Battleship Investing Blog
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CO2 Gro 2019 Results | Call With Management

On April 20th, 2020 CO2 Gro 2019 results were released. While revenue did not grow as anticipated the company made significant progress in 2019.

A major development for the company occurred in December of 2019. CO2 Gro initiated a six-month commercial feasibility project with a Canadian cannabis grower. I speculated in my Q3 write up that CannabCo in Brampton Ontario was the grower. On their website, CannabCo claims to use technology that others won't. They appear to be living by this motto by being the first Canadian cannabis company to try CO2 delivery solutions.

In my opinion, the other major development for the company in 2019 was the agreement with Gulf Cyro for six Middle East countries as well as Turkey and Egypt. I learned a little bit about Gulf Cyro at the time of the announcement and came away very impressed. I think the agreement with Gulf Cyro is a tremendous opportunity for GROW as they provide exposure to Middle East growers.

There are numerous other notable items from 2019 and even more important developments already in 2020. I'll discuss the 2020 developments a little later.

I was fortunate to have a call with management including VP Aaron Archibald, VP Sam Kanes, and Corporate Development Manager Dil Vashi. It was a very informative call that I'll expand on to conclude this write up.

Links for previous CO2 Gro write ups:

Q1 Q2 Q3

Disclosure: I own shares of GROW.V

1.0 Financial Results

1.1 CO2 Gro 2019 Results: Balance Sheet

As at	December 31, 2019	December 31, 2018
Assets	**$**	$
Current assets		
Cash	**438,428**	1,319,812
Sales taxes recoverable	**28,953**	200,866
Accounts receivable *(note 8)*	**7,193**	-
Prepaid expenses *(note 9)*	**22,848**	13,130
Inventory *(notes 4.8 & 10)*	**179,619**	-
Total current assets	**677,041**	1,533,808
Non-current assets		
Intangibles, net *(note 11)*	**30,300**	-
	30,300	-
Total assets	**707,341**	1,533,808
Liabilities		
Current liabilities		
Trade payables and accrued liabilities *(note 12)*	**169,573**	675,182
Due to related parties *(note 14)*	**137,733**	280,696
Total current liabilities	**307,306**	955,878
Total liabilities	**307,306**	955,878
Shareholders' equity		
Common shares *(note 13.2)*	**15,399,817**	14,008,856
Shares to be issued *(note 13.3)*	**-**	2,000
Reserve for warrants *(note 13.4)*	**130,461**	304,461
Contributed surplus *(note 13.5)*	**3,960,737**	3,879,572
Accumulated deficit	**(19,090,980)**	(17,616,959)
Total shareholders' equity	**400,035**	577,930
Total liabilities and shareholders' equity	**707,341**	1,533,808

CO2 Gro Inc. 2019 Balance Sheet

In 2019 GROW earned a total of $11,000 in revenue. This is a far cry from the $10 million run rate that management was guiding to at the beginning of the year. This is even a far cry from the $240,000 CAD run rate that management believed they were getting from their first two growers in 2019.

With a $1.5 million operating loss there is a long way to go for GROW to reach profitability.

Shares outstanding increased a whopping 38.6%. Share dilution is my greatest concern with the company. Some share dilution is to be expected for a new company that is working on commercializing new technology. GROW needs to conserve cash and further dilution will certainly occur in 2020. My hope is management can limit share dilution. Since management is the largest shareholders in the company it is in their best interest to avoid an equity raise if at all possible.

