to non-controlling interest from continuing operations	382	(44)
NET LOSS ATTRIBUTABLE TO TERRA TECH CORP.	$ (12,078)	$ (17,330)
Income / (Loss) from continuing operations per common share attributable to Terra Tech Corp. common stockholders – basic and diluted	$ (0.05)	$ (0.08)
Net Loss per common share attributable to Terra Tech Corp. common stockholders – basic and diluted	$ (0.05)	$ (0.11)
Weighted-average number of common shares outstanding – basic and diluted	237,752,273	150,906,135

The accompanying notes are an integral part of the unaudited consolidated financial statements.

TERRA TECH CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2021
(UNAUDITED)
(in thousands)

	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	$ (11,696)	$ (17,374)
Less: net loss from discontinued operations	(14)	5,235
Net loss from continuing operations	(11,710)	(12,139)
Adjustments to reconcile net loss to net cash used in operating activities:		
Bad debt expense	-	295
Gain from debt forgiveness	(86)	-
Unrealized gain on investments	(6,212)	-
Loss (gain) on extinguishment of debt	6,161	-
Non-cash portion of severance expense	7,990	-
Non-cash interest expense	27	339
Gain on sale of assets	-	(35)
Depreciation and amortization	1,141	1,718
Amortization of operating lease right of use asset	195	225
Stock based compensation	398	960
Impairment loss	-	5,120
Change in operating assets and liabilities:		
Accounts receivable	(465)	(161)
Inventory	(753)	(516)
Prepaid expenses and other current assets	(394)	215
Other assets	9	11
Accounts payable and accrued expenses	991	974
Operating lease liabilities	(161)	(221)
Net cash provided by / (used in) operating activities - continuing operations	(2,869)	(3,215)
Net cash provided by / (used in) operating activities - discontinued operations	18	(966)
NET CASH PROVIDED BY / (USED IN) OPERATING ACTIVITIES	**(2,851)**	**(4,181)**
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, equipment and leasehold improvements	(110)	(182)
Cash from acquisitions	-	57
Proceeds from sales of assets	-	35
Net cash provided by / (used in) investing activities - continuing operations	(110)	(90)
Net cash provided by / (used in) investing activities - discontinued operations	-	2,182
NET CASH PROVIDED BY / (USED IN) INVESTING ACTIVITIES	**(110)**	**2,092**
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of notes payable	3,500	1,392
Payments of debt principal	(6)	-
Cash paid for debt issuance costs	(178)	-
Proceeds from issuance of common stock	-	250
Cash contribution (distribution) from non-controlling interest	-	165
Net cash provided by / (used in) financing activities - continuing operations	3,316	1,807
Net cash provided by / (used in) financing activities - discontinued operations	-	-
NET CASH PROVIDED BY / (USED IN) FINANCING ACTIVITIES	**3,316**	**1,807**
NET CHANGE IN CASH	**355**	**(282)**
Cash at beginning of period	888	1,226
CASH AT END OF PERIOD	**$ 1,243**	**$ 944**
SUPPLEMENTAL DISCLOSURE FOR OPERATING ACTIVITIES:		
Cash paid for interest	$ 182	$ 360
SUPPLEMENTAL DISCLOSURE FOR NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Debt principal and accrued interest converted into common stock	$ 3,596	$ 1,028
Promissory note issued for severance	$ 2,100	$ -
Stock Issued for the acquisition of OneQor	$ -	$ 9,305
Fixed assets in accounts payable	$ -	$ 167
Stock options exercised on a net share basis	$ 1	$ -

The accompanying notes are an integral part of the unaudited consolidated financial statements.

TERRA TECH CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2021
(UNAUDITED)
(in thousands, except for Shares)

	Preferred Stock Convertible Series A		Common Stock		Additional Paid-In Capital	Treasury Stock		Accumulated Deficit	Non-Controlling Interest	Total
	Shares	Amount	Shares	Amount		Shares	Amount			
Balance at December 31, 2020	**8**	**$ -**	**194,204,459**	**$ 218**	**$ 275,060**	**2,308,412**	**$ (808)**	**$ (219,803)**	**$ 4,463**	**$ 59,130**
Adoption of ASU 2020-06	-	-	-	-	(1,071)			1,059		(12)
Debt conversion - common stock	-	-	20,391,774	20	3,989	-	-	-	-	4,009
Warrants issued to Dominion	-	-	-	-	5,978	-	-	-	-	5,978
Stock compensation - directors	-	-	541,666	1	121	-	-	-	-	122
Stock compensation - services expense	-	-	322,947	0	32	-	-	-	-	32
Stock Option Exercises	-	-	1,226,230	1	(1)	-	-	-	-	-
Acquisition of A shares	(8)	-	16,485,714	16	5,873	8	-	-	-	5,889
Stock option expense	-	-	-	-	244	-	-	-	-	244
Net income attributable to non-controlling interest	-	-	-	-	-	-	-	-	382	382
Net loss attributable to Terra Tech Corp.	-	-	-	-	-	-	-	(12,078)	-	(12,078)
Balance at March 31, 2021	**-**	**$ -**	**233,172,790**	**$ 256**	**$ 290,225**	**2,308,420**	**$ (808)**	**$ (230,822)**	**$ 4,845**	**$ 63,696**

The accompanying notes are an integral part of the unaudited consolidated financial statements.

TERRA TECH CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2020
(UNAUDITED)
(in thousands, except for Shares)

	Preferred Stock Convertible Series A		Common Stock		Additional Paid-In	Treasury Stock		Accumulated	Non-Controlling	
	Shares	Amount	Shares	Amount	Capital	Shares	Amount	Deficit	Interest	Total
Balance at December 31, 2019	**8**	**$ -**	**118,004,978**	**$ 120**	**$ 260,516**	**2,308,412**	**$ (808)**	**$ (189,686)**	**$ 5,184**	**$ 75,326**
Debt conversion - common stock	-	-	9,123,560	9	1,018	-	-	-	-	1,027
Stock compensation - employees	-	-	2,353,115	2	374	-	-	-	-	376
Stock compensation - services expense	-	-	825,000	1	108	-	-	-	-	109
Stock issued for cash	-	-	2,470,173	2	248	-	-	-	-	250
Stock issued for OneQor acquisition	-	-	58,154,027	58	9,246	-	-	-	-	9,304
Stock option expense	-	-	-	-	944	-	-	-	-	944
Contribution from non-controlling interest	-	-	-	-	-	-	-	-	165	165
Net income attributable to non-controlling interest	-	-	-	-	-	-	-	-	(44)	(44)
Net loss attributable to Terra Tech Corp.	-	-	-	-	-	-	-	(17,330)	-	(17,330)
Balance at March 31, 2020	**8**	**$ -**	**190,930,853**	**$ 192**	**$ 272,454**	**2,308,412**	**$ (808)**	**$ (207,016)**	**$ 5,305**	**$ 70,127**

The accompanying notes are an integral part of the unaudited consolidated financial statements.

TERRA TECH CORP. AND SUBSIDIARIES
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 – DESCRIPTION OF BUSINESS

References in this document to "the Company", "Terra Tech", "we", "us", or "our" are intended to mean Terra Tech Corp., individually, or as the context requires, collectively with its subsidiaries on a consolidated basis.

Terra Tech is a holding company with the following subsidiaries:

- 620 Dyer LLC, a California corporation ("Dyer")
- 1815 Carnegie LLC, a California limited liability company ("Carnegie")
- Black Oak Gallery, a California corporation ("Black Oak")
- Blüm San Leandro, a California corporation ("Blüm San Leandro")
- GrowOp Technology Ltd., a Nevada corporation ("GrowOp Technology")
- IVXX, Inc., a California corporation ("IVXX Inc."; together with IVXX LLC, "IVXX")
- IVXX, LLC, a Nevada limited liability company ("IVXX LLC")
- MediFarm, LLC, a Nevada limited liability company ("MediFarm")
- MediFarm I, LLC, a Nevada limited liability company ("MediFarm I")
- MediFarm II, LLC, a Nevada limited liability company ("MediFarm II")
- MediFarm So Cal, Inc., a California corporation ("MediFarm SoCal")
- 121 North Fourth Street, LLC, a Nevada limited liability company ("121 North Fourth")
- OneQor Technologies, Inc., a Delaware corporation ("OneQor")

The Company is a retail, production and cultivation company, with an emphasis on providing the highest quality of medical and adult use cannabis products. We currently have a concentrated cannabis interest in California. All of the Company's cannabis dispensaries operate under the name Blüm. The Company's cannabis dispensaries in California operate as Black Oak Gallery in Oakland and Blum San Leandro in San Leandro and offer a broad selection of medical and adult-use cannabis products including flowers, concentrates and edibles.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP") and with the instructions to Securities Exchange Commission ("SEC") Form 10-Q and Article 10 of Regulation S-X of the Securities Act of 1933 and reflect the accounts and operations of the Company and those of our subsidiaries in which we have a controlling financial interest. In accordance with the provisions of FASB or ASC 810, *"Consolidation,"* we consolidate any variable interest entity ("VIE") of which we are the primary beneficiary. The typical condition for a controlling financial interest ownership is holding a majority of the voting interests of an entity; however, a controlling financial interest may also exist in entities, such as VIEs, through arrangements that do not involve controlling voting interests. ASC 810 requires a variable interest holder to consolidate a VIE if that party has the power to direct the activities of the VIE that most significantly impact the VIE's economic performance and the obligation to absorb losses of the VIE that could potentially be significant to the VIE or the right to receive benefits from the VIE that could potentially be significant to the VIE. We do not consolidate a VIE in which we have a majority ownership interest when we are not considered the primary beneficiary. We evaluate our relationships with all the VIEs on an ongoing basis to reassess if we continue to be the primary beneficiary.

All intercompany transactions and balances have been eliminated in consolidation. In the opinion of management, all adjustments (consisting only of normal recurring adjustments) considered necessary for a fair presentation of the consolidated financial position of the Company as of March 31, 2021 and 2020, and the consolidated results of operations and cash flows for the quarters ended March 31, 2021 and 2020 have been included. These interim unaudited condensed consolidated financial statements do not include all disclosures required by GAAP for complete financial statements and, therefore, should be read in conjunction with the more detailed audited consolidated financial statements for the year ended December 31, 2020. The December 31, 2020 balances reported herein are derived from the audited consolidated financial statements for the year ended December 31, 2020. The results of operations for the interim periods are not necessarily indicative of the results of operations to be expected for the full year.

Going Concern

The accompanying financial statements have been prepared assuming that we will continue as a going concern. The risks and uncertainties on the future of our business due to COVID-19 and regulatory uncertainty, combined with the fact that we have historically lost money, have in the past, raised substantial doubt as to our ability to continue as a going concern. However, management believes that proceeds due from its Hydrofarm investment, proceeds from the Nevada asset sales, management's past and on-going efforts to trim costs and management's recent efforts to boost sales will lead to cash sustainability. Therefore management believes that there is no material uncertainty as to the Company's ability to continue as a going concern.

Non-Controlling Interest

Non-controlling interest is shown as a component of stockholders' equity on the consolidated balance sheets and the share of net income (loss) attributable to non-controlling interest is shown as a component of net income (loss) in the consolidated statements of operations.

Use of Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the dates of the financial statements and the reported amounts of total net revenue and expenses in the reporting periods. The Company regularly evaluates estimates and assumptions related to revenue recognition, allowances for doubtful accounts, sales returns, inventory valuation, stock-based compensation expense, goodwill and purchased intangible asset valuations, derivative liabilities, deferred income tax asset valuation allowances, uncertain tax positions, tax contingencies, litigation and other loss contingencies. These estimates and assumptions are based on current facts, historical experience and various other factors that the Company believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities and the recording of revenue, costs and expenses that are not readily apparent from other sources. The actual results the Company experiences may differ materially and adversely from these estimates. To the extent there are material differences between the estimates and actual results, the Company's future results of operations will be affected.

Reclassifications

Certain prior period amounts have been reclassified to conform to the current period presentation. These reclassifications did not affect net loss, revenues or stockholders' equity. See Note 16, *"Discontinued Operations"* for further discussion regarding discontinued operations.

Trade and Other Receivables

The Company extends noninterest bearing trade credit to its customers in the ordinary course of business which is not collateralized. Accounts receivable are shown on the face of the consolidated balance sheets, net of an allowance for doubtful accounts. The Company analyzes the aging of accounts receivable, historical bad debts, customer creditworthiness and current economic trends, in determining the allowance for doubtful accounts. The Company does not accrue interest receivable on past due accounts receivable. The allowance for doubtful accounts was zero as of March 31, 2021 and December 31, 2020.

Investments

Investments in unconsolidated affiliates are accounted for under the cost or the equity method of accounting, as appropriate. The Company accounts for investments in limited partnerships or limited liability corporations, whereby the Company owns a minimum of 5% of the investee's outstanding voting stock, under the equity method of accounting. These investments are recorded at the amount of the Company's investment and adjusted each period for the Company's share of the investee's income or loss, and dividends paid. As investments accounted for under the cost method do not have readily determinable fair values, the Company only estimates fair value if there are identified events or changes in circumstances that could have a significant adverse effect on the investment's fair value.

