

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

**FORM 10-K**

(Mark One)  
 **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
For the fiscal year ended December 31, 2023  
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 001-37383

**Arcadia Biosciences, Inc.**

(Exact name of Registrant as specified in its Charter)

Delaware  
(State or other jurisdiction of  
incorporation or organization)  
  
5950 Sherry Lane, Suite 215  
Dallas, TX  
(Address of principal executive offices)

81-0571538  
(I.R.S. Employer  
Identification No.)  
  
75225  
(Zip Code)

(214) 974-8921  
(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
Common	RKDA	NASDAQ CAPITAL MARKET

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. YES  NO

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. YES  NO

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 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 (§232.405 of this chapter) during the preceding 12 months (or for 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.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES  NO

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the Registrant as of June 30, 2023, the last business day of the Registrant's most recently completed second fiscal quarter, was approximately \$4,169,072 (based on the closing price of \$3.88 on June 30, 2023 on the NASDAQ Capital Market).

As of March 21, 2024, the registrant had 1,362,840 shares of common stock outstanding, \$0.001 par value per share.

**DOCUMENTS INCORPORATED BY REFERENCE**

Information required by Part III of this Annual Report on Form 10-K is incorporated by reference to the Registrant's Definitive Proxy Statement for its 2022 Annual Meeting of Stockholders, which proxy statement will be filed with the Securities and Exchange Commission within 120 days after the end of the fiscal year covered by this Form 10-K.

## INTRODUCTION

“Arcadia,” the “Company,” “management,” “we,” “our” and “us” are used interchangeably to refer to Arcadia Biosciences, Inc. and its subsidiaries.

## SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K contains forward-looking statements within the meaning of the federal securities laws, which statements involve substantial risks and uncertainties. Forward-looking statements generally relate to future events, our future financial or operating performance, growth strategies, anticipated trends in our industry, and our potential opportunities, plans, and objectives. In some cases, you can identify forward-looking statements because they contain words such as “may,” “will,” “should,” “expects,” “plans,” “anticipates,” “could,” “intends,” “target,” “projects,” “contemplates,” “believes,” “estimates,” “predicts,” “potential,” or “continue” or the negative of these words or other similar terms or expressions that concern our expectations, strategy, plans, or intentions. Forward-looking statements contained in this Annual Report on Form 10-K include, but are not limited to, statements about:

- our or our collaborators' ability to develop commercial products that incorporate our traits and complete the regulatory process for such products;
- our ability to earn revenues from the sale of products that incorporate our traits;
- our ability to maintain our strategic collaborations and joint ventures and enter into new arrangements;
- estimated commercial value for traits;
- market conditions for products, including competitive factors and the supply and pricing of competing products;
- compliance with laws and regulations that impact our business, and changes to such laws and regulations;
- our ability to maintain, protect, and enhance our intellectual property;
- our future capital requirements and our ability to satisfy our capital needs;
- industry conditions and market conditions;
- the preceding and other factors discussed in Part I, Item 1A, “Risk Factors,” and other reports we may file with the Securities and Exchange Commission from time to time; and
- the factors set forth in Part II, Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

We caution you that the foregoing list may not contain all of the forward-looking statements made in this Annual Report on Form 10-K.

You should not rely upon forward-looking statements as predictions of future events. We have based the forward-looking statements contained in this Annual Report on Form 10-K primarily on our current expectations and projections about future events and trends that we believe may affect our business, financial condition, results of operations and prospects. The outcome of the events described in these forward-looking statements is subject to risks, uncertainties and other factors described in the section titled “Risk Factors” and elsewhere in this Annual Report on Form 10-K. Moreover, we operate in a very competitive and rapidly changing environment. New risks and uncertainties emerge from time to time and it is not possible for us to predict all risks and uncertainties that could have an impact on the forward-looking statements contained in this Annual Report on Form 10-K. We cannot assure you that the results, events and circumstances reflected in the forward-looking statements will be achieved or occur, and actual results, events or circumstances could differ materially from those described in the forward-looking statements.

The forward-looking statements made in this Annual Report on Form 10-K relate only to events as of the date on which the statements are made. We undertake no obligation to update any forward-looking statements to reflect events or circumstances or to reflect new information or the occurrence of unanticipated events, except as required by law.

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## PART I

### Item 1. Business.

#### Overview

We are a producer and marketer of innovative, plant-based food and beverage products. Our history as a leader in science-based approaches to developing high value crop improvements, primarily in wheat, designed to enhance farm economics by improving the performance of crops in the field, as well as their value as food ingredients, has laid the foundation for our path forward. We have used non-genetically modified (“non-GMO”) advanced breeding techniques to develop these proprietary innovations which we are now commercializing through the sales of seed and grain, food ingredients and products, trait licensing and royalty agreements. The acquisition of the assets of Live Zola, LLC (“Zola”) added coconut water to our portfolio of products.

Our commercial strategy is to satisfy consumer nutrition demands with the superior functional benefits our crops deliver directly from the farm, enabling us to share premium economics throughout the ag-food supply chain and to build a world-class estate of high value traits and varieties. The acquisition of the Zola brand allows us to broaden our reach within the beverage sector.

#### Our Growth Strategy

We believe there are significant opportunities to grow our business by executing the following elements of our strategy:

- **Accelerate the monetization of our GoodWheat™ wheat trait portfolio.** Our proprietary intellectual property (“IP”) with multiple non-GMO wheat traits have clear functional benefits, and we will continue to build partnerships across the wheat value chain. We have launched GoodWheat into multiple categories where our wheat provides a compelling point-of-difference and we will continue to evaluate ways to extract value throughout the supply chain.
- **Evaluate scale M&A opportunities.** We intend to evaluate potential mergers, acquisitions, and other strategic opportunities that will allow us to scale the GoodWheat value proposition more quickly. We believe there is a significant opportunity to integrate our wheat IP and GoodWheat brand into larger businesses and drive shareholder value.
- **Scale Zola through retail expansion.** Based on our research, consumers prefer the clean, crisp taste of Zola to that of other leading coconut water brands. As a result, we plan to continue to invest in trial-driving activities and expand distribution of our Zola coconut water brand through mass market retailers and grocery store chains.

#### Arcadia Wellness, LLC

In May 2021, our wholly owned subsidiary Arcadia Wellness, LLC (“Arcadia Wellness” or “AW”), acquired the businesses of Eko, Lief, and Zola. The acquisition included Saavy Naturals™, a line of natural body care products, Soul Spring™, a CBD-infused botanical therapy brand in the natural category, and ProVault™, a THC-free CBD sports performance formula made with natural ingredients, providing effective support and recovery for athletes (collectively “body care brands”). Also included in the purchase is Zola, a coconut water sourced exclusively with sustainably grown coconuts from Thailand.

On July 8, 2022, the Company entered into an agreement to license Saavy Naturals to Radiance Beauty and Wellness, Inc. (“Radiance Beauty”).

In July 2023, management made the decision to exit the remaining body care brands, Soul Spring and ProVault, as a result of continued pressure on the CBD market due to regulatory uncertainty. Body care operations ceased as of September 30, 2023.

## **Our Product Portfolio**

Most Americans suffer from a significant fiber deficiency. The recommended daily value of fiber is 25g for women and children, and 38g for men according to the May 2021 Food and Health Survey by the International Food Information Council. However, less than 10 percent of women and less than 3 percent of men get enough fiber in their daily diets.

Our GoodWheat portfolio of better-for-you products addresses these needs as they are naturally higher in fiber and protein than traditional wheat without sacrificing on taste or texture.

### **GoodWheat™ Pasta**

In June 2022, we launched our GoodWheat pasta in five varieties – penne, spaghetti, fettuccine, elbows and rotini – in select retailers nationwide and on Amazon. Our pasta delivers 4 times the fiber of traditional wheat pasta with 9g of protein per serving and no sacrifice on taste. In fact, our research shows that GoodWheat pasta scores at parity on taste with leading wheat pasta competitors and significantly outscores market leading vegetable-based pastas. Made with only our USA farm grown wheat, GoodWheat pasta meets consumers' preference for clean labels and transparent sourcing. And, in December of 2022, GoodWheat received the American Heart Association's Heart-Check mark on all of our pasta products. With its high fiber, lower sodium and zero saturated fat, GoodWheat meets the criteria for a heart-healthy pasta and provides consumers with a better-for-you option that delivers superior nutrition with the taste and texture of traditional pasta.

### **GoodWheat™ Pancakes and Waffle Mixes**

In August 2023, we launched our GoodWheat into the breakfast category with new, better-for-you pancake and waffle mixes as well as single-serve Quikcakes™. Our new mixes are made with simple ingredients and Arcadia's proprietary wheat grain, which is naturally higher in fiber and protein than traditional wheat. GoodWheat pancake and waffle mixes are sold in resealable, multi-serve pouches, with each serving delivering 8 times the fiber of traditional pancake mix and 5 grams of protein. Our multi-serve mixes will be available in 3 classic varieties, including Buttermilk, Chocolate Chocolate Chip and Apple Cinnamon. GoodWheat Quikcakes are an innovative, single-serve instant pancake that is a great option for busy mornings – you simply pour one packet into a bowl, add water and microwave for 90 seconds. Quikcakes have 11 times the fiber of traditional single-serve pancake mixes and contain 7 grams of protein per serving. Quikcakes are available in 3 flavors, including Buttermilk, Chocolate Chocolate Chip and Confetti.

### **GoodWheat™ Mac and Cheese**

In November 2023, we announced the third GoodWheat category, Mac and Cheese. Our Mac and Cheese is made with real cheese and contains no artificial flavors, dyes or preservatives and are available in three varieties: Classic Cheddar, White Cheddar and Three Cheese. GoodWheat Mac and Cheese packs in the most fiber of any brand in the category, 4 times more than the leading brand. In fact, one serving of GoodWheat Mac and Cheese has the same fiber as two servings of oatmeal, or two and a half servings of broccoli! And, just like our pasta and pancake mixes, GoodWheat Mac and Cheese is higher in protein than the leading brand, with 12 grams of protein per serving.

### **Zola Coconut Water**

Zola is a pure, natural, 100% coconut water with a crisp, clean taste that's lightly sweet and refreshing. Naturally hydrating and never from concentrate, Zola is Non-GMO Project Verified and only contains 60 calories per serving. In taste tests, Zola beats competitors 2 to 1 and is the best-tasting way to rehydrate, reset and reenergize.

## **GoodWheat™ Wheat Traits**

### *Enhanced Quality Grains*

The GoodWheat brand also encompasses our current and future non-GMO wheat portfolio of high fiber Resistant Starch ("RS"), Reduced Gluten ("RG") wheat varieties, and extended shelf life wheat, as well as future wheat innovations. We now hold 24 global patents on our high fiber RS wheat, protecting both bread wheat and durum (pasta) wheat. Claims granted recently strengthen our IP for our RS portfolio of products.