1.3 CO2 Gro 2019 Results: Cash Flow

	Years ended	
	December 31, 2019	December 31, 2018
	$	$
Operating activities		
Net loss	**(1,474,021)**	(1,296,520)
Non-cash items:		
Amortization and depreciation	**1,843**	-
Change in expected credit losses	**1,657**	-
Effect of straight-line interest expense	**-**	(6,666)
Gain on settlement of accounts payable *(note 12)*	**(59,090)**	-
Issuance of shares for services	**-**	24,000
Share-based compensation *(note 13.6)*	**323,042**	321,777
Net change in non-cash working capital items:		
Accounts receivable	**(8,850)**	-
Sales taxes recoverable	**171,913**	(168,368)
Prepaid expenses	**(9,718)**	(7,825)
Inventory *(note 10)*	**(179,619)**	-
Trade payables and accrued liabilities	**(38,884)**	41,094
Cash used for operating activities	**(1,271,727)**	(1,092,508)
Financing activities		
Exercise of options and warrants	**565,449**	1,902,534
Repayment of secured loan	**-**	(200,000)
(Repayment to)/advanced from related parties *(note 14)*	**(142,963)**	140,819
Cash provided from financing activities	**422,486**	1,843,353
Investing activities		
Purchase of intangibles	**(32,143)**	-
Cash used for investing activities	**(32,143)**	-
(Decrease)/increase in cash for the year	**(881,384)**	750,845
Cash at beginning of year	**1,319,812**	568,967
Cash at end of year	**438,428**	1,319,812
Supplemental information:		
Settlement of debt with issuance of shares *(notes 12 & 13.2(ix))*	**125,000**	-
Related-party gain on settlement of debt *(note 12)*	**282,635**	-
Cash interest paid	**-**	**7,192**

CO2 Gro Inc. Cash Flow Statement

There isn't a whole lot to be gleaned from the cash flow statement. The company used $1.27 million in cash for operating activities giving us an idea of how much they might need in 2020. This equates to $318,000 per quarter.

Options and warrants exercised in 2019 helped fund the company but also greatly increased the share count.

2.0 CO2 Gro 2019 Results: MD&A

The company lists all of their notable developments at the beginning of their MD&A so I won't rehash all of them. I'll focus on the ones I think are most important.

2.1 G

3. Announced a two-year exclusive MOU with Gulf Cryo for six Middle East countries plus Turkey and Egypt. Gulf Cryo's role is to market and sell Delivery Solutions™ to greenhouse customers and exclusively supply CO_2 gas to them.

CO2 Gro & Gulf Cyro

I mentioned in my previous write up that I thought the contract with Gulf Cyro is a huge opportunity. Gulf Cyro is the largest gas distributor in the Middle East and has been in business for sixty years. They value family principles and are still family-run.

In exchange for Gulf Cyro selling GROW's technology, GROW gives up nothing. There is no profit or revenue sharing. Gulf Cyro gets the exclusive rights to supply CO2 gas to the grower. I'd be extremely happy if the company can sign similar agreements in the future.

As of October 2019, the United Arab Emirates imports 90% of its food. I came across a few articles about the UAE's food security concerns in the COVID-19 world. The main pillar of their food security plan post-COVID-19 is to increase local production. Increased food production will be accomplished through various initiatives. One of them is the adoption of high tech agriculture. This can only be beneficial for GROW.
On April 22nd, 2020, GROW announced a completed commercial installation in a UAE lettuce greenhouse. This customer was brought to the company by Gulf Cyro. The first of three grow cycles on seven lettuce varieties had already been completed at the time of the news release. The news release mentions 15,000 greenhouses in the UAE with only a small portion of that able to utilize CO2 gassing.

This is only the beginning of their relationship with Gulf Cyro. I thought it is very impressive that a microcap company based out of Canada could build a relationship with a billion-dollar company on the other side of the world. This all stemmed from VP Archibald's presentation at the GFIA Global Forum in March of 2019.

Due to the desert climate, the majority of greenhouses in the UAE cannot utilize CO2 gassing. This means GROW's technology is the only option if growers want to use CO2 gas to increase yield.

2.2 Missouri Hemp Commercial Demonstration

The second big development for me was the commercial demonstration with two hemp growers in Missouri. As of April 6th, 2020, GROW had fifteen full-scale commercial demonstrations installed. The growers will be evaluating the technology over a full growth cycle. According to Industrialhempfarms.com hemp takes approximately three months to complete a grow cycle. VP Archibald expanded on this opportunity on our call which I will elaborate on later.

<u>Here is a great little video</u> that shows the actual CO2 delivery solution and some commentary from the grower. I know I have heard from fellow investors that they wanted to see some testimonials from growers using the system. There are no concrete numbers presented regarding yield increases but he sounds impressed by the system. Mr. Allen also provided some encouraging quotes in the press release.