Publicly held equity securities are recorded at fair value with unrealized gains or losses resulting from changes in fair value reflected as unrealized gains or losses on equity securities in our consolidated statements of operations.

Inventory

Inventory is stated at the lower of cost or net realizable value, with cost being determined on the first-in, first-out ("FIFO") method of accounting. The Company periodically reviews physical inventory for excess, obsolete, and potentially impaired items and reserves. The reserve estimate for excess and obsolete inventory is based on expected future use. The reserve estimates have historically been consistent with actual experience as evidenced by actual sale or disposal of the goods.

Prepaid Expenses and Other Current Assets

Prepaid expenses consist of various payments that the Company has made in advance for goods or services to be received in the future. These prepaid expenses include advertising, insurance, and service or other contracts requiring upfront payments.

Property, Equipment and Leasehold Improvements, Net

Property, equipment and leasehold improvements are stated at cost less accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. The approximate useful lives for depreciation of our property, equipment and leasehold improvements are as follows: thirty-two years for buildings; three to eight years for furniture and equipment; three to five years for computer and software; five years for vehicles and the shorter of the estimated useful life or the underlying lease term for leasehold improvements. Repairs and maintenance expenditures that do not extend the useful lives of related assets are expensed as incurred.

Expenditures for major renewals and improvements are capitalized, while minor replacements, maintenance and repairs, which do not extend the asset lives, are charged to operations as incurred. Upon sale or disposition, the cost and related accumulated depreciation are removed from the accounts and any gain or loss is included in operations. The Company continually monitors events and changes in circumstances that could indicate that the carrying balances of its property, equipment and leasehold improvements may not be recoverable in accordance with the provisions of ASC 360, *"Property, Plant, and Equipment."* When such events or changes in circumstances are present, the Company assesses the recoverability of long-lived assets by determining whether the carrying value of such assets will be recovered through undiscounted expected future cash flows. If the total of the future cash flows is less than the carrying amount of those assets, the Company recognizes an impairment loss based on the excess of the carrying amount over the fair value of the assets. See Note 7, *"Property, Equipment and Leasehold Improvements, Net"* for further information.

Intangible Assets

Intangible assets continue to be subject to amortization, and any impairment is determined in accordance with ASC 360,*"Property, Plant, and Equipment,"* intangible assets are stated at historical cost and amortized over their estimated useful lives. The Company uses a straight-line method of amortization unless a method that better reflects the pattern in which the economic benefits of the intangible asset are consumed can be reliably determined. The approximate useful lives for amortization of our intangible assets are as follows:

Customer relationships	3 to 5 Years
Trademarks and Patent	2 to 8 Years
Dispensary licenses	14 Years

The Company reviews intangible assets subject to amortization quarterly to determine if any adverse conditions exist or a change in circumstances has occurred that would indicate impairment or a change in the remaining useful life. Conditions that may indicate impairment include, but are not limited to, a significant adverse change in legal factors or business climate that could affect the value of an asset, a product recall, or an adverse action or assessment by a regulator. If an impairment indicator exists, we test the intangible asset for recoverability. For purposes of the recoverability test, we group our amortizable intangible assets with other assets and liabilities at the lowest level of identifiable cash flows if the intangible asset does not generate cash flows independent of other assets and liabilities. If the carrying value of the intangible asset (asset group) exceeds the undiscounted cash flows expected to result from the use and eventual disposition of the intangible asset (asset group), the Company will write the carrying value down to the fair value in the period identified.

Intangible assets that have indefinite useful lives are tested annually for impairment and are tested for impairment more frequently if events and circumstances indicate that the asset might be impaired. An impairment loss is recognized to the extent that the carrying amount of the asset group exceeds its fair value.

Goodwill

Goodwill is measured as the excess of consideration transferred and the net of the acquisition date fair value of assets acquired, and liabilities assumed in a business acquisition. In accordance with ASC 350, *"Intangibles—Goodwill and Other,"* goodwill and other intangible assets with indefinite lives are no longer subject to amortization but are tested for impairment annually or whenever events or changes in circumstances indicate that the asset might be impaired.

The Company reviews the goodwill allocated to each of our reporting units for possible impairment annually as of September 30 and whenever events or changes in circumstances indicate carrying amount may not be recoverable. In the impairment test, the Company measures the recoverability of goodwill by comparing a reporting unit's carrying amount, including goodwill, to the estimated fair value of the reporting unit.

The carrying amount of each reporting unit is determined based upon the assignment of our assets and liabilities, including existing goodwill and other intangible assets, to the identified reporting units. Where an acquisition benefits only one reporting unit, the Company allocates, as of the acquisition date, all goodwill for that acquisition to the reporting unit that will benefit. Where the Company has had an acquisition that benefited more than one reporting unit, The Company has assigned the goodwill to our reporting units as of the acquisition date such that the goodwill assigned to a reporting unit is the excess of the fair value of the acquired business, or portion thereof, to be included in that reporting unit over the fair value of the individual assets acquired and liabilities assumed that are assigned to the reporting unit.

If the carrying amount of a reporting unit is in excess or its fair value, the Company recognizes an impairment charge equal to the amount in excess.

Notes Receivable

The Company reviews all outstanding notes receivable for collectability as information becomes available pertaining to the Company's inability to collect. An allowance for notes receivable is recorded for the likelihood of non-collectability. The Company accrues interest on notes receivable based on net realizable value. The allowance for uncollectible notes was zero as of March 31, 2021 and December 31, 2020.

Assets Held for Sale and Discontinued Operations

Assets held for sale represent furniture, equipment, and leasehold improvements less accumulated depreciation as well as any other assets that are held for sale in conjunction with the sale of a business. The Company records assets held for sale in accordance with ASC 360*, "Property, Plant, and Equipment,"* at the lower of carrying value or fair value less costs to sell. Fair value is based on the estimated proceeds from the sale of the facility utilizing recent purchase offers, market comparables and/or data. Our estimate as to fair value is regularly reviewed and subject to changes in the commercial real estate markets and our continuing evaluation as to the facility's acceptable sale price. The reclassification takes place when the assets are available for immediate sale and the sale is highly probable. These conditions are usually met from the date on which a letter of intent or agreement to sell is ready for signing. The Company follows the guidance within ASC 205, *"Reporting Discontinued Operations and Disclosure of Disposals of Components of an Entity"*when assets held for sale represent a strategic shift in the Company's operations and financial results.

Fair Value of Financial Instruments

The Company applies fair value accounting for all financial assets and liabilities and non-financial assets and liabilities that are recognized or disclosed at fair value in the financial statements on a recurring basis. The Company defines fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities that are required to be recorded at fair value, the Company considers the principal or most advantageous market in which the Company would transact and the market-based risk measurements or assumptions that market participants would use in pricing the asset or liability, such as risks inherent in valuation techniques, transfer restrictions and credit risk. Fair value is estimated by applying the following hierarchy, which prioritizes the inputs used to measure fair value into three levels and bases the categorization within the hierarchy upon the lowest level of input that is available and significant to the fair value measurement:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Observable inputs other than quoted prices in active markets for identical assets and liabilities, quoted prices for identical or similar assets or liabilities in inactive markets, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Inputs that are generally unobservable and typically reflect management's estimate of assumptions that market participants would use in pricing the asset or liability.

In accordance with the fair value accounting requirements, companies may choose to measure eligible financial instruments and certain other items at fair value. The Company has not elected the fair value option for any eligible financial instruments.

The following table presents the Company's financial instruments that are measured and recorded at fair value on the Company's balance sheets on a recurring basis, and their level within the fair value hierarchy as of March 31, 2021:

Investments:	**Amount**	**Level 1**	**Level 2**	**Level 3**
Warrants to acquire shares of HydroFarm	$ 10,452	$ -	$ 10,452	$ -
Shares in HydroFarm	29,804	-	29,804	-
Option to acquire Edible Garden Inc	330	-	-	330
Total	**$ 40,586**	**$ -**	**$ 40,256**	**$ 330**

Business Combinations

The Company accounts for its business acquisitions in accordance with ASC 805-10,*"Business Combinations."* The Company allocates the total cost of the acquisition to the underlying net assets based on their respective estimated fair values. As part of this allocation process, the Company identifies and attributes values and estimated lives to the intangible assets acquired. These determinations involve significant estimates and assumptions regarding multiple, highly subjective variables, including those with respect to future cash flows, discount rates, asset lives, and the use of different valuation models, and therefore require considerable judgment. The Company's estimates and assumptions are based, in part, on the availability of listed market prices or other transparent market data. These determinations affect the amount of amortization expense recognized in future periods. The Company bases its fair value estimates on assumptions it believes to be reasonable but are inherently uncertain.

Revenue Recognition and Performance Obligations

Cannabis Dispensary, Cultivation and Production

The Company recognizes revenue from manufacturing and distribution product sales when our customers obtain control of our products. Revenue from our retail dispensaries is recorded at the time customers take possession of the product. Revenue from our retail dispensaries is recognized net of discounts, rebates, promotional adjustments, price adjustments and returns, and net of taxes collected from customers that are remitted to governmental authorities, with the collected taxes recorded as current liabilities until remitted to the relevant government authority. Upon purchase, the Company has no further performance obligations and collection is assured as sales are paid for at time of purchase.

Revenue related to distribution customers is recorded when the customer is determined to have taken control of the product. This determination is based on the customer specific terms of the arrangement and gives consideration to factors including, but not limited to, whether the customer has an unconditional obligation to pay, whether a time period or event is specified in the arrangement and whether the Company can mandate the return or transfer of the products. Revenue is recorded net of taxes collected from customers that are remitted to governmental authorities with collected taxes recorded as current liabilities until remitted to the relevant government authority.

Disaggregation of Revenue

The table below shows the revenue break between California operations and Nevada operations for the three months ended March 31, 2021 and 2020.

	(in thousands)	
	2021	**2020**
California	$ 2,057	$ 2,442
Nevada	3,055	1,605
Total	**$ 5,112**	**$ 4,047**

Contract Balances

Due to the nature of the Company's revenue from contracts with customers, the Company does not have material contract assets or liabilities that fall under the scope of ASC Topic 606.

Contract Estimates and Judgments

The Company's revenues accounted for under ASC Topic 606, generally, do not require significant estimates or judgments based on the nature of the Company's revenue streams. The sales prices are generally fixed at the point of sale and all consideration from contracts is included in the transaction price. The Company's contracts do not include multiple performance obligations or material variable consideration.

Cost of Goods Sold

Cannabis Dispensary, Cultivation and Production

Cost of goods sold includes the costs directly attributable to product sales and includes amounts paid for finished goods, such as flower, edibles, and concentrates, as well as packaging and delivery costs. It also includes the labor and overhead costs incurred in cultivating and producing cannabis flower and cannabis-derived products. Overhead expenses include allocations of rent, administrative salaries, utilities, and related costs.

Cannabinoid Products

Cost of goods sold includes the fees charged by suppliers to manufacture CBD products as well as packaging and shipping costs for finished goods.

Advertising Expenses

The Company expenses advertising costs as incurred in accordance with ASC 720-35, *"Other Expenses – Advertising Cost."* Advertising expenses recognized totaled $0.03 million and $0.11 million for the three months ended March 31, 2021 and 2020, respectively.

Stock-Based Compensation

The Company accounts for its stock-based awards in accordance with ASC Subtopic 718-10, *"Compensation – Stock Compensation",* which requires fair value measurement on the grant date and recognition of compensation expense for all stock-based payment awards made to employees and directors, including restricted stock awards. For stock options, the Company estimates the fair value using a closed option valuation (Black-Scholes) model. The fair value of restricted stock awards is based upon the quoted market price of the common shares on the date of grant. The fair value is then expensed over the requisite service periods of the awards, net of estimated forfeitures, which is generally the performance period and the related amount is recognized in the consolidated statements of operations.

The Black-Scholes option-pricing model requires the input of certain assumptions that require the Company's judgment, including the expected term and the expected stock price volatility of the underlying stock. The assumptions used in calculating the fair value of stock-based compensation represent management's best estimates, but these estimates involve inherent uncertainties and the application of judgment. As a result, if factors change resulting in the use of different assumptions, stock-based compensation expense could be materially different in the future. The Company accounts for forfeitures of stock-based awards as they occur.

Income Taxes

The provision for income taxes is determined in accordance with ASC 740, *"Income Taxes"*. The Company files a consolidated United States federal income tax return. The Company provides for income taxes based on enacted tax law and statutory tax rates at which items of income and expense are expected to be settled in our income tax return. Certain items of revenue and expense are reported for Federal income tax purposes in different periods than for financial reporting purposes, thereby resulting in deferred income taxes. Deferred taxes are also recognized for operating losses that are available to offset future taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. The Company has incurred net operating losses for financial-reporting and tax-reporting purposes. At March 31, 2021 and 2020, such net operating losses were offset entirely by a valuation allowance.

The Company recognizes uncertain tax positions based on a benefit recognition model. Provided that the tax position is deemed more likely than not of being sustained, the Company recognizes the largest amount of tax benefit that is greater than 50.0% likely of being ultimately realized upon settlement. The tax position is derecognized when it is no longer more likely than not of being sustained. The Company classifies income tax related interest and penalties as interest expense and selling, general and administrative expense, respectively, on the consolidated statements of operations.