Our GoodWheat™ wheat traits redesign wheat as a functional food adding value to the wheat supply chain by enabling a wider range of choices to meet consumer demands. One such program generated multiple bread wheat and pasta wheat lines with very high levels of amylose, leading to increased levels of resistant starch. Resistant starch increases the total dietary fiber content of wheat and reduces its glycemic index, which are both desirable nutritional qualities that are important in the management of diabetes and healthy blood glucose levels. High fiber resistant starch wheat can deliver fiber and other benefits to refined white flour products and also whole grain food products. We believe improving the fiber content of wheat can deliver improved health benefits to a wide population.

### *High Fiber RS Wheat*

Our high fiber RS wheat provides a source of wheat with inherently high levels of resistant starch, increasing the total dietary fiber content of food products without the need for fiber additives from other sources. Currently, corn resistant starch is a product in two market segments: dietary fiber additives and modified starch additives. Major growth in these markets is being driven by the convenience health food sector and functional food sector. Flour from our RS wheat lines has resistant starch levels that are 12 to 20 times higher than the control wheat, and total dietary fiber, or TDF, which is more than eight times higher than the control. RS wheat flour has been tested in applications in bread, where loaf quality was comparable to bread made with conventional wheat flour, and pasta, where it had the highest consumer preference rankings in tests carried out by a major consumer products company.

RS wheat bread flour is currently being introduced to North American bakery and consumer packaged goods ("CPG") companies by our partners, Bay State Milling. In markets outside North America, RS wheat is currently being tested in a range of additional bakery, ready-to-eat cereals and pasta products with industrial partners. We have many RS wheat lines that are being evaluated for optimal quality and agronomic characteristics.

### *RG Wheat*

Many consumers are interested in reducing levels of gluten in their diet. Critically, for some, this is due to having Celiac disease ("CD"), an autoimmune disease that impacts many people worldwide with estimates from 1% of the population in Europe to 3.5% in Mexico. Furthermore, non-celiac gluten sensitivity ("NCGS") impacts an estimated additional 6% of the population. Both CD and NCGS are characterized by sensitivity to dietary gluten. The only effective treatment of CD and NCGS requires removal of gluten sources from the diet. Since required adherence to a gluten-free diet is extremely difficult to accomplish for average consumers, efforts to develop alternative approaches are needed.

Arcadia is continuing to advance a new wheat variety with reduced gluten levels. Our proprietary, non-GMO wheat variety developed using advanced screening and plant breeding techniques have reduced allergenic glutes and increased essential amino acids such as lysine, along with all the other health benefits of high protein wheat. Importantly, this variety also delivers impressively high fiber content at approximately 14 grams per serving compared to 2-3 grams per serving of traditional wheat, providing additional value to health-conscious consumers as well as optionality as we advance the commercialization of this project. We are breeding the trait into additional commercial wheat varieties and working with food processors to give people a choice to enjoy higher quality wheat in the products they love while reducing gluten in their diet.

### *Improved Shelf Life of Whole Grain Flour*

The United States Department of Agriculture recommends that “at least one serving of grains per day must be whole grain-rich” due to evidence that a diet containing whole grains provides a multitude of benefits, including lower risk of obesity, cardiovascular disease, and type-2 diabetes. Despite these health benefits, consumption of whole grain products is negatively affected by the bitter and rancid flavors and odors that accumulate in whole wheat flour after milling. Our improved stability and flavor wheat lines greatly reduced the production of rancid and bitter compounds in milled whole grain flour as it progresses through the supply chain. Whole wheat flour from these lines is being tested further for sensory characteristics and improved shelf-life stability. This new trait could help improve the shelf life and flavor profile of whole grain products, thus reducing formulation costs and increasing consumer preference and palatability for whole grains.

### **Product Development**

With our food and beverage products now entering the market, we are firmly in the commercialization phase of our corporate lifecycle. We are de-emphasizing new trait discovery research and development (“R&D”) and are increasing our focus on food-science innovation to fully leverage the value in our existing superior wheat genetics. We are evolving our organizational capabilities to match this strategy progression to include in-house food formulation and CPG supply chain expertise.

*Food Formulation Innovation.* We will expand the application of our innovation platform to build on our pipeline of products focused on health and wellness. Our innovation team is focused on using science-based solutions to leverage our wheat varieties to develop an array of food products and wellness ingredients. Because we are innovating directly from our own well-established plant technology traits, we expect this extension of our involvement will provide more meaningful improvements.

*Field Trials and Breeder & Foundation Seed Production.* Our trait evaluation and development staff conducts field operations for both trials and production in American Falls, Idaho, and oversee production in other areas of the country, as needed. Similarly, regulatory trials may be needed to develop data for use in submissions for regulatory review and may involve plant varieties developed by our collaborators or our own grain quality programs.

*Biological Materials Inventory and Tracking.* Our proprietary Pedigree and Inventory Management System, or PIMS, tracks the genetic, phenotypic and location information for all our plant materials. The performance of our plant materials is recorded through a variety of laboratory and field observations, and the data are stored within PIMS. The location of all plant materials is tracked throughout the plant life cycle. This includes specific seeds planted within a specific plot of a specific field trial, harvest, seed storage location and use by, or distribution of plant material to, our collaborators or elsewhere. We ensure all of our plant materials are accounted for, tracked and inventoried, which enables us to maintain direct control and proper documentation.

### **Intellectual Property**

We rely on patents and other proprietary right protections, including trade secrets and contractual protection of our proprietary know-how and confidential information, to preserve our competitive position.

As of December 31, 2023, we owned or exclusively controlled 73 issued patents, 38 pending patent applications worldwide, and 6 plant variety protection certificates. These totals reflect the following: (i) with respect to the U.S. territory, we owned 24 and exclusively in-licensed 2 U.S. issued patents, and we owned 6 U.S. patent applications and 6 plant variety protection certificates relating to our plants, trait technologies, and business methods; and (ii) in connection with foreign territories, we owned 29 and exclusively in-licensed 18 foreign issued patents, and owned 32 pending foreign patent applications. As of December 31, 2023, our GoodWheat® portfolio included 15 U.S. issued patents, 6 U.S. patent applications, 1 plant variety certificate, 27 foreign issued patents and 26 foreign patent applications. With respect to all of the foregoing patent and plant protection assets, our exclusive licenses afford us control over the prosecution and maintenance of the licensed patents and patent applications. These numbers do not include in-licensed patents for which we either do not have exclusive rights (such as certain enabling technology

licenses), or for which we have exclusive rights only in a limited field of use or do not control prosecution and maintenance of the licensed patents.

As of December 31, 2023, Arcadia Biosciences, Inc. and Arcadia Wellness, LLC each had 12 registered trademarks in the United States. Arcadia Biosciences, Inc. also had nine registered trademarks in various other countries.

### **Key Collaborations**

We have established numerous trait collaborations and have developed close relationships with industry-leading seed and consumer product companies. Our partnerships with global strategic seed and consumer product players enable us to further participate in the development and commercialization of innovative products that promise to play significant roles in improving global crop efficiency and enhancing human health. We believe that the expertise and opportunities created by these collaborations represent important assets to our business. Below is a summary of selected collaborative partnerships that we view as key to the achievement of our near-term and mid-term business objectives.

#### ***Corteva Agriscience***

In 2017, we entered into a strategic collaboration with Corteva Agriscience to jointly develop and commercialize a breakthrough improved wheat quality trait in North America. The collaboration leverages our TILLING platform with Corteva Agriscience's enabling technology platforms, high-quality elite germplasm and global commercial channels.

Under the collaboration, the companies will further develop and commercialize an improved wheat quality trait, which has completed initial field trials and is advancing to next-stage field trials. Corteva Agriscience will introgress Arcadia's trait into its proprietary elite germplasm lines and manage all aspects related to the trait commercialization. Certain development costs will be co-funded, and we will share in the commercial value resulting from products produced.

#### ***Arista Cereal Seeds Pty Ltd and Bay State Milling Company***

In 2019, we entered into an agreement with Arista and Bay State Milling ("BSM"). Under the agreement, BSM is the exclusive commercial partner for our high fiber resistant starch bread wheat in North America under its HealthSense™ brand portfolio, while Arista has exclusive rights under our high fiber resistant starch bread wheat intellectual property in certain geographies, including Australia and Europe. We will continue to market our high fiber wheat under our GoodWheat portfolio of specialty wheat ingredients in other international markets.

### **Competition**

The markets for consumer goods are highly competitive, and we face significant direct and indirect competition in several aspects of our business. We compete with both large, established manufacturers, as well as small, innovative producers of pasta and beverage products. There are several companies working to improve genetics in crops, such as wheat, that may compete with the trait used in our GoodWheat products.

In general, we believe that our competitors generally fall into the following categories:

- *Companies Selling Consumer Products in Similar Categories:* As we enter retail markets with our GoodWheat products, we believe we face significant competition from a variety of consumer-packaged goods companies. Our competitors in the pasta market range from companies like Banza and Ancient Harvest who offer high-nutrition pasta alternatives to large, traditional pasta producers including Barilla and De Cecco. In pancakes, competitors include Kodiak, Birch Benders, and Pearl Milling Company. Finally, in mac and cheese, we face competition from brands such as Kraft, Annie's and Goodles.
- *Specialty health and nutrition ingredient companies:* In response to the growing consumer demand for healthier food alternatives, a number of agricultural and food-based companies are augmenting their product and market strategies to bring new quality food ingredients to market. Cibus, Inc. is an

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agriculture biotechnology company that has a similar strategy to ours to create healthier specialty food ingredients and agriculturally advantageous food crops.

- *Cocomut water*: The beverage industry is competitive. Competitors in this market compete for brand recognition, ingredient sourcing, product shelf space, and e-commerce page rankings. Our competitors have similar distribution channels and retailers to deliver and sell their products. Competitors in this space include Vita Coco, ZICO, C20 and Harmless Harvest.

### **Employees**

As of December 31, 2023, we had 21 employees with 14 in management, operations, accounting/finance, legal and administration. We believe our employee relations to be good. None of our employees are represented by a labor union or collective bargaining agreement.

### **Diversity and Inclusion**

At Arcadia, we recognize the immense benefits that a diverse team brings to our organization, including delivering better business outcomes. Our talented people leverage their diverse backgrounds and skills toward a common goal: meeting the needs of the present without compromising the ability of future generations to do the same. This spirit of inclusive collaboration can be felt throughout our Company. Our commitment to diversity begins at the highest levels of our organization, as evidenced by the fact that 43% of our Board of Directors are women. From a management perspective, 50% of our CEO's direct reports are women, racially or ethnically diverse, which we believe sets the right tone and expectation for diversity and inclusion within the Company. More broadly, 52% of our employees are women.

### **Facilities**

Our corporate headquarters are located in Dallas, Texas with additional office space in Davis and Sacramento, California and additional facilities in American Falls, Idaho. We believe that our leased facilities are adequate to meet our current needs and that, if needed, suitable additional or alternative space will be available to accommodate our operations.

### **Available Information**

Our website address is [www.arcadiabio.com](http://www.arcadiabio.com). Our Annual Report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, any amendments to those reports, proxy and registration statements filed or furnished with the Securities and Exchange Commission, or SEC, are available free of charge through our website. We make these materials available through our website as soon as reasonably practicable after we electronically file such materials with, or furnish such materials to, the SEC. The information contained in, or that can be accessed through, our website is not part of this Report.