CO2 Gro Inc. Sacred Seed Installation

You'll also notice that Mr. Allen encourages other growers to come by his farm to check out his installation. This is an important installation for the company and will serve as a demonstration for other growers in the area.

2.3 Page #12

What happened to revenue in Q4? Disappointingly there is no explanation in the filings.

Summary of quarterly results

	4th Quarter 2019	3rd Quarter 2019	2nd Quarter 2019	1st Quarter 2019
Total revenues	(70,553)	7,402	67,638	6,650
Loss and comprehensive loss	(392,467)	(550,269)	(120,910)	(410,375)
Net loss per share – basic and fully-diluted[1]	(0.00)	(0.01)	(0.00)	(0.01)
Total assets	707,341	967,503	1,446,087	1,702,949
Long-term debt	-	-	-	-
Equity (deficiency)	400,035	745,518	1,135,080	824,355
Cash dividends declared per common share	-	-	-	-

Revenue in Q4 was negative $70,553. I was able to clarify the negative revenue in Q4 when I spoke with the company. I felt like this required an explanation in the MD&A.

3.0 CO2 Gro 2019 Results: Call with Management

On May 13th I was fortunate to have a call with management to discuss CO2 Gro 2019 results. On the call was VP Aaron Archibald, VP Sam Kanes, and Corporate Development Manager Dil Vashi.

I don't know much about Mr. Vashi so I did a little searching. Mr. Vashi gave the presentation as the Hemp Innovation Challenge in February of this year which was very well received by the judges.

Mr. Vashi was the VP of Business Operations for BlueOcean Nutrasciences for six years. If you'll recall BlueOcean is the predecessor company to CO2 Gro so management is very familiar with him.

I had a series of questions that I asked. I'll do my best to provide an accurate answer. VP Kanes also checked my summaries for accuracy.

3.1 Business Development

The company is still very busy even with COVID-19 affecting the world. In Q1 2020, management had travelled to the UAE, Israel and Missouri meeting with potential customers and installing systems until the COVID-19 lockdown. Management oversaw greenhouse work performed by a local Missouri contractor and worked with Gulf Cryo is UAE installing its first system there.

VP Archibald described the company "on the upswing" and was happy to have a new customer signed on the day of our call (May 13th) and "has a bunch of those coming in" alluding to additional interest. They are getting a lot of interest in their technology and expect things to pick up in 2020. The potential surrounding the two commercial evaluations was especially exciting.

3.2 American Hemp Ventures

In February they announced a commercial hemp demonstration with two hemp growers in Missouri. While fifteen installations have been complete the real opportunity is with American Hemp Ventures (AMHV) other 250 U.S. hemp greenhouses that grow hemp seed exclusively for them. The eight growers that own the 15 Missouri hemp greenhouses that are participating in the commercial evaluation grow for AMHV. So who is American Hemp Ventures?

To view American Hemp Ventures **corporate video click here**.

"AMHV owns, operates and/or manages upwards of 1,200,000 sq. ft. of greenhouses dedicated to seed production." 320,000 square feet are organically certified greenhouse seed production. Remember that CO2 delivery technology is an organic solution that prevents powdery mildew and E. coli.

Over the past year, AMHV expanded from seventeen to sixty partners and from 112,000 square feet to 1,200,000 square feet of greenhouse space. A large part of their business is consulting. AMHV assists growers in all aspects of hemp production. Based on their experience and size I would assume AMHV is very influential with their growers and what technology they implement. If GROW can impress AMHV through their fifteen demonstrations it could lead to much greater adoption with AMHV growers.

I asked what kind of revenue could the company make from the fifteen installations once purchased. VP Archibald was not willing to provide a specific number but the real opportunity is with American Hemp Ventures and the two hundred and fifty plus greenhouses growing for them. In VP Archibald's words, AMHV could be a "staggering amount of revenue". The fifteen installations are all high margin installations. The initial down payment on the systems was made in March of 2020 prior to the installations.

Payments will be recognized in three tranches. The first payment covers the cost of the equipment and installation with two additional payments to follow. This seems to be more in line with growers that are buying the equipment outright as compared to growers that are leasing.