Loss Per Common Share

In accordance with the provisions of ASC 260, *"Earnings Per Share",* net loss per share is computed by dividing net loss by the weighted-average shares of common stock outstanding during the period. During a loss period, the effect of the potential exercise of stock options, warrants, convertible preferred stock, and convertible debt are not considered in the diluted loss per share calculation since the effect would be anti-dilutive. The results of operations were a net loss for the three months ended March 31, 2021 and 2020. Therefore, the basic and diluted weighted-average shares of common stock outstanding were the same for both years.

Potentially dilutive securities that are not included in the calculation of diluted net loss per share because their effect is anti-dilutive are as follows (in common equivalent shares):

	Three Months Ended March 31,	
	2021	**2020**
Common stock warrants	16,076,556	1,313,459
Common stock options	11,937,987	5,715,294
	28,014,543	**7,028,753**

Warrants issued that are exercisable for little to no cost are included in the denominator of basic earnings per share. During the three months ended March 31, 2021, the Company issued 24,945,055 such warrants that are included in the calculation of net loss per share.

Recently Adopted Accounting Standards

FASB ASU No. 2020-06 *"Accounting for Convertible Instruments and Contracts in an Entity's Own Equity"* – Issued in August 2020, ASU 2020-06 simplifies the accounting for convertible instruments by eliminating the requirement to separate embedded conversion features from the host contract when the conversion features are not required to be accounted for as derivatives under Topic 815, *Derivatives and Hedging*, or that do not result in substantial premiums accounted for as paid-in capital. By removing the separation model, a convertible debt instrument will be accounted for as a single liability measured at its amortized cost and the interest rate on convertible debt instruments will typically be closer to the coupon interest rate when applying the guidance in Topic 835, Interest. ASU 2020-06 is effective for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. Early adoption is permitted, but no earlier than fiscal years beginning after December 15, 2020, including interim periods within those years. The Company adopted ASU 2020-06 as of January 1, 2021, utilizing the modified retrospective method of adoption. As a result of adoption of the new standard, previously recognized beneficial conversion features for convertible debt instruments outstanding as of January 1, 2021 were removed from additional paid-in capital and the debt discount. A cumulative impact adjustment was recorded to account for a reduction in interest expense due to a decrease in the discount, which is recognized as interest expense upon conversion of the convertible notes. The January 1, 2021 cumulative effect adjustment to the Company's financial position was as follows:

	As Reported December 31, 2020	**Cumulative Effect Adjustment**	**As Reported January 1, 2021**
Additional Paid-In Capital	$ 275,060	$ 1,071	$ 276,131
Accumulated Deficit	219,803	(1,059)	218,744
Debt Discount	50	(12)	38

NOTE 3 – CONCENTRATIONS OF BUSINESS AND CREDIT RISK

The Company maintains cash balances in several financial institutions that are insured by either the Federal Deposit Insurance Corporation or the National Credit Union Association up to certain federal limitations. At times, the Company's cash balance exceeds these federal limitations and it maintains significant cash on hand at certain of its locations. The Company has not historically experienced any material loss from carrying cash on hand. The amount in excess of insured limitations was remained at $0.06 million for March 31, 2021, the same as December 31, 2020.

The Company provides credit in the normal course of business to customers located throughout the U.S. The Company performs ongoing credit evaluations of its customers and maintains allowances for doubtful accounts based on factors surrounding the credit risk of specific customers, historical trends, and other information. There were no customers that comprised more than 10.0% of the Company's revenue for the three months ended March 31, 2021 and 2020.

The Company sources cannabis products for retail, cultivation and production from various vendors. However, as a result of regulations in the State of California, the Company's California retail, cultivation and production operations must use vendors licensed by the State. As a result, the Company is dependent upon the licensed vendors in California to supply products. If the Company is unable to enter into a relationship with sufficient members of properly licensed vendors, the Company's sales may be impacted. During the three months ended March 31, 2021, we did not have any concentration of vendors for inventory purchases. However, this may change depending on the number of vendors who receive appropriate licenses to operate in the State of California.

NOTE 4 – VARIABLE INTEREST ENTITIES

NuLeaf, Inc.

On October 26, 2017, the Company entered into operating agreements with NuLeaf, Inc. and formed NuLeaf Sparks Cultivation, LLC and NuLeaf Reno Production, LLC (collectively "NuLeaf") to build and operate cultivation and production facilities for our IVXX brand of cannabis products in Nevada. The agreements were subject to approval by the State of Nevada, the City of Sparks and the City of Reno in Nevada. Under the terms of the agreements, the Company remitted to NuLeaf an upfront investment of $4.50 million in the form of convertible loans bearing an interest rate of 6% per annum. On June 28, 2018, the Company received approval from the State of Nevada. The remaining required approvals from local authorities were received in July 2018. As a result, the notes receivable balance was converted into a 50% ownership interest in NuLeaf. The investment in NuLeaf was recorded at cost and accounted for using the equity method as of December 31, 2019.

In February 2019, we amended and restated the NuLeaf agreements and obtained control of the operations of NuLeaf. The Company has determined these entities are variable interest entities in which the Company is the primary beneficiary by reference to the power and benefits criterion under ASC 810, *"Consolidation."* The provisions within the amended agreement granted the Company the power to manage and make decisions that affect the operation of these entities. As the primary beneficiary of NuLeaf Sparks Cultivation, LLC and NuLeaf Reno Production, LLC, the Company began consolidating the accounts and operations of these entities on March 1, 2019. All intercompany transactions are eliminated in the unaudited consolidated financial statements. Effective March 1, 2019, we remeasured our equity method investment in NuLeaf to fair value and consolidated the results of NuLeaf within our consolidated financial statements.

Revenue and net income attributed to NuLeaf was $3.06 million and $0.76 million, respectively, for the three months ended March 31, 2021. The aggregate carrying values of Sparks Cultivation, LLC and NuLeaf Reno Production, LLC assets and liabilities, after elimination of any intercompany transactions and balances, in the consolidated balance sheets were as follows:

	(in thousands) March 31, 2021	(in thousands) December 31, 2020
Current assets:		
Cash	$ 670	$ 671
Accounts receivable, net	800	483
Inventory	1,888	3,118
Prepaid expenses and other current assets	80	21
Total current assets	3,438	4,293
Property, equipment and leasehold improvements, net	6,890	7,442
Other assets	371	395
TOTAL ASSETS	**$ 10,699**	**$ 12,130**
Liabilities:		
Total current liabilities	$ 505	$ 396
Total long-term liabilities	278	307
TOTAL LIABILITIES	**$ 783**	**$ 703**

NOTE 5 – INVESTMENTS IN UNCONSOLIDATED AFFILIATES

Hydrofarm

On August 28, 2018, the Company entered into a Subscription Agreement with Hydrofarm Holdings Group, Inc. ("Hydrofarm"), one of the leading independent providers of hydroponic products in North America, pursuant to which the Company agreed to purchase from Hydrofarm and Hydrofarm agreed to sell to the Company 2,000,000 "Units", each Unit consisting of one share of common stock and one warrant to purchase one-half of a share of common stock for an initial exercise price of $5.00 per share, for $2.50 per Unit for an aggregate purchase price of $5.00 million. The investment in Hydrofarm was recorded at cost and was included in other assets on the consolidated balance sheet as of December 31, 2019.

On November 24, 2020, Hydrofarm's board of directors and stockholders approved an amendment to their amended and restated certificate of incorporation effecting a 1-for-3.3712 reverse stock split of their issued and outstanding shares of common stock. Subsequent to the reverse split, the Company owned 593,261 shares of common stock in Hydrofarm, with an acquisition price of $8.43 per share, and 296,630 warrants to purchase one share of common stock, with an exercise price of $16.86 per share.

On December 14, 2020, Hydrofarm announced the closing of its initial public offering; shares of Hydrofarm began trading on the Nasdaq Global Select Market under the ticker symbol "HYFM." Hydrofarm's common shares outstanding on the closing date were 31,720,727; the Company's ownership percentage in Hydrofarm was approximately 1.9%.

Upon closing of Hydrofarm's initial public offering, the Company determined that the investment in Hydrofarm no longer qualifies to be stated at cost, as the equity security has a readily determinable value and therefore should be recorded at fair value. In the fourth quarter of 2020, the Company recorded its investment in Hydrofarm of 593,261 common shares at fair value, and the warrants to acquire an additional 296,630 shares of Hydrofarm common stock at an exercise price of $16.86, at their respective fair values. The Company marked the investment in Hydrofarm to market as of March 31, 2021 and recorded the change in fair value in current period earnings.

NOTE 6 – INVENTORY

Raw materials consist of material for NuLeaf and IVXX's line of cannabis pure concentrates. Work-in-progress consists of cultivation materials and live plants grown at NuLeaf and Black Oak Gallery. Finished goods consists of cannabis products sold in retail.

Inventory as of March 31, 2021 and December 31, 2020 consisted of the following:

	(in thousands)	
	March 31, 2021	December 31, 2020
Raw materials	$ 881	$ 39
Work-in-progress	1,175	1,196
Finished goods	298	367
Total inventory	**$ 2,354**	**$ 1,602**

NOTE 7 – PROPERTY, EQUIPMENT AND LEASEHOLD IMPROVEMENTS, NET

Property, equipment, and leasehold improvements, net consists of the following:

	(in thousands)	
	March 31, 2021	December 31, 2020
Land and building	$ 11,649	$ 11,206
Furniture and equipment	2,537	2,913
Computer hardware	219	215
Leasehold improvements	16,483	16,459
Construction in progress	9,922	9,922
Subtotal	40,810	40,715
Less accumulated depreciation	(9,169)	(8,235)
Property, equipment and leasehold improvements, net	**$ 31,641**	**$ 32,480**

Depreciation expense related to property, equipment and leasehold improvements for the three months ended March 31, 2021 and 2020 was $0.95 million and $0.96 million, respectively.

NOTE 8 – INTANGIBLE ASSETS AND GOODWILL

Intangible Assets, Net

Intangible assets, net consisted of the following as of March 31, 2021 and December 31, 2020:

		(in Thousands)					
		March 31, 2021			December 31, 2020		
	Estimated Useful Life in Years	Gross Carrying Amount	Accumulated Amortization	Net Carrying Value	Gross Carrying Amount	Accumulated Amortization	Net Carrying Value
Amortizing Intangible Assets:							
Customer Relationships	3 to 5	$ 7,400	$ (7,400)	$ -	$ 7,400	$ (7,400)	$ -
Trademarks and Patent	2 to 8	195	(195)	-	196	(187)	9
Dispensary Licenses	14	10,270	(3,668)	6,602	10,270	(3,485)	6,785
Total Amortizing Intangible Assets		**17,865**	**(11,263)**	**6,602**	**17,866**	**(11,072)**	**6,794**
Non-Amortizing Intangible Assets:							
Trade Name	Indefinite	920	-	920	920	-	920
Total Non-Amortizing Intangible Assets		**920**	**-**	**920**	**920**	**-**	**920**
Total Intangible Assets, Net		**$ 18,785**	**$ (11,263)**	**$ 7,522**	**$ 18,786**	**$ (11,072)**	**$ 7,714**

Amortization expense for the three months ended March 31, 2021 and 2020 was $0.19 million and $0.85 million, respectively.

Long-lived assets other than goodwill and indefinite-lived intangible assets, held and used by the Company are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. The Company evaluates recoverability of assets to be held and used and if the carrying value is not recoverable, the Company fair values the asset and compares to the carrying value. If the asset is considered to be impaired, the impairment loss is measured as the amount by which the carrying amount of the asset exceeds its fair value. The analysis for impairment of long-lived assets other than goodwill and indefinite-lived intangible assets is the first impairment analysis performed and related impairment charges are recognized before the impairment of goodwill analysis.

Goodwill

Goodwill arises from the purchase price for acquired businesses exceeding the fair value of tangible and intangible assets acquired less assumed liabilities.

Goodwill is reviewed annually for impairment or more frequently if impairment indicators arise. The Company conducts its annual goodwill impairment assessment as of the last day of the third quarter, or more frequently under certain circumstances. For the purpose of the goodwill impairment assessment, the Company has the option to perform a qualitative assessment (commonly referred to as “step zero”) to determine whether further quantitative analysis for impairment of goodwill or indefinite-lived intangible assets is necessary or a quantitative assessment (“step one”) where the Company estimates the fair value of each reporting unit using a discounted cash flow method (income approach). Goodwill is assigned to the reporting unit, which is the operating segment level or one level below the operating segment. The balance of goodwill at March 31, 2021 and December 31, 2020 was unchanged and was $6.17 million.

The Company tests for impairment annually on September 30, and between annual tests if the Company becomes aware of an event or a change in circumstances that would indicate the carrying value may be impaired. Management did not identify any impairment triggers during the first quarter of 2021 and therefore no impairment of goodwill was recognized.