**Item 1A. Risk Factors.**

*You should carefully consider the following risk factors, in addition to the other information contained in this report on Form 10-K, including the section of this report titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our financial statements and related notes. If any of the events described in the following risk factors and the risks described elsewhere in this report occurs, our business, operating results and financial condition could be seriously harmed. This report on Form 10-K also contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in the forward-looking statements as a result of factors that are described below and elsewhere in this report.*

**Risks Related to Our Business**

***Unfavorable global economic or political conditions could adversely affect our business, financial condition or results of operations.***

Our results of operations could be adversely affected by general conditions in the global economy and in the global financial markets. A global financial crisis or a global or regional political disruption could cause extreme volatility in the capital and credit markets. Outbreaks of epidemic, pandemic, or contagious diseases, such as the COVID-19 pandemic, could disrupt our business resulting in a loss of productivity from our employees working remotely. In addition, the US financial markets have been negatively impacted by the rise of inflation and interest rates, increasing the potential for a local and/or global economic recession that could disrupt our business. A political disruption could also strain our manufacturers or suppliers, possibly resulting in supply disruption, or cause our customers to delay making payments for our services. Any of the foregoing could harm our business and we cannot anticipate all of the ways in which the political or economic climate and financial market conditions could adversely impact our business.

***We or our partners may not be successful in developing commercial products that incorporate our traits and for which there is consumer demand.***

Our future growth depends on our ability to monetize the trait assets we’ve created by bringing products to market that incorporate our technology, as well as licensing these traits to our collaborators to develop and commercialize seeds and products that contain our traits. The development process could take longer than we anticipate or could ultimately fail to achieve commercial success for any of the following reasons, including but not limited to: non-competitive pricing, ineffective advertising and marketing campaigns, increased competition, failure to align with consumer tastes and lack of brand acceptance.

If products containing our traits are never commercialized or are not well-received in the marketplace, our ability to generate revenues and become profitable, as well as our long-term growth strategy, would be materially and adversely affected. Even if we or our collaborators are able to develop commercial products that incorporate our traits, any such products may not achieve commercial success as quickly as we project, or at all.

***We have a history of significant losses, which we expect to continue, and we may never achieve or maintain profitability.***

We have incurred significant net losses since our formation in 2002 and expect to continue to incur net losses for the foreseeable future. We incurred net losses of \$14.0 million and \$15.6 million for the years ended December 31, 2023 and 2022, respectively. As of December 31, 2023, we had an accumulated deficit of \$271.8 million. Net cash used in operations was \$15.3 million and \$14.0 million for the years ended December 31, 2023 and 2022, respectively. We expect to continue to incur losses. In addition, we may find our development and commercialization efforts are more expensive than we anticipate or that they do not generate revenues in the amounts or in the time period we anticipate, which would further increase our losses. If we are unable to adequately control the costs associated with operating our business, including costs of development and commercialization of our traits, our business, financial condition, operating results, and prospects will suffer.

***We may require additional financing and may not be able to obtain such financing on favorable terms, if at all, which could force us to delay, reduce, or eliminate our research and development activities.***

We will continue to need capital to fund our development projects, the commercialization of our products, and to provide working capital to fund other aspects of our business. If our capital resources are insufficient to meet our capital requirements, we will have to raise additional funds. If future financings involve the issuance of equity securities, our existing stockholders would suffer dilution. If we are able to raise debt financing, we may be subject to restrictive covenants that limit our operating flexibility. We may not be able to raise sufficient additional funds on terms that are favorable to us, if at all. If we fail to raise sufficient funds and continue to incur losses, our ability to fund our operations, take advantage of strategic opportunities, develop and commercialize products or technologies, or otherwise respond to competitive pressures could be significantly limited. If this happens, we may be forced to delay or terminate research and development programs or the commercialization of products or curtail operations. If adequate funds are not available, we will not be able to successfully execute on our business strategy or continue our business.

***Our gross profit margins on our consumer products may be impacted by a variety of factors, including but not limited to variations in raw materials and packaging, freight costs, pricing, customer requirements, market acceptance rate and promotional support costs.***

We expect that our gross profit as a percentage of net sales could fluctuate as a result of a number of factors, including product pricing, retail discounts, and the availability and cost of ingredients and packaging. In addition, our gross profit margin may be impacted by shifts in the overall mix of products having a higher or lower profit margin. If we are not able to increase our selling prices or reduce product sizes sufficiently, or in a timely manner, to offset increased raw material, packaging, or other input costs, or if our sales volume decreases significantly, there could be a negative impact on our financial condition and results of operations. Should the rate of market acceptance of our products be slower than anticipated, we may incur additional expense by increasing promotional activities.

***Competition is intense and requires continuous technological development, and, if we are unable to compete effectively, our financial results will suffer.***

We face significant competition in the markets in which we operate. The markets for pasta, pancake mix, mac and cheese, and coconut water products are intensely competitive and rapidly changing. In most segments of the seed and agricultural biotechnology market, the number of products available to consumers is steadily increasing as new products are introduced. At the same time, the expiration of patents covering existing products reduces the barriers to entry for competitors. We may be unable to compete successfully against our current and future competitors, which may result in price reductions, reduced margins and the inability to achieve market acceptance for products containing our traits. In addition, several of our competitors have substantially greater financial, marketing, sales, distribution, research and development, and technical resources than us, and some of our collaborators have more experience in research and development, regulatory matters, manufacturing, and marketing. We anticipate increased competition in the future as new companies enter the market and new technologies become available. Our technologies may be rendered obsolete or uneconomical by technological advances or entirely different approaches developed by one or more of our competitors, which will prevent or limit our ability to generate revenues from the commercialization of our traits being developed.

***We may seek to expand through acquisitions of and investments in other brands, businesses, and assets. These acquisition activities may be unsuccessful or divert management's attention.***

We may consider strategic and complementary acquisitions of and investments in other agricultural biotechnology and consumer brands, businesses or other assets, and such acquisitions or investments are subject to risks that could affect our business, including risks related to:

- the necessity of coordinating geographically disparate organizations;
- implementing common systems and controls;
- integrating personnel with diverse business and cultural backgrounds;
- integrating acquired manufacturing and production facilities, technology and products;
- combining different corporate cultures and legal systems;
- unanticipated expenses related to integration, including technical and operational integration;
- increased costs and unanticipated liabilities, including with respect to registration, environmental, health and safety matters, that may affect sales and operating results;
- retaining key employees;
- obtaining required government and third-party approvals;
- legal limitations in new jurisdictions;
- installing effective internal controls and audit procedures;
- issuing common stock that could dilute the interests of our existing stockholders;
- spending cash and incurring debt;
- assuming contingent liabilities; and
- creating additional expenses.

We may not be able to identify opportunities or complete transactions on commercially reasonable terms, or at all, or actually realize any anticipated benefits from such acquisitions or investments. Similarly, we may not be able to obtain financing for acquisitions or investments on attractive terms. In addition, the success of any acquisitions or investments also will depend, in part, on our ability to integrate the acquisition or investment with our existing operations.

***We rely on third parties to conduct, monitor, support, and oversee field trials and commercial production and, in some cases, to maintain regulatory files for those products in development, and any performance issues by third parties, or our inability to engage third parties on acceptable terms, may impact our or our collaborators' ability to complete the regulatory process for or commercialize such products.***

We rely on third parties, including farmers, to conduct, monitor, support, and oversee field trials and commercial production. As a result, we have less control over the timing and cost of these activities than if we conducted them with our own personnel. If we are unable to maintain or enter into agreements with these third parties on acceptable terms, or if any such engagement is terminated prematurely, we may be unable to conduct and complete our trials and commercial production in the manner we anticipate. In addition, there is no guarantee that these third parties will devote adequate time and resources to our activities or perform as required by our contract or in accordance with regulatory requirements, including maintenance of field trial or production information. If these third parties fail to meet expected deadlines, fail to transfer to us any regulatory or other information in a timely manner, fail to adhere to protocols, or fail to act in accordance with regulatory requirements or our agreements with them, or if they otherwise perform in a substandard manner or in a way that compromises the quality or accuracy of their activities or the data they obtain, then field trials and commercial production of our products in development may be extended or delayed with additional costs incurred, or our data may be rejected by the United States Department of Agriculture, Food and Drug Administration ("FDA"), the U.S. Environmental Protection Agency or other regulatory agencies. Ultimately, we are responsible for ensuring that each of our field trials and commercial production is conducted in accordance with the applicable protocol, legal, regulatory and scientific standards, and our reliance on third parties does not relieve us of our responsibilities.

If our relationship with any of these third parties is terminated, we may be unable to enter into arrangements with alternative parties on commercially reasonable terms, or at all. Switching or adding growers or other suppliers can involve substantial cost and require extensive management time and focus. In addition, there is a natural transition period when a new farmer or other third party commences work. As a result, delays may occur, which can materially impact our ability to meet our desired development or commercial timelines. If we are required to seek alternative supply arrangements, the resulting delays and potential inability to find a suitable replacement could materially and adversely impact our business.

***Most of our collaborators have significant resources and development capabilities and may develop their own products that compete with or negatively impact the advancement or sale of products containing our traits.***

Most of our collaborators are significantly larger than us and may have substantially greater resources and development capabilities. As a result, we are subject to competition from many of our collaborators, who could develop or pursue competing products and traits that may ultimately prove more commercially viable than our traits. In addition, former collaborators, by virtue of having had access to our proprietary technology, may utilize this insight for their own development efforts, despite the fact that our collaboration agreements prohibit such use. The development or launch of a competing product by a collaborator may adversely affect the advancement and commercialization of any traits we develop and any associated research and development and milestone payments and value-sharing payments we receive from the sale of products containing our traits.

***We depend on our key personnel and, if we are not able to attract and retain qualified technical and business personnel, we may not be able to grow our business or develop and commercialize our products.***

Our future performance depends on the continued services and contributions of our management team and other key employees, the loss of whose services might significantly delay or prevent the achievement of our technical or business objectives. The replacement of any member of our management team involves significant time and costs and such loss could significantly delay or prevent the achievement of our business objectives. A member of our leadership team who has been our employee for many years and therefore, has significant experience and understanding of our business, would be difficult to replace.

Additionally, the majority of our workforce is involved in development and commercial activities. Our business is therefore dependent on our ability to recruit and maintain a highly skilled and educated workforce with expertise in a range of disciplines, including food innovation, supply chain management, agribusiness, marketing, and other subjects relevant to our operations. All of our current employees are at-will employees, and the failure to retain or hire skilled and highly educated personnel could limit our growth and hinder our research and development efforts.

***Our business is subject to the risks of earthquakes, fire, flood, crop losses, epidemics, and other catastrophic natural events, and security breaches, including cybersecurity incidents.***

Our crops are vulnerable to adverse weather conditions, including windstorms, floods, drought and temperature extremes, which are common but difficult to predict. In addition, the crops are vulnerable to crop disease and to pests, which may vary in severity and effect, depending on the stage of production at the time of infection or infestation, the type of treatment applied and climatic conditions. Unfavorable growing conditions can reduce both crop size and quality. Weather conditions, disease or pest infestation could damage the crop in spite of precautions we would normally take to avoid such losses. We take precautions to safeguard our facilities, including insurance, health and safety protocols, and off-site storage of critical research results and computer data. However, a natural disaster, such as a fire, flood, or earthquake, could cause substantial delays in our operations, damage or destroy our equipment, inventory, or development projects, and cause us to incur additional expenses. The insurance we maintain against natural disasters may not be adequate to cover our losses in any particular case.