If GROW can continue to impress in Missouri this could lead to a wonderful opportunity with American Hemp Ventures.

3.3 United Arab Emirates Lettuce Installation

Source: CO2 Gro Q2 2020 Corporate Presentation

As I've mentioned above GROW announced an installation with a UAE lettuce grower. Two cycles have been complete while the third cycle will be started in approximately a month. Mr. Vashi said that results have been good and they are looking forward to completing the third grow cycle.

The expectation is that once a deal is finalized with this greenhouse many other greenhouse growers will looking at getting a system installed. GROW has already seen a lot of interest already from other growers in the UAE.

3.4 "Flagship" Installations

The hemp commercial evaluation and UAE lettuce evaluation are examples of "flagship" installations that the company hopes to increase both awareness and sales in the regions they are in. It provides prospective growers with the ability to see how the units function and speak with the actual grower about the results they have seen.

In GROW's Q2 corporate presentation one of their goals is to have a flagship commercial installation in each of their target crop verticals: cannabis, hemp, lettuce, peppers, tomatoes, microgreens. Picture a flagship installation in California or in the vegetable growing mecca of Leamington Ontario and what that could do for exposure to their technology.

3.5 Cannabis Micro-Grow Installation

GROW's most recent press release was for commercial feasibility for a Canadian cannabis micro-grower. The detail that caught my eye was the length of the evaluation was for up to twelve months.

VP Archibald explained that a twelve-month evaluation is not the norm. This specific grower paid more for the demo than a normal customer would. GROW makes sure that its costs are covered and they are compensated for tieing up their inventory. He said that GROW is beyond doing things for free and will not take on projects unless they are making money on them.

3.6 Intellectual Property Protection

If you watched the video from Sacred Seed the CO2 delivery system looks fairly simple. A CO2 tank, some pumps, tubing, CO2 dissolution equipment and misting heads. Although the beauty of the system is its simplicity this caused me concern about GROW's ability to protect its IP. I picture a greenhouse operator coming to view the lettuce set up and deciding they'd like to cut GROW out of the picture and fabricate the set up themselves.

VP Archibald explained that systems are far more complicated than my assessment. Not only is there a lot of intellectual property that is protected by patents but also a lot of trade secrets surrounding their technology.

The entire system would need to be torn apart and even then he doesn't think a grower without experience with the systems could replicate what their CO_2 delivery solutions accomplish. VP Archibald has been working with the technology for twenty years and believes it would be very difficult to replicate the technology without that experience.

My second question was in regards to suppliers. Is there a certain part or piece of technology, that if the company really started to scale, could cause a chokepoint? VP Archibald did not see this being a problem. They have multiple suppliers for each part. He said he learned this many years ago so they approach a minimum of three vendors for their part supply.

3.7 Sales Process

One of my main questions was about the challenges they encounter when selling to new customers. VP Archibald explained that they are selling to farmers. They live crop cycle to crop cycle. If they risk trying new technology on a crop cycle and it fails this could severely damage their business so they are hesitant to try new things. Risking crop loss on anything but the smallest portion of their crop is not an option.

Prior to 2018, no one had heard of GROW's technology. It is still very new and they haven't been trying to commercialize it for very long. Any new technology that goes against conventional wisdom, that being that moisture on the plant leads to disease, presents difficulties when converting growers. The hope is that after a couple big installations growers will see the results in person and be more willing to adopt the tech. The concern of crop failure by the grower is one of the reasons that commercial feasibility studies are so important to the sales process. Only a small portion of the greenhouse is used for the study.

In my own experience in agriculture at my prior job, many farmers were resistant to change. They tend to stick with traditional strategies that have worked in the past. Some farmers are much more progressive and are willing to try new technologies that may increase their yields. This doesn't mean one set is more intelligent than the other but their risk tolerance is different. Word spreads when something new works and adoption eventually picked up. VP Archibald's explanation for slow sales may seem overly simplistic but I think it has a lot of merits based on my own experiences in agriculture. GROW is still very early in the early adopter phase.