NOTE 9 – NOTES PAYABLE

Notes payable consist of the following as of March 31, 2021 and December 31, 2020:

		(in thousands)		
		March 31, 2021		December 31, 2020
Promissory note dated January 18, 2018, issued for the purchase of real property. The promissory note is collateralized by the land and building purchased and matures January 18, 2022. The promissory note bears interest at 12.0% for year one and escalates 0.5% per year thereafter. The full principle balance and accrued interest are due at maturity. In the event of default, the note is convertible at the holder's option.		6,500		6,500
Promissory note dated October 5, 2018, issued for the purchase of real property. Matures October 5, 2021. The promissory note bears interest at 12.0% for year one and escalates 0.5% per year thereafter up to 13.5%. In the event of default, the note is convertible at the holder's option.		1,600		1,600
Promissory note dated June 11, 2019, issued to accredited investors, which matures December 31, 2021 and bears interest at a rate of 7.5% per annum. The conversion price is the lower of $4.50 or 87% of the average of the two (2) lowest VWAPs in the thirteen (13) trading days prior to the conversion date.		-		2,800
Promissory note dated October 21, 2019, issued to accredited investors, which matures April 21, 2021 and bears interest at a rate of 7.5% per annum. The conversion price is the lower of $4.50 or 87% of the average of the two (2) lowest VWAPs in the thirteen (13) trading days prior to the conversion date.		-		725
Secured promissory note dated December 30, 2019, issued to Matthew Lee Morgan Trust (a related party), which matures January 30, 2021, and bears interest at a rate of 10% per annum.		-		500
Secured promissory note dated January 10, 2020, issued to an unaffilitated third party. The note matures on July 10, 2021 and incurs an interest rate of 15.0% per annum.		1,000		1,000
Promissory note dated May 4, 2020, issued to Harvest Small Business Finance, LLC, an unaffiliated third party. Loan is part of the Paycheck Protection Program ("PPP Loan") offered by the U.S. Small Business Administration. The interest rate on the note is 1%. The note requires interest and principle payments seven months from July 2020. The note matures in two years.		562		562
Promissory note dated July 29, 2020, issued to an unaffilitated third party. The note incurs an interest rate of 8% per annum and matures on April 29, 2021.		1,000		1,000
Unsecured promissory note dated January 22, 2021, issued to Michael Nahass (a related party), which matures July 25, 2021, and bears interest at a rate of 3% per annum.		1,050		-
Unsecured promissory note dated January 22, 2021, issued to Michael Nahass (a related party), which matures January 25, 2022, and bears interest at a rate of 3% per annum.		1,050		-
Convertible promissory note dated January 25, 2021, issued to accredited investors, which matures July 22, 2022 and bears interest at a rate of 3% per annum. The conversion price is $0.175 per share.		3,500		-
Notes payable - promissory notes	$	16,262	$	14,687
Vehicle loans		23		29
Less: Short term debt		(12,746)		(8,033)
Less: Debt discount		(7)		(51)
Net Long Term Debt	**$**	**3,532**	**$**	**6,632**

During the three months ended March 31, 2021, the Company converted debt and accrued interest into 20,391,774 shares of the Company's common stock.

Promissory Note Extensions

On January 7, 2021, 620 Dyer LLC ("620 Dyer"), a subsidiary of the Company, entered into Amendment No. 1 (the "Loan Agreement Amendment") to the Loan Agreement between 620 Dyer and Elizon DB Transfer Agent LLC ("Elizon"), dated as of January 18, 2018 (the "Loan Agreement"). The Loan Agreement Amendment, among other things, amends the maturity date of the Loan Agreement from January 18, 2021 to January 18, 2022. In connection with the extension, 620 Dyer is required to pay Elizon an extension fee equal to 1% of the outstanding principal balance of the Loan Agreement by the earlier of (1) the maturity date of the Loan Agreement, (2) July 18, 2021 or (3) the closing of the sale of any real property or securities of Hydrofarm Holdings Group Inc. by the Company or 620 Dyer.

On January 8, 2021, the Company entered into an amendment to the Secured Promissory Note issued by Terra Tech Corp. (the "Borrower") to Arthur Chan (the "Lender") on January 10, 2020. The Loan Agreement Amendment, among other things, amends the maturity date of the Loan Agreement from January 10, 2021 to July 10, 2021.

Series A Preferred Stock Purchase Agreement

On January 22, 2021, the Company entered into a Series A Preferred Stock Purchase Agreement with Michael A. Nahass, pursuant to which the Company agreed to purchase from Mr. Nahass the four shares of the Company's Series A Preferred Stock held by Mr. Nahass for an aggregate purchase price of $3.10 million, of which (i) $1.00 million was paid in cash, (ii) $1.05 million was paid in the form of an unsecured promissory note bearing interest at the rate of 3% and maturing on or about July 25, 2021 and (iii) $1.05 million was paid in the form of an unsecured promissory note bearing interest at the rate of 3% and maturing on or about January 25, 2022.

Amendment of Existing Senior Convertible Promissory Notes and Securities Purchase Agreement

On January 25, 2021, the Company entered into several agreements with the accredited investor (the "Lender") that holds the promissory notes under the 2018 Securities Purchase Agreement. The amendments, among other things, (1) extended the maturity date of the June 2019 Note from January 26, 2021 to December 31, 2021 and (2) extended the maturity date of the October 2019 Note from April 21, 2021 to December 31, 2021. In connection with the Note Amendments, the Company issued to the Lender warrants to purchase 5,000,000 shares of the Company's common stock (the "***Old Note Warrants***") at an exercise price of $0.01 per share. The Old Note Warrants are exercisable at any time before the close of business on June 25, 2026. The Old Note Warrants contain cashless exercise provisions and, to the extent not previously exercised, will be automatically exercised via cashless exercise on June 25, 2026.

In conjunction with the above amendments, the Company entered into a Securities Purchase Agreement with certain accredited investors (the "***Purchasers***"), pursuant to which the Company agreed to sell to the Purchasers $3,500,000 in aggregate principal amount of the Company's senior convertible promissory notes (the "***Notes***") and warrants to purchase shares of the Company's common stock (the '***Warrants***"), exercisable at any time before the close of business on June 25, 2026. The Warrants are comprised of 15,000,000 "A Warrants" with an exercise price of $0.01 per share and 15,000,000 "B Warrants" with an exercise price of $0.2284 per share.

The Notes, which are convertible into common stock at any time at the discretion of the respective Purchasers at a conversion price of $0.175 per share of common stock, will bear an interest rate of 3%. The Notes mature on or about July 24, 2022 unless accelerated due to an event of default. The Company has the right to prepay the Notes at any time upon 10 days' prior notice to the Purchasers. If the Company elects to prepay the Notes, the Company must pay the respective Purchasers an amount in cash equal to the product of (i) the sum of the then-outstanding principal amount of the Notes and all accrued but unpaid interest, multiplied by (ii) (x) 110%, if the prepayment date is within 90 days of the original issue date, (y) 115%, if the prepayment date is between 91 days and 180 days following the original issue date or (z) 125%, if the prepayment date is after the 180th day following the original issue date.

The Company can demand that the Purchasers convert the Notes at any time, on five calendar days' notice, that (i) the daily dollar volume-weighted average price for the Company's common stock for the prior five consecutive trading days is $0.30 or more and (ii) (1) the shares underlying the Notes have been registered with the U.S. Securities and Exchange Commission (the "***SEC***") or (2) there is a fundamental transaction that has been announced by the Company.

The Notes contain standard and customary terms concerning events of default. Events of default include, among other things, any failure to make payments when due, failure to observe or perform material covenants or agreements contained in the Notes, a material default under the Securities Purchase Agreement or related transaction documents or any other material contract to which the Company or any of its subsidiaries is a party, the breach of any representation or warranty in the Notes or the Securities Purchase Agreement, the bankruptcy or insolvency of the Company or any of its subsidiaries, the Company's common stock not being eligible for listing or quotation on a trading market and not eligible to resume listing or quotation for trading within 5 trading days, the Company's failure to meet the current public information requirements under Rule 144 under the Securities Act of 1933, as amended, the Company's failure to file required reports with the SEC, and the Company's failure to maintain sufficient reserved shares for issuance upon conversion of the Notes and exercise of the Warrants. If any event of default occurs, subject to any cure period, the full principal amount, together with interest (including default interest of 18% per annum) and other amounts owing in respect thereof through the date of acceleration shall become, at the Purchaser's election, immediately due and payable in cash.

Management performed an analysis to determine the appropriate accounting treatment of the above transactions and concluded (1) a troubled debt restructuring had not occurred, and (2) as the total change in cash flows was greater than 10% of the carrying value of the debt, the transactions should be treated as a debt extinguishment for accounting purposes. A loss on extinguishment equal to the difference between the carrying value of the old debt and the reacquisition price was recognized in current period earnings.

NOTE 10 – FAIR VALUE MEASUREMENTS

As of March 31, 2021, the Company owned 593,261 common shares of Hydrofarm, a public company trading on the Nasdaq Global Select Market under the ticker symbol "HYFM." The Company's investment in Hydrofarm is stated at fair value and is presented in the "Short term investments" line within the consolidated balance sheet. As the Hydrofarm shares held by the Company are restricted from sale for a period of 180 days from the date of Hydrofarm's initial public offering, the fair value of the Company's investment is estimated utilizing the market price of the common shares at the end of each reporting period (a level one input), less a discount for lack of marketability (a level two input). The discount for marketability was estimated upon consideration of volatility and the length of the lock-up period. On March 31, 2021, the HYFM stock price was $60.32, and the investment value was $29.81 million. Changes in the fair value of the Company's investment are reported in current period earnings.

As of March 31, 2021, the Company held 296,630 warrants to purchase one share of Hydrofarm's common stock, with an exercise price of $16.86 per share. As the underlying shares are restricted from sale for a period of 180 days from the date of Hydrofarm's initial public offering, the fair value of the warrants are estimated using the Black-Scholes option pricing model that uses several inputs, including market price of Hydrofarm's common shares at the end of each reporting period (a level one input), less a discount for lack of marketability (a level two input). The discount for lack of marketability was estimated upon consideration of volatility and the length of the lock-up period. The warrants are valued at $10.45 million as of March 31, 2021. Changes in the fair value of the Company's investments in the warrants are reported in current period earnings.

On March 30, 2020, Edible Garden Corp. ("Edible Garden"), a wholly-owned subsidiary of Terra Tech Corp. (the "Company"), entered into and closed an Asset Purchase Agreement (the "Purchase Agreement") with Edible Garden Incorporated (the "Purchaser"), pursuant to which Edible Garden sold and the Purchaser purchased substantially all of the assets of Edible Garden (the "Business"). The consideration paid for the Business included two option agreements to purchase up to a 20% interest in the Purchaser for a nominal fee. The first option gives the Company the right to purchase a 10% interest in the Purchaser for one dollar at any time between the one and five-year anniversary of the transaction, or at any time should a change in control event or public offering occur. The second option gives the Company the right to purchase an additional 10% interest in the Purchaser for one dollar at any point prior to the five-year anniversary of the transaction. The second option is automatically terminated upon payment in full of the $3.00 million secured promissory note.

Management estimated the fair value of the options using the Black-Scholes model, utilizing level 3 inputs that included the stock price, annual volatility, and the probability the second option will be terminated due to repayment of the secured promissory note. The estimated fair value of the options was $0.33 million as of March 31, 2021. The options are included in the "Investments" line within the consolidated balance sheet.

NOTE 11 – LEASES

A lease provides the lessee the right to control the use of an identified asset for a period of time in exchange for consideration. Operating lease right-of-use assets (“ROU assets”) are included in other assets while lease liabilities are a line-item on the Company’s Consolidated Balance Sheets.

ROU assets represent the Company’s right to use an underlying asset for the lease term and operating lease liabilities represent the Company’s obligation to make lease payments arising from the lease. The Company determines if an arrangement is a lease at inception. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. Most operating leases contain renewal options that provide for rent increases based on prevailing market conditions. The terms used to calculate the ROU assets for certain properties include the renewal options that the Company is reasonably certain to exercise.

The discount rate used to determine the commencement date present value of lease payments is the interest rate implicit in the lease, or when that is not readily determinable, the Company utilizes its secured borrowing rate. ROU assets include any lease payments required to be made prior to commencement and exclude lease incentives. Both ROU assets and lease liabilities exclude variable payments not based on an index or rate, which are treated as period costs. The Company’s lease agreements do not contain significant residual value guarantees, restrictions or covenants.

The Company occupies office facilities under lease agreements that expire at various dates. In addition, office, production and transportation equipment is leased under agreements that expire at various dates. The Company does not have any significant finance leases. Total operating lease costs for the three months ended March 31, 2021 and March 31, 2020 were $0.20 million and $0.23 million, respectively. Short-term lease costs during the 2021 and 2020 fiscal quarters ended March 31 were not material.