We utilize and critically rely upon information technology systems in all aspects of our business, including increasingly large amounts of data to support our products and advance our research and development. Failure to effectively prevent, detect, and recover from the increasing number and sophistication of information security threats could result in theft, misuse, modification, and destruction of information, including trade secrets and confidential business information, and cause business disruptions, delays in research and development, and reputational damage, which could significantly affect our results of operations and financial condition.

***Our use of hazardous materials exposes us to potential liabilities.***

Certain of our operations involve the storage and controlled use of hazardous materials, including laboratory chemicals, herbicides, and pesticides. This requires us to conduct our operations in compliance with applicable environmental and safety standards, and we cannot completely eliminate the risk of accidental contamination from hazardous materials. In the event of such contamination, we may be held liable for significant damages or fines, which could have a material adverse effect on our business and operating results.

***Most of the licenses we grant to our collaborators to use our proprietary genes in certain crops are exclusive within certain jurisdictions, which limits our licensing opportunities.***

Most of the licenses we grant our collaborators to use our proprietary genes in certain crops are exclusive within specified jurisdictions, so long as our collaborators comply with certain diligence requirements. This means that once genes are licensed to a collaborator in a specified crop or crops, we are generally prohibited from licensing those genes to any third party. The limitations imposed by these exclusive licenses could prevent us from expanding our business and increasing our product development initiatives with new collaborators, both of which could adversely affect our business and results of operations.

***Our commercial success depends on our ability to protect our intellectual property and our proprietary technologies and on the ability to operate without infringing the patents and other proprietary rights of third parties.***

Our success will depend in part on our ability to obtain and maintain patent protection both in the United States and in other countries for any products we successfully develop. The patents and patent applications in our patent portfolio are either owned by us, exclusively licensed to us, or co-owned by us and others and exclusively licensed to us. Our ability to protect any products we successfully develop from unauthorized or infringing use by third parties depends substantially on our ability to obtain and maintain valid and enforceable patents. Due to evolving legal standards relating to the patentability, validity and enforceability of patents covering biotechnology inventions

and the scope of claims made under these patents, our ability to obtain and enforce patents is uncertain and involves complex legal and factual questions. Accordingly, rights under any issued patents may not provide us with sufficient protection for any products we successfully develop or provide sufficient protection to afford us a commercial advantage against our competitors or their competitive products or processes. In addition, we cannot guarantee that any patents will be issued from any pending or future patent applications owned by or licensed to us. Even if patents have been issued or will be issued, we cannot guarantee that the claims of these patents are, or will be, valid or enforceable, or provide us with any significant protection against competitive products or otherwise be commercially valuable to us.

The U.S. Congress passed the Leahy-Smith America Invents Act, or the America Invents Act, which was signed into law in September 2011. The America Invents Act reforms U.S. patent law in part by changing the standard for patent approval from a “first to invent” standard to a “first inventor to file” standard and developing a post-grant review system. This new legislation affects U.S. patent law in a manner that may impact our ability to obtain or maintain patent protection for current or future inventions in the U.S. or otherwise cause uncertainty as to our patent protection.

We may not have identified all patents, published applications or published literature that may affect our business, either by blocking our ability to commercialize our traits, by preventing the patentability of our traits by us, our licensors or co-owners, or by covering the same or similar technologies that may invalidate our patents, limiting the scope of our future patent claims or adversely affecting our ability to market our products. For example, patent applications are maintained in confidence for at least 18 months after their filing. In some cases, patent applications remain confidential in the United States Patent and Trademark Office (“USPTO”) for the entire time prior to issuance of a U.S. patent. Patent applications filed in countries outside the United States are not typically published until at least 18 months from their first filing date. Similarly, publication of discoveries in the scientific or patent literature often lags behind actual discoveries. Therefore, we cannot be certain that we or our licensors or co-owners were the first to invent, or the first inventors to file, patent applications on our processes, products or their uses. In the event that another party has filed a U.S. patent application covering the same invention as one of our patent applications or patents, we may have to participate in an adversarial proceeding, known as an interference, declared by the USPTO to determine priority of invention in the United States.

***If we or one of our collaborators are sued for infringing the intellectual property rights of a third party, such litigation could be costly and time consuming and could prevent us or our collaborators from developing or commercializing our products.***

Our ability to generate significant revenues from our products depends on our and our collaborators’ ability to develop, market and sell our products and utilize our proprietary technology without infringing the intellectual property and other rights of any third parties. In the United States and abroad there are numerous third-party patents and patent applications that may be applied toward our proprietary technology, business processes, or developed traits, some of which may be construed as containing claims that cover the subject matter of our products or intellectual property. Because of the rapid pace of technological change, the confidentiality of patent applications in some jurisdictions (including U.S. provisional patent applications), and the fact that patent applications can take many years to issue, there may be currently pending applications that are unknown to us that may later result in issued patents upon which our products in development or proprietary technologies infringe. Similarly, there may be issued patents relevant to our products in development of which we are not aware. These patents could reduce the value of the traits we develop or the plants containing our traits or, to the extent they cover key technologies on which we have unknowingly relied, require that we seek to obtain licenses or cease using the technology, no matter how valuable to our business. We may not be able to obtain such a license on commercially reasonable terms. If any third-party patent or patent application covers our intellectual property or proprietary rights and we are not able to obtain a license to it, we and our collaborators may be prevented from commercializing products containing our traits.

As the agricultural biotechnology industry continues to develop, we may become party to, or threatened with, litigation or other adverse proceedings regarding intellectual property or proprietary rights in our technology, processes, or developed traits. Third parties may assert claims based on existing or future intellectual property rights and the outcome of any proceedings is subject to uncertainties that cannot be adequately quantified in advance. Any litigation proceedings could be costly and time consuming, and negative outcomes could result in liability for monetary damages, including treble damages and attorneys' fees, if we are found to have willfully infringed a patent. There is also no guarantee that we would be able to obtain a license under such infringed intellectual property on commercially reasonable terms or at all. A finding of infringement could prevent us or our collaborators from developing, marketing or selling a product or force us to cease some or all of our business operations. Even if we are successful in these proceedings, we may incur substantial costs and the time and attention of our management and scientific personnel may be diverted as a result of these proceedings, which could have a material adverse effect on us. Claims that we have misappropriated the confidential information or trade secrets of third parties could similarly have a negative impact on our business.

Our success will depend in part on our ability to uphold and enforce patents or patent applications owned or co-owned by us or licensed to us, which cover products we successfully develop. Proceedings involving our patents or patent applications could result in adverse decisions regarding:

- ownership of patents and patent applications;
- rights concerning licenses;
- the patentability of our inventions relating to our products; and/or
- the enforceability, validity or scope of protection offered by our patents relating to our products.

Even if we are successful in these proceedings, we may incur substantial costs and divert management's time and attention in pursuing these proceedings, which could have a material adverse effect on us.

***We are subject to governmental export and import controls that could impair our ability to compete in international markets due to licensing requirements and subject us to liability if we are not in compliance with applicable laws.***

Our products and products in development are subject to export control and import laws and regulations, including the U.S. Export Administration Regulations, U.S. Customs regulations, and various economic and trade sanctions regulations administered by the U.S. Treasury Department's Office of Foreign Assets Controls. Exports of our products and technology must be made in compliance with these laws and regulations. If we fail to comply with these laws and regulations, we and certain of our employees could be subject to substantial civil or criminal penalties, including the possible loss of export or import privileges; fines, which may be imposed on us and responsible employees or managers; and, in extreme cases, the incarceration of responsible employees or managers.

In addition, changes in our products or solutions or changes in applicable export or import laws and regulations may create delays in the introduction and sale of our products and solutions in international markets, prevent our customers from deploying our products and solutions or, in some cases, prevent the export or import of our products and solutions to certain countries, governments or persons altogether. Any change in export or import laws and regulations, shift in the enforcement or scope of existing laws and regulations, or change in the countries, governments, persons or technologies targeted by such laws and regulations, could also result in decreased use of our products and solutions, or in our decreased ability to export or sell our products and solutions to existing or potential customers. Any decreased use of our products and solutions or limitation on our ability to export or sell our products and solutions would likely adversely affect our business, financial condition and results of operations.

***Adverse outcomes in future legal proceedings could subject us to substantial damages and adversely affect our results of operations and profitability.***

We may become party to legal proceedings, including matters involving personnel and employment issues, personal injury, environmental matters, and other proceedings. Some of these potential proceedings could result in substantial damages or payment awards that exceed our insurance coverage. We will estimate our exposure to any future legal proceedings and establish provisions for the estimated liabilities where it is reasonably possible to estimate and

where an adverse outcome is probable. Assessing and predicting the outcome of these matters will involve substantial uncertainties. Furthermore, even if the outcome is ultimately in our favor, our costs associated with such litigation may be material. Adverse outcomes in future legal proceedings or the costs and expenses associated therewith could have an adverse effect on our results of operations.

***We may be required to pay substantial damages as a result of product liability claims for which insurance coverage is not available.***

We are subject to product liability claims with respect to our products. Product liability claims against us or our collaborators selling our products could damage our reputation, harm our relationships with our collaborators, and materially and adversely affect our business, results of operations, financial condition, and prospects. Furthermore, while our collaboration agreements typically require that our collaborators indemnify us for the cost of product liability claims brought against us as a result of our collaborator's misconduct, such indemnification provisions may not always be enforced, and we may receive no indemnification if our own misconduct contributed to the claims.

***As a result of being a public company, we are obligated to develop and maintain proper and effective internal control over financial reporting. We may not complete our analysis of our internal control over financial reporting in a timely manner, or these internal controls may not be determined to be effective, which may adversely affect investor confidence in our company and, as a result, the value of our common stock.***

Pursuant to Section 404(a) of the Sarbanes-Oxley Act of 2002 ("the Act") and the related rules adopted by the SEC and the Public Company Accounting Oversight Board, starting with the second annual report that we filed with the SEC after the consummation of our public offering, our management is required to report on the effectiveness of our internal control over financial reporting. Section 404(b) of the Act requires that our independent registered public accounting firm will also need to attest to the effectiveness of our internal control over financial reporting if we qualify as an accelerated filer or a large accelerated filer.

We are continuously improving our internal control environment. As a result, we may experience higher than anticipated operating expenses, as well as higher auditor fees during and after the implementation of these changes. If we are unable to implement any of the required changes to our internal control over financial reporting effectively or efficiently or are required to do so earlier than anticipated, it could adversely affect our operations, financial reporting, and results of operations and could result in an adverse opinion on internal controls from our independent registered public accounting firm.