I also asked about the companies sales process and how it would be affected by COVID-19 and the lack of conferences. The company was planning on attending the Cultivate Conference in Columbus. The other big conference is the MJ Biz Con conference in December. GROW is submitting an abstract to speak at the conference which could definitely bring some quality exposure to cannabis and hemp growers.

VP Archibald said that conferences are great but the company has really focused on building out their salesforce. He described sales employees that cover most of the United States, most if not all of Canada, and two people that cover the Middle East. The sales team does not work on salary keeping costs low.

4.0 Financials

Q4 Negative Revenue

4.1 The negative $70,000 in revenue in Q4 for CO2 Gro 2019 results was a bit puzzling. There was no explanation in the MD&A at all. There were two auditor related adjustments due to lack of confirmation. The first was the reversal of $74,000 of revenue and accounts receivables booked in Q2 2019 that had not been paid yet. The second was a reversal of over $50,000 in Q3 2019 inventory for a large piece of equipment at a Florida greenhouse that was shut down due to COVID-19. GROW's auditors reached out to these customers and when they didn't respond the auditor suggested the company write off the piece of equipment. GROW agreed so their audited year-end financials could be filed on April 30th.

The company does not believe the piece of equipment or customer is a write-off and expect their equipment to be installed. There has even been an expansion proposal accepted with this grower. I'm no accountant so if you'd like further clarity on this issue I suggest reaching out to the company.

4.2 Working Capital Situation

A major concern of mine is further dilution from an equity raise. In 2019 the company used $1.3 million in cash for operations. At the end of 2019, they had $440,000 left. I asked about a possible raise coming.

They weren't able to speak about a possible equity raise. The companies burn rate is very low, below $50,000 a month. Management is still not taking any cash compensation, only shares and options and in the 2020 year to date have not been awarded any shares or options. The sales team does not take a salary either. Personally I'd be surprised if we don't see a raise soon. I have my fingers crossed that they can bootstrap their way to cash flow.

At this time they haven't qualified for any COVID-19 relief funding however they are actively engaging with various organizations for a possible grant or research funding. Director Rose Gage keeps her eye on these types of things. Dr. Julius is a "pro" at adding the science portion to any of the grant applications. The U.S. sales force also watches for possible U.S. grants.

No specific grants were mentioned. At this time the company qualifies for the $40,000 interest-free relief loan provided by the Federal Government to small businesses.

4.3 EBITDA Positive

GROW's goal for 2020 is to generate enough revenue to be EBITDA positive by year-end. At $150,000 in revenue per quarter or $600,000 per year, the company would be EBITDA positive. They only need one or two installs a month to accomplish this.

I asked what EBITDA positive looks like once management starts to take a salary. VP Archibald said that there hasn't been any discussion about salaries and they are much more focused on growing the value of the company. He said that management will make a lot more by developing the business to support a stock price of $2-$3 a share than by collecting a salary. VP Kanes added that it is a board decision and he did not think there would be any cash compensation until at least 2021. That being said, if a large project is finalized that gets them to EBITDA positive then the board may recognize that achievement but this is largely an unknown at this time.

It is nice to know that for management to get rich off the company it has to be done through share appreciation. They aren't taking cash out of the company via a high salary. The real wealth generation for management is made by being the largest shareholders. This should promote long term, owner operator, type thinking that benefits all parties.

4.4 Pricing

From all the materials I have read the pricing structure of GROW's technology is still not clear. VP Archibald explained that they moved away from their original business model. In their previous model, GROW would take a portion of the revenue generated by the increase in yield caused by their equipment. It was too complicated to continue with and growers didn't like it.

Right now there is a lot of flexibility in their pricing structure and a certain amount of discounts can be given for large projects. The price a grower pays for GROW's technology is not dependent on the crop they are growing. They said that the sales of their equipment are all high margin sales. In previous releases, 70% gross margins and 50% EBITDA margins have been mentioned. There is about a two-year payback on the equipment for vegetable growers and much less for cannabis growers.

They expect that cannabis growers will buy the systems outright because of the high margins on their crops. Vegetable growers may prefer a lease since their crops don't capture as high of a margin as cannabis and it takes longer to pay back the cost of the equipment. There is also the possibility of follow up revenue for GROW. Some growers may subscribe to a maintenance package but the bulk of the revenue is made during installation.