As of March 31, 2021 and December 31, 2020, short term lease liabilities of $1.14 million and $0.81 million are included in “Accounts Payable and Accrued Expenses” on the consolidated balance sheets, respectively. The table below presents total operating lease ROU assets and lease liabilities as of March 31, 2021:

	(in thousands) **Three Months Ended March 31, 2021**
Operating lease ROU assets	$ 7,942
Operating lease liabilities	8,833

The table below presents the maturities of operating lease liabilities as of March 31, 2021:

	(in thousands) Operating Leases
2021 (remaining)	$ 1,255
2022	2,506
2023	1,801
2024	1,562
2025	1,470
Thereafter	5,015
Total lease payments	13,609
Less: discount	(4,776)
Total operating lease liabilities	$ 8,833

The table below presents the weighted average remaining lease term for operating leases and weighted average discount rate used in calculating operating lease right-of-use assets:

	Three Months Ended March 31, 2021
Weighted average remaining lease term (years)	8.2
Weighted average discount rate	11.6%

NOTE 12 – EQUITY

Preferred Stock

On January 22, 2021, the Company entered into a Resignation and Release Agreement and a Series A Preferred Stock Purchase Agreement with Michael A. Nahass. Mr. Nahass agreed to resign from his positions as a director, executive officer and employee of the Company, and the Company agreed to purchase from Mr. Nahass the four shares of the Company's Series A Preferred Stock held by Mr. Nahass for an aggregate purchase price of $3,100,000, of which (i) $1,000,000 was paid in cash, and $2.1 million was paid in the form of promissory notes. The Company recorded severance expense equal to the fair value of consideration paid to Mr. Nahass in current period earnings.

On January 22, 2021, the Company entered into a Resignation and Release Agreement with Derek Peterson, pursuant to which Mr. Peterson agreed to resign from his positions as a director, executive officer and employee of the Company effective immediately upon the Company's closing of a private placement in the amount of not less than $3,500,000, which occurred on January 25, 2021. In addition, the Company extended the time within which vested common stock options held by Mr. Peterson may be exercised to 150 days after the date of resignation.

Mr. Peterson agreed to the cancellation of his Series A Preferred Stock though conversion into 16,485,714 shares of common stock and, in consideration of the conversion, was issued 4,945,055 warrants to purchase common stock, expiring in June 2026, with an exercise price of $0.01 per share, which are subject to a one-year lockup with registration rights. The Company recorded severance expense equal to the fair value of consideration paid to Mr. Peterson in current period earnings.

On February 3, 2021, the Company filed (1) a Certificate of Withdrawal of Certificate of Designation of the Company's Series A Preferred Stock with the Secretary of State of the State of Nevada, which withdraws the Certificate of Designation establishing the Company's Series A Preferred Stock and eliminates the Company's Series A Preferred Stock from the Company's Articles of Incorporation and (2) a Certificate of Withdrawal of Certificate of Designation of the Company's Series B Preferred Stock with the Secretary of State of the State of Nevada, which withdraws the Certificate of Designation establishing the Company's Series B Preferred Stock and eliminates the Company's Series B Preferred Stock from the Company's Articles of Incorporation.

Common Stock

The Company authorized 990.00 million shares of common stock with $0.001 par value per share. As of March 31, 2021 and December 31, 2020, 233.18 million and 194.20 million shares of common stock were outstanding, respectively.

Treasury Stock

During 2021, the Company acquired 8 shares of Series A Preferred stock as part of the resignation and release agreements entered into with Mr. Nahass and Mr. Peterson, as described above. The shares were recorded at fair market value as of the date the agreements were executed.

NOTE 13 – STOCK-BASED COMPENSATION

2016 & 2018 Equity Incentive Plans

In the first quarter of 2016, the Company adopted the 2016 Equity Incentive Plan. In the fourth quarter of 2018, the Company adopted the 2018 Equity Incentive Plan. On February 14, 2020, the Company amended the number of shares reserved for issuance under the 2018 Equity Incentive Plan to 43,976,425. The following table contains information about the 2016 and the 2018 Equity Incentive Plans as of March 31, 2021:

	Awards Reserved for Issuance	Awards Outstanding	Awards Available for Grant
2016 Equity incentive plan	2,000,000	499,953	1,500,047
2018 Equity incentive plan	43,976,425	11,110,927	32,865,498

Stock Options

The following table summarizes the Company's stock option activity and related information for the three months ended March 31, 2021:

	Number of Shares	Weighted-Average Exercise Price Per Share	Weighted-Average Remaining Contractual Life	Aggregate Intrinsic Value of In-the-Money Options
Options outstanding as of January 1, 2021	**17,492,830**	$ 0.41		
Options granted	500,000	$ 0.26		
Options exercised	(1,483,334)	$ 0.07		
Options forfeited	(4,571,510)	$ 0.19		
Options expired	-	$ -		
Options outstanding as of March 31, 2021	**11,937,986**	**$ 0.53**	**8.4 years**	**$ 2,108**
Options exercisable as of March 31, 2021	**7,346,443**	**$ 0.75**	**7.9 years**	**$ 883**

As of March 31, 2021, there was $0.69 million total unrecognized stock-based compensation. Such costs are expected to be recognized over a weighted-average period of approximately 1.94 years.

The Company recognizes compensation expense for stock option awards on a straight-line basis over the applicable service period of the award. The service period is generally the vesting period.

The Company does not have sufficient historical information to develop reasonable expectations about future exercise patterns and post-vesting employment termination behavior. Hence, the Company uses the "simplified method" described in Staff Accounting Bulletin 107 to estimate the expected term of share option grants.

The expected stock price volatility assumption was determined by examining the historical volatilities for the Company's common stock. The Company will continue to analyze the historical stock price volatility and expected term assumptions as more historical data for the Company's common stock becomes available.

The risk-free interest rate assumption is based on the U.S. treasury instruments whose term was consistent with the expected term of the Company's stock options.

The expected dividend assumption is based on the Company's history and expectation of dividend payouts. The Company has never paid dividends on its common stock and does not anticipate paying dividends on its common stock in the foreseeable future. Accordingly, the Company has assumed no dividend yield for purposes of estimating the fair value of the Company stock-based compensation.

Stock-Based Compensation Expense

The following table sets forth the total stock-based compensation expense resulting from stock options and restricted grants of common stock to employees, directors and non-employee consultants in the consolidated statement of operations which are included in selling, general and administrative expenses, within continuing operations:

(in thousands except for shares / options)

	For the Three Months Ended			
	March 31, 2021		March 31, 2020	
Type of Award	**Number of Shares or Options Granted**	**Stock-Based Compensation Expense**	**Number of Shares or Options Granted**	**Stock-Based Compensation Expense**
Stock options	500,000	$ 244	-	$ 944
Stock grants:				
Directors (common stock)	541,666	121		
Employees (common stock)	-	-	2,353,115(*)	-
Non–employee consultants (common stock)	332,947	33	825,000(*)	16
Total stock–based compensation expense		**$ 398**		**$ 960**

*Expense for grants attributed to 2019 bonuses was recorded in 2019.

NOTE 14 – WARRANTS

The following table summarizes warrant activity for the quarter ended March 31, 2021:

	Warrants	Weighted-Average Exercise Price
Warrants Outstanding as of January 1, 2021	1,076,555	$ 1.99
Warrants Granted	39,945,055	$ 0.09
Warrants Outstanding as of March 31, 2021	41,021,610	$ 0.14

The Company estimated the fair value of the warrants issued in 2021 utilizing the Black-Scholes option-pricing model with the following weighted-average inputs:

	March 31, 2021
Expected term (years)	2.5 Years
Volatility	115.20%
Risk-free interest rate	0.09%
Dividend yield	0%

There was no activity related to warrants during the three months ended March 31, 2021.

NOTE 15 – COMMITMENTS AND CONTINGENCIES

California Operating Licenses

The Company's subsidiaries have operated compliantly and have been eligible for applicable licenses and renewals of those licenses. Currently, we have received annual as well as provisional licenses from California's cannabis licensing agencies. We are actively working with the State to provide all required information and have confidence that the provisional licenses that we have received will become annual licenses in the future.

NOTE 16 – DISCONTINUED OPERATIONS

On May 8, 2019, MediFarm LLC, a wholly-owned subsidiary of Terra Tech Corp. (the "Company"), entered into an Asset Purchase Agreement (the "Purchase Agreement") with Picksy, LLC (the "Purchaser") pursuant to which the Company agreed to sell and the Purchaser agreed to purchase substantially all of the assets of the Company related to the Company's dispensary located at 1130 East Desert Inn Road, Las Vegas, NV 89109 (the "Business"). The aggregate consideration to be paid for the Business is $10.00 million, of which $7.20 million is cash (the "Purchase Price"). A portion of the Purchase Price is payable by the Purchaser pursuant to a 12 month Secured Promissory Note with a principal amount of $2.80 million (the "Note"). The Note is secured by all the assets sold pursuant to the Purchase Agreement. In conjunction with the Note, Purchaser and the Company entered into a Security Agreement granting the Company a security interest in all the assets sold pursuant to the Purchase Agreement. The transaction has been approved by the Nevada Department of Taxation and is awaiting local government approval which is being impacted by COVID-19. It is expected to close promptly following receipt of such approval.

On August 19, 2019, MediFarm I LLC, a wholly-owned subsidiary of Terra Tech Corp. (the “Company”), entered into an Asset Purchase Agreement (the “Purchase Agreement”) with Picksy Reno, LLC (the “Purchaser”) pursuant to which the Company agreed to sell and the Purchaser agreed to purchase substantially all of the assets of the Company related to the Company’s dispensary located at 1085 S Virginia St Suite A, Reno, NV 89502 (the “Business”). The aggregate consideration to be paid for the Business is $13.50 million, of which $9.30 million is cash (the “Purchase Price”). A portion of the Purchase Price is payable by the Purchaser pursuant to a 12 month Secured Promissory Note with a principal amount of $4.20 million (the “Note”). The Note is secured by all the assets sold pursuant to the Purchase Agreement. In conjunction with the Note, Purchaser and the Company entered into a Security Agreement granting the Company a security interest in all the assets sold pursuant to the Purchase Agreement. The transaction has been approved by the Nevada Department of Taxation and is awaiting local government approval which is being impacted by COVID-19. It is expected to close promptly following receipt of such approval.

On April 15, 2020, MediFarm LLC, a wholly-owned subsidiary of Terra Tech Corp. (the “Company”), entered into an Asset Purchase Agreement (the “Purchase Agreement”) with Natural Medicine, LLC, a nonaffiliated third party (the “Purchaser”) pursuant to which the Company agreed to sell and the Purchaser agreed to purchase substantially all of the assets of the Company related to the Company’s dispensary located at 3650 S. Decatur Blvd., Las Vegas, NV. The aggregate consideration to be paid for the Business is $5.25 million, of which $2.50 million is cash and $2.75 million is payable by the Purchaser pursuant to a 12-month Secured Promissory Note bearing 8% interest per annum, which is secured by all of the assets sold pursuant to the Purchase Agreement. The transaction has been approved by the Nevada Department of Taxation and is awaiting local government approval which is being impacted by COVID-19. It is expected to close promptly following receipt of such approval. The Company will recognize a gain upon completion of the sale of the assets, equal to the difference between the consideration paid and the book value of the assets as of the disposition date, less direct costs to sell, and reflect such loss in discontinued operations.

As of March 31, 2021, Management has classified a real estate asset held Nevada as available-for-sale, as it has met the criteria of ASC 360-10-45-9.

The pending sales of our Nevada dispensaries, expected sale of real estate, and assets divested during 2020 represent a strategic shift that will have a major effect on the Company’s operations and financial results. As a result, Management determined the results of these components qualified for discontinued operations presentation in accordance with ASC 205, “*Reporting Discontinued Operations and Disclosure of Disposals of Components of an Entity*.”

During 2020, Management suspended the operations of OneQor Technologies due to (i) a lack of proper growth in customer acquisition and revenue for this CBD operation during the COVID-19 pandemic and (ii) the overall financial health of the Company as a result of COVID-19 and social unrest. The Company plans to focus its attention and resources on growing its THC business.

Operating results for the discontinued operations were comprised of the following:

	(in thousands) Three Months Ended March 31, 2021	2020
Total revenues	$ -	$ 2,576
Cost of goods sold	-	2,039
Gross profit	-	537
Selling, general and administrative expenses	-	2,594
Loss on sale of assets	-	3,188
Income (Loss) from operations	**$ -**	**$ (5,245)**
Interest expense		
Other income (loss)	14	11
Income (Loss) from discontinued operations	**$ 14**	**$ (5,235)**
Income (Loss) from discontinued operations per common share attributable to Terra Tech Corp common stockholders - basic and diluted	**$ 0.00**	**$ (0.03)**

The carrying amounts of the major classes of assets and liabilities for the discontinued operations are as follows:

	(in thousands) March 31, 2021	December 31, 2020
Prepaid expenses and other assets	$ 1	$ 2
Property, equipment and leasehold improvements, net	2,766	2,766
Intangible assets, net	-	-
Goodwill	-	-
Other assets	161	186
Assets of discontinued operations	**$ 2,928**	**$ 2,954**
Accounts payable and accrued expenses	$ 999	$ 985
Deferred gain on sale of assets	8,783	8,783
Long-term lease liabilities	-	28
Liabilities of discontinued operations	**$ 9,782**	**$ 9,796**

NOTE 17 – LITIGATION AND CLAIMS

The Company is the subject of lawsuits and claims arising in the ordinary course of business from time to time. The Company reviews any such legal proceedings and claims on an ongoing basis and follows appropriate accounting guidance when making accrual and disclosure decisions. The Company establishes accruals for those contingencies where the incurrence of a loss is probable and can be reasonably estimated, and it discloses the amount accrued and the amount of a reasonably possible loss in excess of the amount accrued if such disclosure is necessary for the Company's financial statements to not be misleading. To estimate whether a loss contingency should be accrued by a charge to income, the Company evaluates, among other factors, the degree of probability of an unfavorable outcome and the ability to make a reasonable estimate of the amount of the loss. The Company does not record liabilities when the likelihood that the liability has been incurred is probable, but the amount cannot be reasonably estimated. Based upon present information, the Company determined that there were no material matters that required an accrual as of March 31, 2021.