***Our ability to use our net operating loss carryforwards to offset future taxable income may be subject to certain limitations.***

Under Section 382 of the Internal Revenue Code of 1986, as amended, or the Code, a corporation that undergoes an "ownership change" is subject to limitations on its ability to utilize its NOLs to offset future taxable income. A significant portion of our existing NOLs are limited due to known ownership changes under IRC Section 382 that we experienced as a result of the common stock we issued in connection with equity financings in December 2020 and January 2021. Changes in our stock ownership since 2021 or in the future, which could be outside of our control, could result in an ownership change under Section 382 of the Code. If we undergo an ownership change, our ability to utilize NOLs could be further limited by Section 382 of the Code. Furthermore, our ability to utilize NOLs of companies that we may acquire in the future may be subject to limitations. There is also a risk that, due to regulatory changes, such as suspensions on the use of NOLs, or other unforeseen reasons, our existing NOLs could expire or otherwise be unavailable to offset future income tax liabilities. For these reasons, we may not be able to realize a tax benefit from the use of our NOLs, whether or not we experience profitability.

## **Risks Related to Ownership of Our Common Stock**

### ***Future sales of substantial amounts of our common stock, or the possibility that such sales could occur, could adversely affect the market price of our common stock.***

Future sales in the public market of our common stock, or shares issued upon exercise of our outstanding stock options or warrants, or the perception by the market that these issuances or sales could occur, could lower the market price of our common stock or make it difficult for us to raise additional capital. Our stockholders may experience substantial dilution and a reduction in the price that they are able to obtain upon the sale of their shares. As of December 31, 2023, we had 1,285,337 shares of common stock outstanding, substantially all of which we believe may be sold publicly, subject in some cases to volume and other limitations, provisions or limitations in registration rights agreements, or prospectus-delivery or other requirements relating to the effectiveness and use of registration statements registering the resale of such shares. As of December 31, 2023, we had 41,735 shares of our common stock issuable upon the exercise of outstanding stock options under our equity incentive plans at a weighted-average exercise price of \$139.82 per share and we had outstanding warrants and preferred investment options to purchase 1,831,909 shares of common stock at a weighted-average exercise price of \$24.63 per share. Subject to applicable vesting requirements, upon exercise of these options or warrants, the underlying shares may be resold into the public market, subject in some cases to volume and other limitations or prospectus delivery requirements pursuant to registration statements registering the resale of such shares. In the case of outstanding options and warrants that have exercise prices that are below the market price of our common stock from time to time, our stockholders would experience dilution upon the exercise of these options and warrants.

### ***Our stock price has been and may continue to be volatile, and you could lose all or part of your investment.***

The market price of our common stock has been and may continue to be volatile. After making adjustments for the impact of reverse stock splits, since shares of our common stock were sold in our initial public offering in May 2015 at a price of \$6,400.00 per share, our stock price has ranged from \$2.65 to \$6,984.00, through December 31, 2023. The market price of our common stock is subject to wide fluctuations in response to various risk factors, some of which are beyond our control and may not be related to our operating performance, including:

- addition or loss of significant customers, collaborators or distributors;
- changes in laws or regulations applicable to our industry or traits;
- additions or departures of key personnel;
- the failure of securities analysts to cover our common stock after an offering;
- actual or anticipated changes in expectations regarding our performance by investors or securities analysts;
- price and volume fluctuations in the overall stock market;
- volatility in the market price and trading volume of companies in our industry or companies that investors consider comparable;
- share price and volume fluctuations attributable to inconsistent trading volume levels of our shares;
- our ability to protect our intellectual property and other proprietary rights;
- sales of our common stock by us or our stockholders;
- the expiration of contractual lock-up agreements;
- litigation involving us, our industry, or both;
- major catastrophic events; and
- general economic and market conditions and trends.

Further, the stock markets have experienced extreme price and volume fluctuations that have affected and continue to affect the market prices of equity securities of many companies. These fluctuations often have been unrelated or

disproportionate to the operating performance of those companies. These broad market and industry fluctuations, as well as general economic, political, and market conditions such as recessions, interest rate changes, or international currency fluctuations, may cause the market price of our common stock to decline. If the market price of our common stock fluctuates or declines, you may not realize any return on your investment and may lose some or all of your investment.

***We expect our operating results to vary significantly from quarter to quarter, which may cause our stock price to fluctuate widely.***

We expect our quarterly operating results to fluctuate widely and unpredictably for the following reasons, among others:

- our significant customer concentration;
- the variable timing, stage, and results of our and our collaborators' development, and regulatory activities;
- the effectiveness of our marketing and advertising efforts;
- the impact of seasonality in agricultural operations on our sales of products;
- adjustments to inventory due to excess or slow-moving;
- supplier, manufacturing, or quality problems; and
- variance in the timing of customer and distributor orders for our products.

Any unanticipated change in revenues or operating results is likely to cause our stock price to fluctuate since such changes reflect new information available to investors and analysts.

***Because we do not expect to pay any dividends for the foreseeable future, investors may be forced to sell their stock to realize a return on their investment.***

We do not anticipate that we will pay any dividends to holders of our common stock for the foreseeable future. Any payment of cash dividends will be at the discretion of our board of directors and will depend on, among other things, our results of operations, cash requirements, financial condition, contractual restrictions including compliance with covenants under our debt agreements, and other factors that our board of directors may deem relevant. Our ability to pay dividends might be restricted by the terms of any indebtedness that we incur in the future. In addition, certain of our current outstanding debt agreements prohibit us from paying cash dividends on our common stock. Consequently, you should not rely on dividends to receive a return on your investment.

***Our failure to meet the continued listing requirements of Nasdaq could result in a delisting of our common stock, which could negatively impact the market price and liquidity of our common shares and our ability to access the capital markets.***

Our common stock is listed on The Nasdaq Capital Market. If we fail to satisfy the continued listing requirements of the Nasdaq Stock Market ("Nasdaq"), such as the corporate governance requirements or the minimum closing bid price requirement, Nasdaq may take steps to delist our common stock. Such a delisting would have a negative effect on the price of our common stock, impair the ability to sell or purchase our common stock when persons wish to do so, and any delisting materially adversely affect our ability to raise capital or pursue strategic restructuring, refinancing or other transactions on acceptable terms, or at all. Delisting from The Nasdaq Capital Market could also have other negative results, including the potential loss of institutional investor interest and fewer business development opportunities.

#### **Item 1B. Unresolved Staff Comments.**

Not applicable.

**Item 1C. Cybersecurity.**

We recognize the importance of identifying, assessing and managing material risks associated with cybersecurity threats, as such term is defined in Item 106(a) of Regulation S-K. These risks include, among other things: operational risks, intellectual property theft, fraud, extortion, harm to employees or customers and violation of data privacy or security laws.

Identifying and assessing cybersecurity risk is integrated into our overall risk management systems and processes. Cybersecurity risks related to our business, technical operations, privacy and compliance issues are identified and addressed through a multi-faceted approach including third party assessments, internal IT controls, governance, risk and compliance reviews.

We describe whether and how risks from cybersecurity threats are reasonably likely to materially affect us, including our results of operations and financial condition, under the heading "*Our business is subject to the risks of earthquakes, fire, flood, crop losses, epidemics, and other catastrophic natural events, and security breaches, including cybersecurity incidents.*" in Item 1A, "Risk Factors" of Part I of this report.

Our Audit Committee is responsible for overseeing cybersecurity risks and updates our Board of Directors on cybersecurity matters as needed. The Audit Committee receives periodic updates from management regarding cybersecurity matters and is notified as promptly as practicable of significant new cybersecurity threats or incidents.

Management is responsible for the operational oversight of the company-wide cybersecurity strategy, policy, and standards across relevant departments to assess and help prepare us to address cybersecurity risks.

As of the date of this report, we are not aware of any cybersecurity incidents that have materially affected or are reasonably likely to materially affect the Company, including our business strategy, results of operations, or financial condition.

**Item 2. Properties.**

Our corporate headquarters are located in Dallas, Texas with additional office space in Davis and Sacramento, California and additional facilities in American Falls, Idaho. We believe that our leased facilities are adequate to meet our current needs and that, if needed, suitable additional or alternative space will be available to accommodate our operations.

**Item 3. Legal Proceedings.**

We currently are not a party to any material litigation or other material legal proceedings. From time to time, we may be subject to legal proceedings and claims in the ordinary course of business.

**Item 4. Mine Safety Disclosures.**

Not applicable.

## PART II

### **Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.**

Our common stock has been listed on the NASDAQ Stock Market under the symbol “RKDA” since May 15, 2015. Prior to May 15, 2015, there was no public trading for our common stock.

#### **Holders of Record**

As of March 21, 2024, we had 38 holders of record of our common stock. Because many of our shares of common stock are held by brokers and other institutions on behalf of stockholders, we are unable to estimate the total number of beneficial stockholders represented by these record holders.

#### **Dividend Policy**

We have never declared or paid cash dividends on our capital stock. We currently intend to retain all available funds and any future earnings for use in the operation of our business and do not anticipate paying any cash dividends in the foreseeable future. Any decision to declare and pay cash dividends in the future will be made at the discretion of our board of directors and will depend on, among other things, our results of operations, cash requirements, financial condition, contractual restrictions, and other factors that our board of directors may deem relevant.

#### **Securities Authorized for Issuance under Equity Compensation Plans**

See Part III, Item 12, for a description of securities authorized for issuance under equity compensation plans.

#### **Recent Sales of Unregistered Securities**

Information concerning our sales of unregistered securities during the year ended December 31, 2023, has previously been reported in Current Reports on Form 8-K that we filed during that year.

#### **Purchases of Equity Securities by the Issuer and Affiliated Purchasers**

We did not repurchase any of our equity securities during the year ended December 31, 2023.

#### **Item 6. [Reserved]**

## **Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations.**

### **Special Note Regarding Forward-Looking Statements**

*The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our audited consolidated financial statements and the related notes to those statements included herein. In addition to historical financial information, this report contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those discussed in the forward-looking statements. The statements contained in this report that are not purely historical are forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act. Forward-looking statements are often identified by the use of words such as, but not limited to, “anticipate,” “believe,” “can,” “continue,” “could,” “estimate,” “expect,” “intend,” “may,” “plan,” “project,” “seek,” “should,” “strategy,” “target,” “will,” “would” and similar expressions or variations intended to identify forward-looking statements. These statements are based on the beliefs and assumptions of our management based on information currently available to management. Such forward-looking statements are subject to risks, uncertainties and other important factors that could cause actual results and the timing of certain events to differ materially from future results expressed or implied by such forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those identified below. Furthermore, such forward-looking statements speak only as of the date of this report. Except as required by law, we undertake no obligation to update any forward-looking statements to reflect events or circumstances after the date of such statements.*

*Solely for convenience, the trademarks, service marks and trade names referred to in this report may appear without the ®, TM, or SM symbols, but such references do not constitute a waiver of any rights that might be associated with the respective trademarks, service marks, or trade names.*

### **Overview**

We are a producer and marketer of innovative, plant-based food and beverage products. Our history as a leader in science-based approaches to developing high value crop improvements, primarily in wheat, designed to enhance farm economics by improving the performance of crops in the field, as well as their value as food ingredients, has laid the foundation for our path forward. We have used non-genetically modified advanced breeding techniques to develop these proprietary innovations which we are now commercializing through the sales of seed and grain, food ingredients and products, trait licensing and royalty agreements. The acquisition of the assets of Live Zola, LLC (“Zola”) added coconut water to our portfolio of products.