In September 2018, CEO Archibald made the prediction that GROW could achieve a $10 million revenue run rate by the end of 2019. This obviously did not happen and GROW earned only $11,000 of revenue in 2019.

VP Kanes explained that CEO Archibald came up with the number in an off the cuff remark answering a ProActive interviewer's question in 2018 about revenue potential. This was the number he came up with and has no basis to make that kind of estimate at the time.

This is the video from the New York microcap conference where the revenue prediction was first made

CO2 Gro Inc. Video from October 2018

This did get management moving to try and achieve the projection. Throughout the year they had proposals out to growers with millions of square feet of greenhouse that would have gotten them to $10 million in revenue with full installations.

CEO Archibald speculated that their technology would be adopted by farmers more quickly than it has been. The projection should not have been made. As a result, they have been very cautious with giving subsequent revenue guidance.

I felt it was obvious that the $10 million run rate was not going to be achieved in the second half of 2019. When they realized this why not adjust the number down to a more reasonable number. This would likely have harmed the stock price but in my opinion, it would have shown management is transparent and accountable to shareholders.

VP Kanes' response was throughout the year they had proposals out to growers with millions of square feet of greenhouse space and if a majority of those potential customers pulled the trigger on all their square footage than they would have reached the $10 million number.

4.6 Lack of Acknowledgment

My second issue with the $10 million prediction was the complete lack of acknowledgement in the MD&A about missing the number and what caused it. They also stopped referencing the number in the investor materials in the second half of 2019 and looked like they were distancing themselves from the number.

VP Kanes explained that this was a topic of conversation between management and the board of directors. The company received advice from their securities lawyer on how to proceed and took their advice. I guess the advice was not to address it at all. He understands that investors have been suffering but the prediction was made in good faith and the company has been living with the consequences since. My opinion differs greatly. I feel they should have been forthright and explained why the projection was made and why it wasn't met. It can only do more harm to ignore a mistake that you know investors are unhappy with instead of taking responsibility.

4.7 Misleading Wording

There is some confusion surrounding the first two contracts GROW had signed. In December 2018 they announced that they had signed their first agreement with Tumbleweed Farms. Investors later learned that Tumbleweed Farms decided to purchase the equipment outright. The revenue was realized in Q2 but this was not communicated to investors until the corporate update released in February 2020. It is not realistic for the company to provide updates on each grower they sign contracts with. However, it was the companies first contract and investors believed it was a perpetual lease. It would have been nice to communicate the change but my bigger concern is with grower number two.

4.8 Second Commercial Agreement

> The Company designed and installed its first two commercial CO2 Foliar Spray Systems in the U.S. under previously announced commercial agreements. They are long term perpetual contracts for as long as the systems are in use and payable monthly on a per square foot basis.
>
> Revenue recognition began in late March on the first installation and is expected to start in June 2019 on the second installation after further irrigation related modifications. Combined and when used on their full existing hemp greenhouse grow areas, the Company expects to generate about $240K per year of revenue from its first two customers.

CO2 Gro Inc. Q1 2019 MD&A

Now after reading the information from the MD&A you would think that the second system was installed but the company was working through some irrigation modifications.

This quote is taken from VP Kanes presentation at the Fall Investor Summit on September 16th, 2019:

> This Revenue Model slide shows how we will charge our customers. They can either buy, lease to buy or lease our Systems. Our first model was perpetual leasing only that our first two customers chose. They are paying us about U.S. $180,000 a year over about 100,000 square feet of grow space perpetually.

September Investor Summit Presentation by VP Kanes

Now after reading this information you would think that GROW is being paid by the second grower. VP Kanes explained that at the time of this presentation the information that the first grower had purchased the system outright hadn't been relayed to him. Easy enough explanation for the first grower. The bigger concern is with the wording that GROW was receiving perpetual revenue from the second grower.

This piece of information is taken from the corporate update in February 2020.

11. One CO2 Delivery Solutions™ customer chose to convert their long term lease to a purchase as provided for under the agreement. A second customer, due to unforeseen real estate and permitting challenges has had to delay installation of their system. The Company maintains relations with the customer and expects to install a system in the near future.