On January 6, 2021, a putative, nationwide class action for violations of the Telephone Consumer Protection Act (the "TCPA"), captioned as Stanley, et al. v Terra Tech Corp., et al., Civil Action No. 8:21-cv00022, was filed against Terra Tech and MediFarm LLC (the "Defendants") in the United States District Court for the Central District of California (the "TCPA Action"). In the TCPA Action, Plaintiffs alleged that Defendants violated the TCPA by sending text messages to them and other persons using an automated telephone dialing system without consent. Plaintiffs sought on behalf of themselves and other purportedly similarly situated-persons, statutory damages and an unspecified amount of actual damages for each alleged violation, declaratory and injunctive relief, and attorneys' fees and costs. On March 5, 2021, Defendants filed a motion to dismiss the TCPA Action in its entirety. See Note 19, "*Subsequent Events"* for additional information regarding settlement of the TCPA matter.

NOTE 18 – RELATED PARTY TRANSACTIONS

On January 11, 2021 the Company entered into a separation agreement with Alan Gladstone, formerly a director of the Company. Pursuant to the agreement, the Company issued to Mr. Gladstone 500,000 freely-trading shares of the Company's common stock. The Independent Director Agreement between the Company and Mr. Gladstone, dated as of July 1, 2019, was terminated. The Company recognized $0.11 million of stock-based compensation expense in the three months ended March 31, 2021 as a result of the separation agreement with Mr. Gladstone.

On January 22, 2021, the Company entered into a Resignation and Release Agreement and a Series A Preferred Stock Purchase Agreement with Michael A. Nahass. Mr. Nahass agreed to resign from his positions as a director, executive officer and employee of the Company, and the Company agreed to purchase from Mr. Nahass the four shares of the Company's Series A Preferred Stock held by Mr. Nahass for an aggregate purchase price of $3.1 million, of which (i) $1.00 million was paid in cash, and $2.10 million was paid in the form of promissory notes. As a result of the separation agreement with Mr. Nahass, the Company recorded $2.10 million of short-term debt and $3.10 million of severance expense as of and during the three months ended March 31, 2021.

On January 22, 2021, the Company entered into a Resignation and Release Agreement with Derek Peterson, pursuant to which Mr. Peterson agreed to resign from his positions as a director, executive officer and employee of the Company effective immediately upon the Company's closing of a private placement in the amount of not less than $3,500,000, which occurred. In addition, the Company extended the time within which vested common stock options held by Mr. Peterson may be exercised to 150 days after the date of resignation.

Mr. Peterson agreed to the cancellation of his Series A Preferred Stock though conversion into 16,485,714 shares of common stock and, in consideration of the conversion, was issued 4,945,055 warrants to purchase common stock, expiring in June 2026, with an exercise price of $0.01 per share, which are subject to a one-year lockup with registration rights. The Company recognized $5.90 million of severance expense in the three months ended March 31, 2021 as a result of the separation agreement with Mr. Peterson.

On February 1, 2021, Terra Tech Corp. (the "Company") entered into an Amended and Restated Independent Director Agreement with Nicholas Kovacevich, the Chairman of the Company's Board of Directors (the "Kovacevich Agreement"). Pursuant to the Kovacevich Agreement, (1) the Company issued to Mr. Kovacevich 500,000 restricted shares of the Company's common stock (the "Common Stock"), which vest in twelve equal installments on the first day of each month beginning on March 1, 2021 (provided Mr. Kovacevich is a director of the Company on the applicable vesting date) and (2) the Company agreed to pay Mr. Kovacevich cash compensation of five thousand dollars per month, payable on the first day of each month beginning March 1, 2021 for the term of the Kovacevich Agreement. There is no material relationship between the Company or its affiliates and Mr. Kovacevich, other than in respect of the transactions contemplated by the Kovacevich Agreement.

On February 1, 2021, the Company entered into an Amended and Restated Independent Director Agreement with Ira Ritter, a member of the Company's Board of Directors (the "Ritter Agreement"). Pursuant to the Ritter Agreement, (1) the Company issued to Mr. Ritter an option to purchase 500,000 shares of Common Stock at the closing price of the Common Stock on the date of the Ritter Agreement, which vest in twelve equal installments on the first day of each month beginning on March 1, 2021 (provided Mr. Ritter is a director of the Company on the applicable vesting date) and (2) the Company agreed to pay Mr. Ritter cash compensation of five thousand dollars per month, payable on the first day of each month beginning March 1, 2021 for the term of the Ritter Agreement. There is no material relationship between the Company or its affiliates and Mr. Ritter, other than in respect of the transactions contemplated by the Ritter Agreement.

On February 3, 2021, the Company entered into an Exchange Agreement with Matthew Lee Morgan, formerly the Chief Executive Officer of the Company. Pursuant to the agreement, the secured promissory note held by Mr. Morgan in the amount of $0.50 million was converted into 1,428,571 shares of common stock, with a fair value of $0.41 million. During the three months ended March 31, 2021, the Company recognized a gain of $0.09 million for debt forgiveness upon conversion of the promissory note.

On March 2, 2021, the Company entered into an Agreement and Plan of Merger (the "Merger Agreement") with UMBRLA, Inc., a Nevada corporation ("UMBRLA"), a diversified cannabis company with distribution, manufacturing and dispensary operations, Phoenix Merger Sub Corp., a Nevada corporation and wholly owned subsidiary of the Company ("Merger Sub"), and Dallas Imbimbo, as the stockholder representative for the UMBRLA stockholders. Upon the terms and subject to the satisfaction of the conditions described in the Merger Agreement, Merger Sub will be merged with and into UMBRLA (the "Merger"), with UMBRLA surviving the Merger as a wholly owned subsidiary of the Company. The Merger is intended to qualify as a tax-free reorganization for U.S. federal income tax purposes. There is ownership in UMBRLA stock by members of the Company's Board of Directors as well as certain Terra Tech Corp Note Holders who also hold UMBRLA stock and warrants. As such, the Merger may be considered a related party transaction.

All related party transactions are monitored quarterly by the Company and approved by the Audit Committee of the Board of Directors.

NOTE 19 – SUBSEQUENT EVENTS

On April 6, 2021, the Company entered into an Independent Director Agreement (the "Director Agreement"), a Director Indemnification Agreement (the "Indemnification Agreement") and a Stock Option Agreement (the "Option Agreement") with Tiffany Davis in connection with her appointment to the Board of Directors of the Company.

Pursuant to the Director Agreement, among other things, (1) the Company agreed to enter into a Stock Option Agreement to issue to Ms. Davis an option to purchase 409,716 shares of the Company's Common Stock at the closing price of the Common Stock on the date of the Director Agreement and (2) the Company agreed to pay Ms. Davis cash compensation of five thousand dollars per month, pro-rated for any partial months, payable on the first day of each month beginning on the date of the Director Agreement.

Pursuant to the Indemnification Agreement, among other things, the Company agreed to hold harmless and indemnify Ms. Davis to the fullest extent permitted by law, including indemnification of expenses such as attorneys' fees, judgments, penalties, fines and settlement amounts incurred by Ms. Davis in any proceeding arising out of her services as a director.

Pursuant to the Option Agreement, among other things, the Company issued to Ms. Davis an option to purchase 409,716 shares of the Company's Common Stock at the closing price of the Common Stock on the date of the Option Agreement. The stock options vest in ten installments, with the first installment of 34,722 shares vesting on date of the Option Agreement, and the remaining installments vesting equally on the first day of each month thereafter (provided Ms. Davis is a director of the Company on the applicable vesting date).

There is no material relationship between the Company or its affiliates and Ms. Davis, other than in respect of the transactions contemplated by the Director Agreement, the Indemnification Agreement and the Option Agreement.

On April 13, 2021, in connection with the resignation of Steven Ross as a director of the Company, the Company and Mr. Ross agreed to terminate the Director Agreement and enter into a Separation Agreement (the "Separation Agreement"). Pursuant to the Separation Agreement, among other things, the Company agreed to 1) make cash payments to Mr. Ross of $0.09 million on April 30, 2021, $0.08 million on August 16, 2021, and $0.08 million on December 31, 2021, and 2) issue to Mr. Ross $0.05 million of freely-trading shares of the Common Stock on each of April 30, 2021, August 16, 2021, and December 31, 2021. The number of shares of common stock issued on each issuance date will be calculated based on the closing price of the Common Stock on the trading day immediately prior to such issuance date. In addition, all vested options to acquire Common Stock held by Mr. Ross remain exercisable pursuant to their terms and all unvested options to acquire Common Stock held by Mr. Ross' will accelerate and become vested. The Separation Agreement contains mutual releases and other customary terms and conditions as more fully set forth therein. There is no material relationship between the Company or its affiliates and Mr. Ross other than in respect of the transactions contemplated by the Separation Agreement.

On April 29, 2021, the Company and the Plaintiffs of the TCPA Action filed a joint notice advising the court that they had reached a settlement of the Plaintiffs' individual claims and expect to (1) finalize the settlement and (2) file a joint stipulation of dismissal of the TCPA Action with prejudice by May 29, 2021.

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

FORWARD-LOOKING STATEMENTS

In addition to historical information, this Quarterly Report on Form 10-Q may contain "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), which provides a "safe harbor" for forward-looking statements made by us. All statements, other than statements of historical facts, including statements concerning our plans, objectives, goals, beliefs, business strategies, future events, business conditions, results of operations, financial position, business outlook, business trends, and other information, may be forward-looking statements. Words such as "might," "will," "may," "should," "estimates," "expects," "continues," "contemplates," "anticipates," "projects," "plans," "potential," "predicts," "intends," "believes," "forecasts," "future," and variations of such words or similar expressions are intended to identify forward-looking statements. The forward-looking statements are not historical facts, and are based upon our current expectations, beliefs, estimates and projections, and various assumptions, many of which, by their nature, are inherently uncertain and beyond our control. Our expectations, beliefs, estimates, and projections are expressed in good faith and we believe there is a reasonable basis for them. However, there can be no assurance that management's expectations, beliefs, estimates, and projections will occur or can be can achieved and actual results may vary materially from what is expressed in or indicated by the forward-looking statements.

There are a number of risks, uncertainties, and other important factors, many of which are beyond our control, that could cause actual results to differ materially from the forward-looking statements contained in this Quarterly Report on Form 10-Q. Such risks, uncertainties, and other important factors that could cause actual results to differ include, among others, the risk, uncertainties and factors set forth under "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2020 and in other filings we make from time to time with the U.S. Securities and Exchange Commission ("SEC").

We caution you that the risks, uncertainties, and other factors set forth in our periodic filings with the SEC may not contain all of the risks, uncertainties, and other factors that are important to you. In addition, we cannot assure you that we will realize the results, benefits, or developments that we expect or anticipate or, even if substantially realized, that they will result in the consequences or affect us or our business in the way expected. There can be no assurance that: (i) we have correctly measured or identified all of the factors affecting our business or the extent of these factors' likely impact, (ii) the available information with respect to these factors on which such analysis is based is complete or accurate, (iii) such analysis is correct, or (iv) our strategy, which is based in part on this analysis, will be successful. All forward-looking statements in this report apply only as of the date of the report or as of the date they were made and, except as required by applicable law, we undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future developments, or otherwise.

Company Overview

Our corporate headquarters is located at 3242 S. Halladay, Santa Ana, California 92705 and our telephone number is (888) 909-5564. Our website addresses are as follows: www.terratechcorp.com, www.letsblum.com, and www.ivxx.com. No information available on or through our websites shall be deemed to be incorporated into this Quarterly Report on Form 10-Q. Our common stock, par value $0.001 (the "Common Stock"), is quoted on the OTC Markets Group, Inc.'s OTCQX tier under the symbol "TRTC."

Our Business

We are a retail, production and cultivation company, with an emphasis on providing the highest quality of medical and adult use cannabis products. We have a presence in two states (California and Nevada). All of our cannabis dispensaries operate under the name Blüm. Our cannabis dispensaries in California operate as Blüm Oakland in Oakland and Blüm San Leandro in San Leandro and offer a broad selection of medical and adult-use cannabis products including flowers, concentrates and edibles.

Our Operations

We are organized into one reportable segment: ***Cannabis Dispensary, Cultivation and Production,*** *which i*ncludes cannabis-focused retail, cultivation and production operations.

Either independently or in conjunction with third parties, we operate medical marijuana retail and adult use dispensaries, cultivation and production facilities in California and Nevada. Our retail dispensaries in California offer a broad selection of medical and adult use cannabis products including flowers, concentrates and edibles. In Nevada, we also produce and sell a line of medical and adult use cannabis flowers, as well as a line of medical and adult use cannabis-extracted products, which include concentrates, cartridges, vape pens and wax products.