Our commercial strategy is to satisfy consumer nutrition demands with the superior functional benefits our crops deliver directly from the farm, enabling us to share premium economics throughout the ag-food supply chain and to build a world-class estate of high value traits and varieties. The acquisition of the Zola brand allows us to broaden our reach within the beverage sector.

It is also estimated by the U.S. Department of Agriculture (“USDA”), that approximately one-fifth of the FDA recommended calories consumed by people in the US are from wheat. Therefore, the market opportunity for nutritional improvements in wheat are significant not only because the wheat market itself is vast, but also because of the “share of stomach” wheat represents. Considering that most people today are not getting enough fiber or protein in their daily diets, the superior nutrient density of our non-GMO GoodWheat™ (“GoodWheat”) technology can improve the dietary intake of average consumers, by increasing their fiber and protein consumption without changing the way they eat. We believe this proprietary advantage gives GoodWheat the potential to become a global standard in wheat.

### **Our Growth Strategy**

We believe there are significant opportunities to grow our business by executing the following elements of our strategy:

- **Accelerate the monetization of our GoodWheat™ wheat trait portfolio.** Our proprietary intellectual property ("IP") with multiple non-GMO wheat traits have clear functional benefits, and we will continue to build partnerships across the wheat value chain. We have launched GoodWheat into multiple categories where our wheat provides a compelling point-of-difference and we will continue to evaluate ways to extract value throughout the supply chain.
- **Evaluate scale M&A opportunities.** We intend to evaluate potential mergers, acquisitions and other strategic opportunities that will allow us to scale the GoodWheat value proposition more quickly. We believe there is a significant opportunity to integrate our wheat IP and GoodWheat brand into larger businesses and drive shareholder value.
- **Scale Zola through retail expansion.** Based on our research, consumers prefer the clean, crisp taste of Zola to that of other leading coconut water brands. As a result, we plan to continue to invest in trial-driving activities and expand distribution of our Zola coconut water brand through mass market retailers and grocery store chains.

#### **Arcadia Wellness, LLC**

In May 2021, our wholly owned subsidiary Arcadia Wellness, LLC ("Arcadia Wellness" or "AW"), acquired the businesses of Eko, Lief, and Zola. The acquisition included Saavy Naturals™, a line of natural body care products, Soul Spring™, a CBD-infused botanical therapy brand in the natural category, and ProVault™, a THC-free CBD sports performance formula made with natural ingredients, providing effective support and recovery for athletes (collectively "body care brands"). Also included in the purchase is Zola, a coconut water sourced exclusively with sustainably grown coconuts from Thailand.

On July 8, 2022, the Company entered into an agreement to license Saavy Naturals to Radiance Beauty and Wellness, Inc. ("Radiance Beauty").

In July 2023, management made the decision to exit the remaining body care brands, Soul Spring and ProVault, as a result of continued pressure on the CBD market due to regulatory uncertainty. Body care operations ceased as of September 30, 2023.

#### **Our Product Portfolio**

Most Americans suffer from a significant fiber deficiency. The recommended daily value of fiber is 25g for women and children, and 38g for men according to the May 2021 Food and Health Survey by the International Food Information Council. However, less than 10 percent of women and less than 3 percent of men get enough fiber in their daily diets.

Our GoodWheat portfolio of better-for-you products addresses these needs as they are naturally higher in fiber and protein than traditional wheat without sacrificing on taste or texture.

#### **GoodWheat™ Pasta**

In June 2022, we launched our GoodWheat pasta in five varieties – penne, spaghetti, fettuccine, elbows and rotini – in select retailers nationwide and on Amazon. Our pasta delivers 4 times the fiber of traditional wheat pasta with 9g of protein per serving and no sacrifice on taste. In fact, our research shows that GoodWheat pasta scores at parity on taste with leading wheat pasta competitors and significantly outscores market leading vegetable-based pastas. Made with only our USA farm grown wheat, GoodWheat pasta meets consumers' preference for clean labels and transparent sourcing. And, in December of 2022, GoodWheat received the American Heart Association's Heart-Check mark on all of our pasta products. With its high fiber, lower sodium and zero saturated fat, GoodWheat meets the criteria for a heart-healthy pasta and provides consumers with a better-for-you option that delivers superior nutrition with the taste and texture of traditional pasta.

### **GoodWheat™ Pancakes and Waffle Mixes**

In August 2023, we launched our GoodWheat into the breakfast category with new, better-for-you pancake and waffle mixes as well as single-serve Quikcakes™. Our new mixes are made with simple ingredients and Arcadia's proprietary wheat grain, which is naturally higher in fiber and protein than traditional wheat. GoodWheat pancake and waffle mixes are sold in resealable, multi-serve pouches, with each serving delivering 8 times the fiber of traditional pancake mix and 5 grams of protein. Our multi-serve mixes will be available in 3 classic varieties, including Buttermilk, Chocolate Chocolate Chip and Apple Cinnamon. GoodWheat Quikcakes are an innovative, single-serve instant pancake that is a great option for busy mornings – you simply pour one packet into a bowl, add water and microwave for 90 seconds. Quikcakes have 11 times the fiber of traditional single-serve pancake mixes and contain 7 grams of protein per serving. Quikcakes are available in 3 flavors, including Buttermilk, Chocolate Chocolate Chip and Confetti.

### **GoodWheat™ Mac and Cheese**

In November 2023, we announced the third GoodWheat category, Mac and Cheese. Our Mac and Cheese is made with real cheese and contains no artificial flavors, dyes or preservatives and are available in three varieties: Classic Cheddar, White Cheddar and Three Cheese. GoodWheat Mac and Cheese packs in the most fiber of any brand in the category, 4 times more than the leading brand. In fact, one serving of GoodWheat Mac and Cheese has the same fiber as two servings of oatmeal, or two and a half servings of broccoli! And, just like our pasta and pancake mixes, GoodWheat Mac and Cheese is higher in protein than the leading brand, with 12 grams of protein per serving.

### **Zola Coconut Water**

Zola is a pure, natural, 100% coconut water with a crisp, clean taste that's lightly sweet and refreshing. Naturally hydrating and never from concentrate, Zola is Non-GMO Project Verified and only contains 60 calories per serving. In taste tests, Zola beats competitors 2 to 1 and is the best-tasting way to rehydrate, reset and reenergize.

### **Discontinued Operations**

As mentioned above, the Company exited the body care brands and ceased its operations as of September 30, 2023. In accordance with the provisions of ASC 205-20, the Company has separately reported the assets and liabilities of the discontinued operations in the consolidated balance sheets and the results of the discontinued operations as a separate component of loss on the consolidated statements of operations and comprehensive loss for all periods presented. See Note 1 to the consolidated financial statements for further information on discontinued operations.

### **Components of Our Statements of Operations Data**

#### ***Revenues***

We derive our revenues from product sales, royalties and license fees.

#### ***Product revenues***

Product revenues consist primarily of sales of GoodWheat, Zola and GLA products. We recognize revenue from product sales when control of the product is transferred to third-party distributors and manufacturers, collectively "our customers," which generally occurs upon delivery. Revenues fluctuate depending on the timing of shipments of product to our customers and are reported net of estimated chargebacks, returns and losses.

#### ***Royalty Revenues***

Royalty revenues consist of amounts earned from the sale of commercial products that incorporate the Company's traits by third parties. Royalty revenues consist of a minimum annual royalty, offset by amounts earned from the sale of products. The Company recognizes the minimum annual royalty on a straight-line basis over the year, and recognizes royalty revenue resulting from the sale of products when the third parties transfer control of the product

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to their customers, which generally occurs upon shipment. Royalty revenues can fluctuate depending on the timing of shipments of product by the third parties to their customers.

### *License revenues*

License revenues consist of up-front, nonrefundable license fees, annual license fees, and subsequent milestone payments that we receive under our license agreements. Revenue generated from up-front license fees are recognized upon execution of the agreement. We recognize annual license fees when it is probable that a material reversal will not occur.

Milestone fees are variable consideration that is initially constrained and recognized only when it is probable that such amounts would not be reversed. The Company assesses when achievement of milestones are probable in order to determine the timing of revenue recognition for milestone fees. Milestones typically represent significant stages of development for our traits in a potential commercial product, such as achievement of specific technological targets, completion of field trials, filing with regulatory agencies, completion of the regulatory process, and commercial launch of a product containing our traits. Given the seasonality of agriculture and time required to progress from one milestone to the next, achievement of milestones is inherently uneven, and license revenues are likely to fluctuate significantly from period to period.

### **Operating Expenses**

#### *Cost of revenues*

Cost of revenues primarily relates to the sale of GoodWheat and Zola products and consists of the cost of raw materials, including internal and third-party services costs related to procuring, processing, formulating, packaging and shipping our products, as well as in-licensing and royalty fees, any adjustments or write-downs to inventory or prepaid production costs.

#### *Research and development expenses ("R&D")*

Research and development expenses consist of costs incurred in the development and testing of our products and other products in development incorporating our traits. These expenses currently consist primarily of fees paid to product formulation consultants and are expensed as incurred. Additionally, the Company is required from time to time to make certain milestone payments in connection with the development of technologies in-licensed from third parties. The Company's research and development expenses may fluctuate from period to period.

#### *Gain on sale of Verdeca*

The gain on sale of Verdeca is the gain recognized for the sale of the Company's membership interests in the Verdeca joint venture to our partner Bioceres in November 2020.

#### *Impairment of Intangible Assets*

Impairments of intangible assets are recorded when the fair value of intangible assets drops below its carrying amount.

#### *Change in fair value of contingent consideration*

Change in the fair value of contingent consideration is comprised of the fair value remeasurement of the liabilities associated with the Company's contingent consideration.

#### *Gain on sale of property and equipment, net*

Gain on sale of fixed assets includes gains from the sale of tangible assets sold above their net book value.

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### *Impairment of property and equipment*

Impairment of property and equipment, net includes losses from tangible assets due to impairment or recoverability test charges to write down fixed assets to their fair value or recoverability value.

### *Impairment of right-of-use ("ROU") assets*

Impairment of ROU assets includes losses from right-of-use assets due to impairment or recoverability test charges to write down the ROU asset to their fair value or recoverability value.

### *Selling, general and administrative expenses*

Selling, general and administrative expenses consist primarily of employee costs, professional service fees, broker and sales commission fees, and overhead costs. Our selling, general, and administrative expenses may fluctuate from period to period. In connection with our commercialization activities for our consumer products, we expect to increase our investments in sales and marketing, including additional consulting fees.

### *Interest income*

Interest income consists of interest income on our cash and cash equivalents and investments.

### *Other income, net*

Other income, net consists of miscellaneous income.

### *Valuation loss on March 2023 PIPE*

Valuation loss on March 2023 PIPE includes the fair value in excess of gross proceeds and the increase in fair value related to the re-pricing of existing warrants.