CO2 Gro Inc. Corporate Update February 2020

It was confirmed in the corporate update published on February 24th, 2020, that the second grower never installed their CO2 delivery solution. It is pretty easy to see why investors, including myself, were confused about the status of the two growers. To date, GROW has not collected any revenue from the second grower.

I asked VP Kanes and VP Archibald about the second grower. VP Archibald explained that the grower was retrofitting a warehouse. Permitting for the warehouse was delayed which caused a long delay in the installation. The plan is still for the CO2 delivery system to be installed.

VP Archibald also went on to say that they jumped at the first two contracts and might not have been fully prepared for them. In regards to the wording in his presentation, VP Kanes explained that the wording was factual. The $180,000 a year run-rate was signed contracts at the time of his presentation.

CO2 Gro 2019 Results: Conclusion

Overall I was happy with the information provided by management. They shed some light on their strategy and the upward trajectory they think the business is on.

The enthusiasm for the technology and the company is very clear when speaking with VP Archibald. Business is starting to pick up with two flagship installations already completed in 2020. In the words of VP Archibald, the revenue opportunity with American Hemp Ventures is "staggering". They are also seeing interest from other growers in the UAE. A couple of other contracts appear to be close as well: Floria floriculture grower delayed by COVID and customer number two described above that has been delayed by permitting.

The completion of the grow cycles on the commercial evaluations will be coming soon. The agreement signed with Cannabco ends in June 2020. Two cycles in the UAE lettuce grow have been completed and the third cycle will commence once Ramadan is completed on May 23rd. The commercial hemp evaluation is for one full growth cycle. By mid to late summer we should start to see the results of these evaluations.

The addition of Dr. Julius to the company as Chief Science Officer and Rose Gage as a Director is extremely important. Dr. Julius is key to progressing the company's research and understanding all of the benefits of CO2 delivery solutions. Rose Gage is Chair of the board of directors of the Argi-Technology Commercialization Centre. Among other things, the ATCC assists ground breaking agriculture companies to commercialize their technology. This seems like an excellent resource for a company in the early stages of launching its technology.

I expressed my concern with the 2019 revenue projection and the wording they had utilized regarding their first two contracts. Management fully admitted that the $10 million revenue projection was a mistake but that it wasn't totally out of the question to achieve. Throughout the year they had proposals to millions of square feet of greenhouses however getting growers to adopt the technology has been challenging.

The wording regarding the second grower that was never installed is problematic, I was underwhelmed by the response. To publish in your MD&A that a greenhouse had been installed when this wasn't the case was very misleading. It took nearly a full year for the company to acknowledge that this installation was never completed and zero revenue has been generated from this customer.

The status of one contract in the future may not be a big deal when the company has installations in hundreds of greenhouses. These details are very important at the early stages of a company so investors are properly informed. The lack of acknowledgment of the revenue miss in thee MD&A was a missed opportunity. By owning a mistake and explaining why it happened it builds management's credibility with investors.

The call did get me excited about the potential of the business and the opportunities that are getting closer. CO2 Gro 2019 results I don't think show you the true potential of the company. You definitely won't learn much from reading the financials and MD&A. I provided my opinion on the MD&A and the total lack of information. I suggested reviewing RIWI and OneSoft Solutions and examples of financial releases that have a wealth of information and detail. This level of communication with shareholders can be achieved in the microcap world and they are excellent examples.

I am still holding all my GROW.V shares and am tempted to add after the call however I am going to wait for some tangible financial results before adding more.

Last Second Addition

Today GROW announced that they will install a CO2 delivery solution for a commercial feasibility study with Canbud Distribution Corporation. The installation is for a portion of a 2,000 square foot hoop house. The company has 16,000 square feet of hoop house. The feasibility study will be for three months.

According to John Archibald, GROW's CEO, "The mother plants market is yet another application vertical for our CO2 Delivery Solutions™ to add value for growers. It complements our recent entry into the hemp seed greenhouse market announced in April 2020. By extending the application of our technology to as many parts of the value plant growth cycle as possible, we are able to fulfill our company's mission of accelerating the growth of all value plants safely and profitably."

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