Employees

As March 31, 2021, we had 50 employees.

RESULTS OF OPERATIONS

The following discussion includes non-GAAP financial measures within the meaning of Regulation G promulgated by the Securities and Exchange Commission to supplement the financial results as reported in accordance with GAAP. The non-GAAP financial measures discussed are are non-GAAP earnings (loss) and non-GAAP earnings (loss) per share. The Company uses these metrics to analyze its continuing operations and to monitor, assess, and identify meaningful trends in its operating and financial performance. These measures are not, and should not be viewed as, a substitute for GAAP financial measures. Refer to “Non-GAAP Financial Measure” below in this quarterly report for a more detailed discussion, including reconciliations of these non-GAAP financial measures to their most directly comparable GAAP financial measures.

Impact of Discontinued Operations on Margins

The below table outlines the impact of reclassifying the operations of the Nevada Dispensaries to discontinued operations:

Three Months Ended March 31, 2021 Compared to Three Months Ended March 31, 2020

Revenues

For the three months ended March 31, 2021, we generated revenues of $5.11 million, compared to $4.05 million for the three months ended March 31, 2020, an increase of $1.06 million or 26.3 percent. The increase was primarily due to a $2.10 million increase in revenue from our cultivation and production operations partially offset by a $1.10 million decrease in retail and distribution revenue.

Gross Profit

Our gross profit for the three months ended March 31, 2021 was $2.43 million, compared to a gross profit of $2.32 million for the three months ended March 31, 2020, an increase of $0.11 million or 4.6 percent.

Selling, General and Administrative Expenses and Other Operating Expenses

Selling, general and administrative expenses for the three months ended March 31, 2021 were $14.14 million, compared to $8.54 million for the three months ended March 31, 2020, an increase of $5.60 million or 65.6 percent. The increase was primarily due to a $8.02 million increase in salaries and wages expense. The Company recorded $9.00 million in severance expense for Derek Peterson and Michael Nahass during the three months ended March 31, 2021. This was partially offset by a $1.00 million decrease in regular salaries and wages brought about by a significantly smaller workforce in 2021. The salaries expense increase was offset by the following items: (i) a $0.70 million decrease in stock option expense, (ii) a $0.57 million decrease in amortization, (iii) a $0.49 million decrease in legal expenses, (iv) a $0.30 million decrease in bad debt expense, (v) a $0.19 million decrease in local taxes, (vi) a $0.10 million decrease in rent expense, (vii) a $0.08 million decrease in payroll taxes, and (viii) a $0.06 million decrease in professional fees paid for accounting services.

Operating Income (Loss)

We realized an operating loss of $11.71 million for the three months ended March 31, 2021, compared to an operating loss of $11.30 million for the three months ended March 31, 2020, an increase in loss of approximately $0.41 million or 3.6 percent.

Other Income (Expense)

Other expense for the three months ended March 31, 2021 was less than $0.01 million, compared to $0.84 million recognized in the three months ended March 31, 2020. The decline of approximately $0.83 million, or 98.8 percent, was attributed to a $0.50 million decrease in interest expense and a $0.28 million increase in income from insurance and litigation settlements recognized in March 31, 2021 versus March 31, 2020. In the three months ended March 31, 2021, the Company recognized a $6.16 million loss on extinguishment of debt which was largely offset by a $6.21 million unrealized gain on the HydroFarm investment.

Discontinued Operations

We realized a gain from discontinued operations of less than $0.01 million for the three months ended March 31, 2021. This was an increase of $5.25 million over the three months ended March 31, 2020 when we recognized a loss of $5.23 million. This increase was primarily due to the $3.20 million loss recorded on the sale of assets in the three months ended March 31, 2020. Additional operating losses of $2.06 million recognized in the three months ended March 31, 2020 was for entities no longer owned or controlled by the Company in the three months ended March 31, 2021.

Net Loss Attributable to Terra Tech Corp.

We incurred a net loss of $12.08 million, or $0.06 per share, for the three months ended March 31, 2021, compared to a net loss of $17.33 million, or $0.11 per share, for the three months ended March 31, 2020.

Management will continue its efforts to lower operating expenses and increase revenue. We expect to continue to invest in further expanding our operations and a comprehensive marketing campaign with the goal of accelerating the education of potential clients and promoting our name and our products. Given the fact that most of the operating expenses are fixed or have a quasi-fixed character, management expects that, as revenue increases, those expenses, as a percentage of revenue, will significantly decrease. Nevertheless, there can be no assurance that we will be able to increase our revenues in succeeding quarters.

DISCLOSURE ABOUT OFF-BALANCE SHEET ARRANGEMENTS

We do not have any transactions, agreements or other contractual arrangements that constitute off-balance sheet arrangements.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Our *"Management's Discussion and Analysis of Financial Condition and Results of Operations"* section discusses our unaudited consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. On an on-going basis, management evaluates its estimates and judgments, including those related to revenue recognition, accrued expenses, financing operations, and contingencies and litigation. Management bases its estimates and judgments on historical experience and on various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. The most significant accounting estimates inherent in the preparation of our financial statements include estimates as to the appropriate carrying value of certain assets and liabilities which are not readily apparent from other sources. These accounting policies are described in Note 2, *"Summary of Significant Accounting Policies"* of the notes to unaudited condensed consolidated financial statements included in this report.

LIQUIDITY AND CAPITAL RESOURCES

We have never reported net income. We incurred net losses for the three months ended March 31, 2021 and 2020 and have an accumulated deficit of approximately $230.82 million and $219.80 million at March 31, 2021 and 2020, respectively.

As of March 31, 2021, we had working capital of $13.39 million, including $1.24 million of cash compared to working capital of ($25.61) million, including $0.95 million of cash as of March 31, 2020. Current assets were approximately 1.41 times current liabilities as of March 31, 2021, compared to approximately 0.25 times current liabilities as of March 31, 2020.

We have not been able to generate sufficient cash from operating activities to fund our ongoing operations. Since our inception, we have raised capital through private sales of preferred stock, common stock, and debt securities. Our future success is dependent upon our ability to achieve profitable operations and generate cash from operating activities. There is no guarantee that we will be able to generate enough revenue and/or raise capital to support our operations.

We anticipate requiring additional capital for the commercial development of our facilities. The Hegenberger facility will require approximately $0.40 million in capital to complete.

We will be required to raise additional funds through public or private financing, additional collaborative relationships or other arrangements until we are able to raise revenues to a point of positive cash flow. We believe our existing and available capital resources will be sufficient to satisfy our funding requirements through the end of 2021. However, we continue to evaluate various options to further reduce our cash requirements to operate at a reduced rate, as well as options to raise additional funds, including obtaining loans and selling common stock. In March 2018 we entered into a $40.0 million 2018 Master Security Purchase Agreement with an accredited investor. As of March 31, 2021, the Company has received $37.4 million under this agreement. There is no guarantee that we will be able to generate enough revenue and/or raise capital to support our operations, or if we are able to raise capital, that it will be available to us on acceptable terms, on an acceptable schedule, or at all.

The issuance of additional securities may result in a significant dilution in the equity interests of our current stockholders. Obtaining loans, assuming these loans would be available, will increase our liabilities and future cash commitments. There is no assurance that we will be able to obtain further funds required for our continued operations or that additional financing will be available for use when needed or, if available, that it can be obtained on commercially reasonable terms. If we are not able to obtain the additional financing on a timely basis, we will not be able to meet our other obligations as they become due and we will be forced to scale down or perhaps even cease our operations.

Operating Activities

Cash used in operating activities for the three months ended March 31, 2021 was $2.85 million, compared to $4.18 million for the three months ended March 31, 2020, a decrease of $1.33 million, or approximately 31.8 percent. The decrease in cash used in operating activities was due to primarily to a $0.98 million decrease in cash used for discontinued operations. The remaining decrease was due to normal fluctuations in the timing of operating receipts and payments.

Investing Activities

Cash used in investing activities for the three months ended March 31, 2021 was $0.11 million, compared to cash provided by investing activities of $2.09 million for the three months ended March 31, 2020, a decrease of $2.20 million, or 105.3 percent. During the three months ended March 31, 2021, cash used in investing activities was primarily for purchase of equipment and leasehold improvements whereas the 2020 cash provided was primarily from the sale of our Santa Ana dispensary.

Financing Activities

Cash provided by financing activities for the three months ended March 31, 2021 was $3.32 million, compared to $1.81 million for the three months ended March 31, 2020, an increase of $1.51 million, or 83.4 percent. The increase in cash provided by financing activities for the three months ended March 31, 2021 was primarily due to $2.11 million of additional proceeds from the issuance of debt, offset by $0.25 million lower proceeds from issuance of common stock, $0.18 million more cash outflows for debt principal and financing fees, and a $0.17 million decrease in cash contributions received from Nuleaf joint owners with a non-controlling interest.

Non-GAAP Reconciliations

Non-GAAP earnings is a supplemental measure of our performance that is neither required by, nor presented in accordance with, U.S. generally accepted accounting principles ("US GAAP"). Non-GAAP earnings is not a measurement of our financial performance under US GAAP and should not be considered as alternative to net income, operating income, or any other performance measures derived in accordance with US GAAP, or as alternative to cash flows from operating activities as a measure of our liquidity. In addition, in evaluating Non-GAAP earnings, you should be aware that in the future we will incur expenses or charges such as those added back to calculate Non-GAAP earnings. Our presentation of Non-GAAP earnings should not be construed as an inference that our future results will be unaffected by unusual or nonrecurring items.

Non-GAAP earnings has limitations as an analytical tool, and you should not consider it in isolation, or as a substitute for analysis of our results as reported under US GAAP. Some of these limitations are (i) it does not reflect our cash expenditures, or future requirements for capital expenditures or contractual commitments, (ii) it does not reflect changes in, or cash requirements for, our working capital needs, (iii) it does not reflect interest expense, or the cash requirements necessary to service interest or principal payments, on our debt, (iv) although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and non-GAAP earnings does not reflect any cash requirements for such replacements, (v) it does not adjust for all non-cash income or expense items that are reflected in our statements of cash flows, and (vi) other companies in our industry may calculate this measure differently than we do, limiting its usefulness as comparative measures.

We compensate for these limitations by providing specific information regarding the US GAAP amounts excluded from such non-GAAP financial measures. We further compensate for the limitations in our use of non-GAAP financial measures by presenting comparable US GAAP measures more prominently.

We believe that non-GAAP earnings facilitates operating performance comparisons from period to period by isolating the effects of some items that vary from period to period without any correlation to core operating performance or that vary widely among similar companies. These potential differences may be caused by variations in capital structures (affecting interest expense) and the age and book depreciation of facilities and equipment (affecting relative depreciation expense). We also present Non-GAAP earnings because (i) we believe that this measure is frequently used by securities analysts, investors and other interested parties to evaluate companies in our industry, (ii) we believe that investors will find these measures useful in assessing our ability to service or incur indebtedness, and (iii) we use Non-GAAP earnings internally as benchmark to compare our performance to that of our competitors.

In the presentation of the financial results below, the Company reconciles Non-GAAP earnings (loss) with net loss attributable to continuing operations, the most directly comparable GAAP measure, and reports Non-GAAP earnings (loss) per share, which is calculated by dividing Non-GAAP net income (loss) divided by weighted average common shares. Management believes that this presentation may be more meaningful in analyzing our income generation.

On a non-GAAP basis, the Company recorded a non-GAAP loss of $1.30 million for the three months ended March 31, 2021, compared to a non-GAAP loss in the amount of $3.43 million for the three months ended March 31, 2020. The details of those expenses and non-GAAP reconciliation of these non-cash items are set forth below:

	Non-GAAP Reconciliation (in thousands) Three Months Ended March 31	
	2021	**2020**
Net loss attributable to Terra Tech Corp. - Continuing Operations	$ (12,093)	$ (12,095)
Non-GAAP adjustments		
Amortization of intangible assets	192	761
Depreciation expense	949	957
Equity-based compensation	398	960
Impairment of intangible assets	-	5,120
Interest expense	400	902
Severance expense for Series A share repurchases	8,990	-
Unrealized loss (gain) on investments	(6,212)	-
Gain on sale of assets	-	(35)
Gain for debt forgiveness	(86)	-
Loss on extinguishment of debt	6,161	-
Non-GAAP earnings (loss)	$ (1,300)	$ (3,430)

The following table sets forth the computation of basic and diluted loss per share on a non-GAAP basis:

	Non-GAAP Reconciliation (in thousands, except for share amounts) Three Months Ended March 31	
	2021	**2020**
Non-GAAP net income (loss)	$ (1,300)	$ (3,430)
Denominator		
Weighted average common shares - Basic	200,806,723	150,906,135
Weighted average common shares - Diluted	200,806,723	150,906,135
Non-GAAP earnings (loss) per common share:		
Non-GAAP earnings (loss) - Basic	$ (0.01)	$ (0.02)
Non-GAAP earnings (loss) - Diluted	$ (0.01)	$ (0.02)

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

(not required for a smaller reporting company)

ITEM 4. CONTROLS AND PROCEDURES.