### *Change in the estimated fair value of common stock warrant and option liabilities*

Change in the estimated fair value of common stock warrant and option liabilities is comprised of the fair value remeasurement of the liabilities associated with our financing transactions.

### *Issuance and offering costs allocated to liability classified options*

Issuance and offering costs generally include placement agent, legal, advisory, accounting and filing fees related to financing transactions.

### *Income tax expense*

Our income tax provision has not been historically significant, as we have incurred losses since our inception. The provision for income taxes consists of state and foreign income taxes. Due to cumulative losses, we maintain a valuation allowance against our U.S. deferred tax assets as of December 31, 2023 and 2022. We consider all available evidence, both positive and negative, including but not limited to: earnings history, projected future outcomes, industry and market trends, and the nature of each of the deferred tax assets in assessing the extent to which a valuation allowance should be applied against our U.S. deferred tax assets.

### *Net loss from discontinued operations*

Net loss from discontinued operations represents results of operations related to the discontinued body care brands. See Note 1 to the consolidated financial statements for further information on discontinued operations.

## Results of Operations

Comparison of the Years Ended December 31, 2023 and 2022

	Year Ended December 31,		\$ Change	% Change
	2023	2022		
	(in thousands)			
Revenues:				
Product	\$ 5,313	\$ 6,422	\$ (1,109)	-17%
License	17	879	(862)	-98%
Royalty	—	117	(117)	-100%
Total revenues	5,330	7,418	(2,088)	-28%
Operating expenses (income):				
Cost of revenues	3,300	6,101	(2,801)	-46%
Research and development	1,387	1,509	(122)	-8%
Gain on sale of Verdeca	—	(1,138)	1,138	100%
Impairment of intangible assets	—	141	(141)	-100%
Change in fair value of contingent consideration	—	(70)	70	-100%
Gain on sale of property and equipment	(40)	(314)	274	-87%
Impairment of property and equipment	—	160	(160)	-100%
Impairment of ROU asset	113	—	113	100%
Selling, general and administrative	14,508	15,036	(528)	-4%
Total operating expenses	19,268	21,425	(2,157)	-10%
Loss from operations	(13,938)	(14,007)	69	0%
Interest income	695	289	406	140%
Other income, net	48	9	39	433%
Valuation loss on March 2023 PIPE	(6,076)	—	(6,076)	-100%
Change in fair value of common stock warrant and option liabilities	6,544	3,209	3,335	104%
Issuance and offering costs allocated to liability classified options	(430)	(314)	(116)	37%
Net loss from continuing operations before income taxes	(13,157)	(10,814)	(2,343)	22%
Income tax expense	(8)	(14)	6	-43%
Net loss from continuing operations	(13,165)	(10,828)	(2,337)	22%
Net loss from discontinued operations	(821)	(4,784)	3,963	-83%
Net loss	(13,986)	(15,612)	1,626	-10%
Net loss attributable to non-controlling interest	(5)	(236)	231	-98%
Net loss attributable to common stockholders	\$ (13,981)	\$ (15,376)	\$ 1,395	-9%

## **Revenues**

Product revenues accounted for 100% and 87% of our total revenues in 2023 and 2022, respectively. The \$1.1 million, or 17%, decrease in product revenues in 2023 compared to 2022 was primarily driven by 2022 GoodWheat grain sales.

License revenues accounted for 0% and 12% of our total revenues in 2023 and 2022, respectively. During the year ended December 31, 2022, the Company recognized one-time license revenue of \$862,000 related to the Verdeca-Biocrates licensing agreement discussed below.

Royalty revenues accounted for 0% and 2% of our total revenues in 2023 and 2022, respectively. The \$117,000 of royalty revenues for the year ended December 31, 2022 represents the proportionate share of contracted minimum annual royalty fees that expired in 2022.

## **Operating expenses (income)**

### *Cost of revenues*

Cost of revenues decreased by \$2.8 million, or 46%, in 2023 compared to 2022. Cost of revenues during the year ended December 31, 2022 included GoodWheat grain sold at cost and higher inventory write-downs. Gross profit, calculated as total revenues less cost of revenues, was \$2.0 million and \$1.3 million during the years ended December 31, 2023 and 2022, respectively. The increase in gross profit in 2023 is primarily due to the absence of sales of GoodWheat grain sold at cost in 2022.

### *Research and development*

Research and development expenses decreased by \$0.1 million, or 8%, in 2023 compared to 2022. The decrease was primarily driven by the Company's continued focus on commercialization, which has led to lower employee-related expenses and related activity costs.

### *Gain on sale of Verdeca*

In February 2012, the Company partnered with Biocrates to form Verdeca, which we equally owned. Verdeca was formed to develop and deregulate soybean varieties using both partners' agricultural technologies. In November 2020, Arcadia sold its membership interest in Verdeca to Biocrates in a transaction in which Arcadia received cash, shares of Biocrates stock and a royalty stream of up to \$10.0 million on sales of Haab 4 ("HB4") soybean. An additional \$2.0 million in cash is to be paid to Arcadia upon Verdeca achieving commercial plantings of at least 200,000 hectares of HB4 or China approving the HB4 soybean trait for "food and feed". During the year ended December 31, 2022, the Company recognized a gain on sale of Verdeca of \$1.1 million related to the regulatory approval of the Haab 4 soybeans.

### *Impairment of intangible assets*

During the year ended December 31, 2022, the Company recognized impairments of intangible assets of \$141,000 related to the Industrial Seed Innovations ("ISI") intangible assets. See Note 13 to the consolidated financial statements. There was no such impairment of intangible assets recognized during the year ended December 31, 2023.

*Change in fair value of contingent consideration*

During the year ended December 31, 2022, the Company recognized a decrease in the fair value of the ISI contingent consideration liability due to its remeasurement. See Note 13 to the consolidated financial statements. There was no such change in fair value recognized during the year ended December 31, 2023.

*Gain on sale of property and equipment*

During the years ended December 31, 2023 and 2022, the Company sold property and equipment for net proceeds exceeding book value by \$40,000 and \$314,000, respectively.

*Impairment of property and equipment, net*

During the year ended December 31, 2022, the Company recognized \$160,000 of impairments of property and equipment related to Archipelago. There was no impairment of property and equipment recognized during the year ended December 31, 2023.

*Impairment of ROU assets*

During the year ended December 31, 2023, the Company recognized \$113,000 of impairment related to ROU assets. There was no impairment of ROU assets recognized during the year ended December 31, 2022.

*Selling, General, and Administrative*

Selling, general, and administrative expenses decreased by \$0.5 million, or 4%, in 2023 compared to 2022 primarily driven by a decrease in employee compensation.

***Interest income***

During the year ended December 31, 2023, the Company recognized interest income of \$695,000 from investments as compared to \$289,000 in 2022.

***Other income, net***

During the year ended December 31, 2023, the Company recognized other income of \$48,000 as compared to \$9,000 in 2022.

***Valuation loss on March 2023 PIPE***

During the year ended December 31, 2023, the Company recognized a \$6.1 million valuation loss related to the March 2023 PIPE financing transaction. The valuation loss includes the fair value in excess of gross proceeds and the increase in fair value related to the re-pricing of existing warrants.

***Change in the estimated fair value of common stock warrant and option liabilities***

The change in the estimated fair value of common stock warrant and option liabilities was \$6.5 million during the year ended December 31, 2023 related to the change in the estimated fair value of the liability classified preferred investment options issued in connection with the March 2023 PIPE and August 2022 Registered Direct Offering financing transactions. The change in the estimated fair value of common stock warrant and option liabilities was \$3.2 million during the year ended December 31, 2022 related to the change in the estimated fair value of the liability classified preferred investment options issued in connection with the August 2022 Registered Direct Offering financing transaction.

### ***Issuance and offering costs***

Issuance and offering costs were \$430,000 during the year ended December 31, 2023 and were related to the liability classified options issued in the March 2023 PIPE financing transaction. Issuance and offering costs were \$314,000 during the year ended December 31, 2022 related to the August 2022 Registered Direct Offering financing transaction.

### ***Income tax expense***

The income tax provision resulted in an expense of \$8,000 and \$14,000 during the years ended December 31, 2023 and 2022, respectively.

### ***Net loss from discontinued operations***

Net loss from discontinued operations was \$821,000 and \$4.8 million during the years ended December 31, 2023 and 2022, respectively. See Note 1 to the consolidated financial statements for further information on discontinued operations.

### ***Seasonality***

We and our commercial partners operate in different geographies around the world and conduct field trials used for data generation, which must be conducted during the appropriate growing seasons for particular crops and markets. Demand for coconut water products is generally higher in the summer months.

The level of seasonality in our business overall is difficult to evaluate at this time due to our relatively limited number of commercialized products, our expansion into new geographical markets and our introduction of new products and traits.

### ***Liquidity and Capital Resources***

We have funded our operations primarily with the net proceeds from our private and public offerings of our equity securities and debt, as well as proceeds from the sale of our products and payments under license agreements. Our principal use of cash is to fund our operations, which are primarily focused on commercializing our products. Our contractual obligations are primarily related to our operating leases for facilities, land and equipment. Refer to Note 14 to the consolidated financial statements for details of our leasing arrangements. As of December 31, 2023, we had cash and cash equivalents of \$6.5 million and short-term investments of \$5.1 million. For the years ended December 31, 2023 and 2022, the Company had net losses of \$14.0 million and \$15.6 million, respectively, and net cash used in operations of \$15.3 million and \$14.0 million, respectively.

### ***Going Concern***

We believe that our existing cash and cash equivalents and short-term investments will not be sufficient to meet our anticipated cash requirements for at least the next 12 months from the issuance date of our 2023 financial statements, and thus raises substantial doubt about the Company's ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

We may seek to raise additional funds through debt or equity financings, if necessary. We may also consider entering into additional partner arrangements. Any sale of additional equity would result in dilution to our stockholders. Our incurrence of debt would result in debt service obligations, and the instruments governing our debt could provide for additional operating and financing covenants that would restrict our operations. If we require additional funds and are not able to secure adequate additional funding, we may be forced to reduce our spending.

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extend payment terms with our suppliers, liquidate assets, or suspend or curtail planned product launches. Any of these actions could materially harm our business, results of operations and financial condition.

### **Liquidity**

The following table summarizes total current assets, current liabilities and working capital for the dates indicated (in thousands):

	As of December 31,	
	2023	2022
Current assets	\$ 14,972	\$ 25,398
Current liabilities	3,590	4,209
Working capital surplus	\$ 11,382	\$ 21,189

### **Cash Flows**

The following table summarizes our cash flows for the periods indicated (in thousands):

	Year Ended December 31,	
	2023	2022
Net cash (used in) provided by:		
Operating activities	\$ (15,294)	\$ (13,977)
Investing activities	(4,344)	1,417
Financing activities	5,512	4,519
Net decrease in cash and cash equivalents	\$ (14,126)	\$ (8,041)

#### *Cash flows from operating activities*

Cash used in operating activities for the year ended December 31, 2023 was \$15.3 million. With respect to our net loss of \$14.0 million, non-cash charges, including \$430,000 of issuance and offering costs, \$6.1 million of valuation loss recognized for the March 2023 PIPE, \$717,000 of stock-based compensation, \$697,000 of lease amortization, \$287,000 of depreciation, \$444,000 of write-downs of inventory and \$113,000 of impairment of ROU assets, were offset by the change in fair value of common stock warrant and option liabilities of \$6.5 million, adjustments in our working capital accounts of \$2.7 million, a gain on disposal of property and equipment of \$40,000, and operating lease payments of \$764,000.