Under the supervision and with the participation of our management, our principal executive officer and our principal financial officer are responsible for conducting an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, as of March 31, 2021. Disclosure controls and procedures means that the material information required to be included in our SEC reports is recorded, processed, summarized, and reported within the time periods specified in SEC rules and forms relating to our company, including any consolidating subsidiaries, and was made known to us by others within those entities, particularly during the period when this report was being prepared. Based on this evaluation, our principal executive officer and principal financial officer concluded as of the evaluation date that our disclosure controls and procedures were effective as of March 31, 2021.

We regularly assess the adequacy of our internal controls over financial reporting and enhance our controls in response to internal control assessments and external audit and regulatory recommendations. No changes in internal control over financial reporting have been identified in connection with the evaluation of disclosure controls and procedures during the quarter ended March 31, 2021 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II — OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

The Company is the subject of lawsuits and claims arising in the ordinary course of business from time to time. See Note 17,*"Litigation and Claims"* for further information about legal activity.

ITEM 1A. RISK FACTORS.

There have been no material changes to the risk factors disclosed in Part I, Item 1A,*"Risk Factors",* of our Annual Report on Form 10-K for the year ended December 31, 2020, except for the risk factors noted below. Please refer to that section for disclosures regarding the risk and uncertainties relating to our business.

The effects of war, acts of terrorism, threat of terrorism, or other types of violence, could adversely affect our business.

Some of our stores are located in areas with a high amount of foot traffic. Any threat of terrorist attacks or actual terrorist events, or other types of violence, such as shootings or riots, could lead to lower consumer traffic and a decline in sales. Decreased sales could have a material adverse effect on our business, financial condition and results of operations.

Our common stock may be categorized as "penny stock," which may make it more difficult for investors to sell their shares of common stock due to suitability requirements.

Our common stock may be categorized as "penny stock." The Commission has adopted Rule 15g-9 under the Exchange Act, which generally defines "penny stock" to be any equity security that has a market price (as defined) less than $5.00 per share or an exercise price of less than $5.00 per share, subject to certain exceptions. The price of our common stock is significantly less than $5.00 per share and, unless we qualify for an exception, may be considered "penny stock." This designation imposes additional sales practice requirements on broker-dealers who sell to persons other than established customers and accredited investors. The penny stock rules, if applicable to us, would require a broker-dealer buying our securities to disclose certain information concerning the transaction, obtain a written agreement from the purchaser and determine that the purchaser is reasonably suitable to purchase the securities given the increased risks generally inherent in penny stocks. These rules may restrict the ability and/or willingness of brokers or dealers to buy or sell our common stock, either directly or on behalf of their clients, may discourage potential stockholders from purchasing our common stock, or may adversely affect the ability of stockholders to sell their shares.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

None.

ITEM 4. MINE SAFETY DISCLOSURES.

None.

ITEM 5. OTHER INFORMATION.

None.

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ITEM 6. EXHIBITS.

Exhibit	Description
2.1	Agreement and Plan of Merger dated February 9, 2012, by and among Terra Tech Corp., a Nevada corporation, TT Acquisitions, Inc., a Nevada corporation, and GrowOp Technology Ltd., a Nevada corporation (1)
2.2	Articles of Merger (1)
2.3	Share Exchange Agreement, dated April 24, 2013, by and among the Terra Tech Corp., a Nevada corporation, Edible Garden Corp., a Nevada corporation, and the holders of common stock of Edible Garden Corp. (2)
2.4	Agreement and Plan of Merger, dated December 23, 2015, by and among Terra Tech Corp., a Nevada corporation, Generic Merger Sub, Inc., a California corporation, and Black Oak Gallery, a California corporation (3)
2.5	First Amendment to Agreement and Plan of Merger, dated February 29, 2016, by and among Terra Tech Corp., a Nevada corporation, Generic Merger Sub, Inc., a California corporation, and Black Oak Gallery, a California corporation (3)
2.6	Form of Agreement of Merger, dated March 31, 2016, by and among Generic Merger Sub, Inc., a California corporation and Black Oak Gallery, a California corporation (3)
2.7	Agreement and Plan of Merger, dated March 2, 2021 (19)***
3.1	Articles of Incorporation dated July 22, 2008 (4)
3.2	Certificate of Amendment dated July 8, 2011 (6)
3.3	Certificate of Change dated July 8, 2011 (6)
3.4	Certificate of Amendment dated January 27, 2012 (1)
3.5	Form of Amended and Restated Articles of Incorporation of Black Oak Gallery, a California corporation (3)
3.6	Certificate of Amendment to Certificate of Designation of Series B Preferred Stock, dated September 27, 2016 (7)
3.7	Certificate of Amendment to Articles of Incorporation, Dated September 26, 2016 (8)
3.8	Certificate of Amendment to Certificate of Designation of Series B Preferred Stock, dated October 3, 2016 (9)
3.9	Certificate of Amendment to Certificate of Designation of Series B Preferred Stock, dated July 26, 2017 (10)
3.10	Amended and Restated Bylaws (18)
3.11	Certificate of Designation for Series A Preferred Stock (12)
3.12	Amended and Restated Certificate of Designation for Series B Preferred Stock (3)
3.13	Amendment to Series A Preferred Stock Certificate of Designation, dated January 26, 2021 (17)
3.14	Certificate of Withdrawal of Certificate of Designation of Series A Preferred Stock (18)
3.15	Certificate of Withdrawal of Certificate of Designation of Series B Preferred Stock (18)

4.1	Form of Amendment No. 2 to 7.5% Senior Convertible Promissory Note, dated January 11, 2021(15)
4.2	Form of Amendment No. 3 to 7.5% Senior Convertible Promissory Note (16)
4.3	Form of Amendment No. 1 to 7.5% Senior Convertible Promissory Note (16)
4.4	Form of Common Stock Purchase Warrant (16)
4.5	Form of 3.0% Senior Convertible Promissory Note (16)
4.6	Form of Common Stock Purchase Warrant (“A Warrant”) (16)
4.7	Form of Common Stock Purchase Warrant (“B Warrant”) (16)
4.8	Form of Straight Promissory Note (“6-Month Note”) (16)
4.9	Form of Straight Promissory Note (“12-Month Note”) (16)
4.10	Common Stock Purchase Warrant (20)
10.1	Loan Agreement Amendment, dated January 7, 2021(15)
10.2	Indemnification Agreement, dated January 7, 2021(15)
10.3	Indemnification Agreement, dated January 7, 2021(15)
10.4	Separation Agreement, dated January 11, 2021(15)
10.5	Securities Purchase Agreement, dated January 22, 2021 (16)

10.6	Form of Registration Rights Agreement (16)
10.7	Form of Series A Preferred Stock Purchase Agreement (16)
10.8	Form of Resignation and Release Agreement (16)
10.9	Form of Resignation and Release Agreement (16)
10.10	Form of Lock-Up Agreement (16)
10.11	Independent Director Agreement between Terra Tech Corp. and Nicholas Kovacevich, dated February 1, 2021 (18)
10.12	Independent Director Agreement between Terra Tech Corp. and Ira Ritter, dated February 1, 2021 (18)
10.13	Form of Lock-Up Agreement (19)
10.14	Lock-Up Agreement (20)
10.15	Registration Rights Agreement (20)
10.16	Restricted Stock Award Agreement (20)
10.17	Independent Director Agreement between Terra Tech Corp. and Tiffany Davis, dated April 6, 2021 (21)
10.18	Director Indemnification Agreement between Terra Tech Corp. and Tiffany Davis, dated April 6, 2021 (21)
10.19	Stock Option Agreement between Terra Tech Corp. and Tiffany Davis, dated April 6, 2021 (21)
10.20	Separation Agreement between Terra Tech Corp. and Steven J. Ross, dated April 13, 2021 (22)
31.1	Certification of Francis Knuettel II, Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. *
31.2	Certification of Jeffrey Batliner, Chief Financial Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. *
32.1	Certification of Francis Knuettel II, Chief Executive Officer, pursuant to Sections 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350. **
32.2	Certification of Jeffrey Batliner, Chief Financial Officer, pursuant to Sections 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350. **

101.INS	XBRL Instance Document *
101.SCH	XBRL Taxonomy Extension Schema Document *
101.CAL	XBRL Taxonomy Extension Calculations Linkbase Document *
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document *
101.LAB	XBRL Taxonomy Extension Label Linkbase Document *
101.PRE	XBRL Taxonomy Presentation Linkbase Document *

* Filed herewith
** Furnished herewith
*** Certain schedules and exhibits to this agreement have been omitted pursuant to Item 601(a)(5) of Regulation S-K. A copy of any omitted schedule and/or exhibit will be furnished to the Securities and Exchange Commission upon request.
(1) *Incorporated by reference to Current Report on Form 8-K (File No. 000-54258), filed with the SEC on February 10, 2012*
(2) *Incorporated by reference to Current Report on Form 8-K (File No. 000-54258), filed with the SEC on May 6, 2013.*
(3) *Incorporated by reference to Annual Report on Form 10-K filed with the SEC on March 29, 2016*
(4) *Incorporated by reference to Registration Statement on Form S-1 (File No. 333-156421), filed with the SEC on December 23, 2008.*
(5) *Incorporated by reference to Current Report on Form 8-K (File No. 000-54258), filed with the SEC on August 2, 2018.*
(6) *Incorporated by reference to Registration Statement on Form S-1 (File No. 333-191954), filed with the SEC on October 28, 2013.*
(7) *Incorporated by reference to Current Report on Form 8-K filed with the SEC on September 28, 2016*
(8) *Incorporated by reference to Annual Report on Form 10-K filed with the SEC on March 16, 2018*
(9) *Incorporated by reference to Current Report on Form 8-K filed with the SEC on October 7, 2016*
(10) *Incorporated by reference to Current Report on Form 8-K filed with the SEC on July 27, 2017*
(11) *Incorporated by reference to Current Report on Form 8-K filed with the SEC on June 22, 2018*
(12) *Incorporated by reference to Amendment No. 3 to Current Report on Form 8-K (File No. 000-54258), filed with the SEC on April 19, 2012.*
(13) *Incorporated by reference to Current Report on Form 8-K filed with the SEC on February 18, 2020.*
(14) *Incorporated by reference to Current Report on Form 8-K filed with the SEC on March 16, 2020.*
(15) *Incorporated by reference to Current Report on Form 8-K filed with the SEC on January 13, 2021.*
(16) *Incorporated by reference to Current Report on Form 8-K filed with the SEC on January 25, 2021.*
(17) *Incorporated by reference to Current Report on Form 8-K filed with the SEC on February 1, 2021.*
(18) *Incorporated by reference to Current Report on Form 8-K filed with the SEC on February 4, 2021.*
(19) *Incorporated by reference to Current Report on Form 8-K filed with the SEC on March 3, 2021.*
(20) *Incorporated by reference to Annual Report on Form 10-K filed with the SEC on March 30, 2021.*
(21) *Incorporated by reference to Current Report on Form 8-K filed with the SEC on April 9, 2021.*
(22) *Incorporated by reference to Current Report on Form 8-K filed with the SEC on April 13, 2021.*

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, thereunto duly authorized.

TERRA TECH CORP.

Date: May 17, 2021

By: */s/ Jeffrey Batliner*
Jeffrey Batliner
Chief Financial Officer
(Principal Accounting Officer and
Principal Financial Officer)

EXHIBIT 31.1

Certifications pursuant to Securities and Exchange Act of 1934
Rule 13a-14 as adopted pursuant to Section 302 of Sarbanes-Oxley Act of 2002

I, Francis Knuettel, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of the Terra Tech Corp. (the "Registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

4. The Registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f) for the Registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and

5. The Registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: May 17, 2021

By: */s/ Francis Knuettel II*
Francis Knuettel II
Chief Executive Officer and Director

EXHIBIT 31.2

Certifications pursuant to Securities and Exchange Act of 1934
Rule 13a-14 as adopted pursuant to Section 302 of Sarbanes-Oxley Act of 2002

I, Jeffrey Batliner, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Terra Tech Corp. (the "Registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

4. The Registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e) and 15d – 15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f) for the Registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and

5. The Registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: May 17, 2021

By: */s/ Jeffrey Batliner*
Jeffrey Batliner
Chief Financial Officer

EXHIBIT 32.1

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

In connection with the Quarterly Report of Terra Tech Corp. (the "Company") on Form 10-Q for the quarter ended March 31, 2021 (the "Form 10-Q"), I, Francis Knuettel II, Chief Executive Officer of the Company, certify, as of the date hereof, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge, that the Company's Form 10-Q fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in the Form 10-Q, fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 17, 2021

By: */s/ Francis Knuettel II*
Francis Knuettel II
Chief Executive Officer and Director

EXHIBIT 32.2

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

In connection with the Quarterly Report of Terra Tech Corp. (the “Company”) on Form 10-Q for the quarter ended March 31, 2021 (the “Form 10-Q”), I, Jeffrey Batliner, Chief Financial Officer of the Company, certify, as of the date hereof, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge, that the Company’s Form 10-Q fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in the Form 10-Q, fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 17, 2021

By: */s/ Jeffrey Batliner*
Jeffrey Batliner
Chief Financial Officer