Cash used in operating activities for the year ended December 31, 2022 was \$14.0 million. With respect to our net loss of \$15.6 million, non-cash charges including \$1.1 million of stock-based compensation, \$884,000 of lease amortization, \$2.5 million of write-downs of inventory, \$530,000 of impairment of property and equipment, \$314,000 of issuance and offering costs, \$404,000 of impairment of intangible assets, \$439,000 of depreciation, and \$1.0 million adjustments in our working capital accounts were offset by \$3.2 million for the change in fair value of common stock warrant and option liabilities, gain on sale of Verdeca of \$1.1 million, \$314,000 of net gain on disposal of property and equipment, and operating lease payments of \$932,000.

#### *Cash flows from investing activities*

Cash used in investing activities for the year ended December 31, 2023 consisted of proceeds of \$115,000 from the sale of property and equipment, proceeds of \$569,000 from the sale of Verdeca, and proceeds of \$2.5 million from the sale of investments, offset by \$5,000 of purchases of property and equipment and \$7.5 million of purchases of investments.

Cash provided by investing activities for the year ended December 31, 2022 of \$1.4 million primarily consisted of \$920,000 of proceeds from sales of property and equipment, \$569,000 proceeds from sale of Verdeca, partially offset by \$72,000 of purchases of property and equipment.

*Cash flows from financing activities*

Cash provided by financing activities for the year ended December 31, 2023 consisted of gross proceeds of \$6.0 million from the March 2023 PIPE financing transaction and proceeds from the purchase of ESPP shares of \$12,000, which were offset by payments of transaction costs related to the March 2023 PIPE financing transaction of \$497,000.

Cash provided by financing activities for the year ended December 31, 2022 of \$4.5 million consisted of proceeds from the issuance of common stock relating to the August 2022 RDO financing transaction of \$5.0 million gross proceeds and proceeds from the purchase of ESPP shares of \$7,000, which were offset by payments of transaction costs related to the August 2022 RDO financing transaction of \$488,000.

**Off-Balance Sheet Arrangements**

Since our inception, we have not engaged in any off-balance sheet arrangements, including the use of structured finance, special purpose entities or variable interest entities, other than Verdeca, a joint venture sold in November 2020.

**Critical Accounting Policies and Estimates**

Our management's discussion and analysis of our financial condition and results of operations is based on our financial statements, which have been prepared in accordance with GAAP. The preparation of these financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported revenue generated, and expenses incurred during the reporting periods. Our estimates are based on our historical experience and on various other factors that we believe are 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.

We consider our critical accounting policies and estimates to be revenue recognition, determination of the provision for income taxes, and net realizable value of inventory.

***Revenue recognition***

We recognize revenue when control of the promised goods or services is transferred to customers at an amount that reflects the consideration to which the entity expects to be entitled to in exchange for those goods or services. See Note 2 for further detail on each of the below revenue streams.

We generally recognize product revenues once passage of title has occurred, which is generally upon delivery. Shipping and handling costs charged to customers are recorded as revenues and included in cost of revenues at the time the sale is recognized.

We have determined that, at the inception of each license agreement, there is only one deliverable for the license for access to and assistance with the development of the specified intellectual property. We recognize revenue up-front and annual license fees in full when it is deemed probable to be earned.

We recognize royalty revenue when the Company can reasonably determine the amounts earned.

We recognize revenue related to milestone payments when it is probable that such amounts would not be reversed.

***Determination of the provision for income taxes***

We use the asset and liability method of accounting for income taxes. Under this method, deferred tax assets and liabilities are determined based on the differences between the financial reporting and the tax bases of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. A valuation allowance is provided when it is more likely than not that some portion or all of a deferred tax asset will not be realized.

***Net realizable value of inventory***

Inventory costs are tracked on a lot-identified basis, valued at the lower of cost or net realizable value and are included as cost of revenues when sold. We compare the cost of inventories with market value and write down inventories to net realizable value, if lower. We write down inventory when conditions indicate that the net realizable value may be less than cost due to physical deterioration, obsolescence, changes in price levels or other factors. Additionally, we provide reserves for excess and slow-moving inventory to its estimated net realizable value. The inventory write-downs are based upon estimates about future demand from our customers and distributors and market conditions. Future events that could significantly influence our judgment and related estimates include conditions in target markets, introduction of new products or changes to current or future competitor products.

**Recent Accounting Pronouncements**

For discussions of the adoption and potential impacts of recently issued accounting standards, refer to Note 3 – Recent Accounting Pronouncements.

**Item 7A. Quantitative and Qualitative Disclosures About Market Risk.**

Not applicable.

**Item 8. Financial Statements and Supplementary Data.**

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## **REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the stockholders and the Board of Directors of Arcadia Biosciences, Inc.

### **Opinion on the Financial Statements**

We have audited the accompanying consolidated balance sheets of Arcadia Biosciences, Inc. and subsidiaries (the "Company") as of December 31, 2023 and 2022, the related consolidated statements of operations and comprehensive loss, stockholders' equity, and cash flows, for each of the two years in the period ended December 31, 2023, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2023, in conformity with accounting principles generally accepted in the United States of America.

### **Going Concern**

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the consolidated financial statements, the Company has an accumulated deficit, recurring net losses and net cash used in operations, and resources that will not be sufficient to meet its anticipated cash requirements, which raises substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 1. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

### **Basis for Opinion**

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

### **Critical Audit Matter**

The critical audit matter communicated below is a matter arising from the current-period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by

communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

***GoodWheat Inventory Valuation – Refer to Note 4 to the consolidated financial statements***

*Critical Audit Matter Description*

GoodWheat inventories are recorded at the lower of cost or net realizable value. Management periodically evaluates the carrying value of inventories in relation to the forecasts of product demand, which takes into consideration the estimated marketability and salability of products. When quantities on hand exceed forecasted demand, regulatory changes occur, or quality specifications are not met, a write-down is recorded for such inventories. Changes in assumptions of forecasted product demand could have a significant impact on the amount of inventory valuation, and any related write-downs.

Given the significant judgments made by management in forecasting product demand, including the impact of product marketability and salability, auditing the reasonableness of management's estimates and assumptions required a high degree of auditor judgment and an increased extent of effort.

*How the Critical Audit Matter Was Addressed in the Audit*

Our audit procedures over GoodWheat inventory valuation included the following, among others:

- We evaluated the demand forecasts by obtaining documentation to support customer orders, contracts, historical and future sales that corroborate the reasonableness of amount estimated for demand.
- We evaluated management's ability to accurately forecast product demand by comparing actual results to management's historical estimates.
- We performed corroborative inquiries with the personnel responsible for sales forecasting to evaluate the reasonableness of the product salability and demand forecasts.

/s/ Deloitte & Touche LLP

Tempe, Arizona

March 28, 2024

We have served as the Company's auditor since 2007.

**Arcadia Biosciences, Inc.**  
**Consolidated Balance Sheets**  
*(In thousands, except share data)*

	As of December 31,	
	2023	2022
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 6,518	\$ 20,644
Short-term investments	5,124	—
Accounts receivable and other receivables, net of allowance for doubtful accounts of \$0 and \$3 as of December 31, 2023 and 2022, respectively	514	1,221
Inventories, net — current	1,958	2,321
Assets held for sale	51	87
Prepaid expenses and other current assets	807	795
Current assets of discontinued operations	—	330
Total current assets	14,972	25,398
Property and equipment, net	384	680
Right of use assets	792	1,848
Inventories, net — noncurrent	3,354	767
Intangible assets, net	39	40
Other noncurrent assets	164	165
Noncurrent assets of discontinued operations	—	24
Total assets	\$ 19,705	\$ 28,922
<b>Liabilities and stockholders' equity</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 2,410	\$ 2,855
Amounts due to related parties	58	48
Operating lease liability — current	852	1,010
Other current liabilities	270	270
Current liabilities of discontinued operations	—	26
Total current liabilities	3,590	4,209
Operating lease liability — noncurrent	155	1,007
Common stock warrant and option liabilities	1,257	806
Other noncurrent liabilities	2,000	2,000
Total liabilities	7,002	8,022
Commitments and contingencies (Note 13)		
Stockholders' equity:		
Common stock, \$0.001 par value—150,000,000 shares authorized as of December 31, 2023 and December 31, 2022; 1,285,337 and 616,079 shares issued and outstanding as of December 31, 2023 and December 31, 2022, respectively.	65	65
Additional paid-in capital	284,515	278,827
Accumulated other comprehensive income	101	—
Accumulated deficit	(271,840)	(257,859)
Total Arcadia Biosciences stockholders' equity	12,841	21,033
Non-controlling interest	(138)	(133)
Total stockholders' equity	12,703	20,900
Total liabilities and stockholders' equity	\$ 19,705	\$ 28,922

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

**Arcadia Biosciences, Inc.**  
**Consolidated Statements of Operations and Comprehensive Loss**  
*(In thousands, except share and share data)*

	Year Ended December 31,	
	2023	2022
Revenues:		
Product	\$ 5,313	\$ 6,422
License	17	879
Royalty	—	117
Total revenues	<u>5,330</u>	<u>7,418</u>
Operating expenses (income):		
Cost of revenues	3,300	6,101
Research and development	1,387	1,509
Gain on sale of Verdeca	—	(1,138)
Impairment of intangible assets	—	141
Change in fair value of contingent consideration	—	(70)
Gain on sale of property and equipment	(40)	(314)
Impairment of property and equipment	—	160
Impairment of ROU asset	113	—
Selling, general and administrative	14,508	15,036
Total operating expenses	<u>19,268</u>	<u>21,425</u>
Loss from operations	(13,938)	(14,007)
Interest income	695	289
Other income, net	48	9
Valuation loss on March 2023 PIPE	(6,076)	—
Change in fair value of common stock warrant and option liabilities	6,544	3,209
Issuance and offering costs allocated to liability classified options	(430)	(314)
Net loss from continuing operations before income taxes	(13,157)	(10,814)
Income tax expense	(8)	(14)
Net loss from continuing operations	(13,165)	(10,828)
Net loss from discontinued operations	(821)	(4,784)
Net loss	(13,986)	(15,612)
Net loss attributable to non-controlling interest	(5)	(236)
Net loss attributable to common stockholders	<u>\$ (13,981)</u>	<u>\$ (15,376)</u>
Net loss per share attributable to common stockholders:		
Basic and diluted from continuing operations	\$ (10.64)	\$ (17.67)
Basic and diluted from discontinued operations	<u>\$ (0.66)</u>	<u>\$ (7.98)</u>
Weighted-average number of shares used in per share calculations:		
Basic and diluted	<u>1,236,934</u>	<u>599,389</u>
Other comprehensive income, net of tax		
Unrealized gains on available-for-sale securities	\$ 101	\$ —
Other comprehensive income	\$ 101	\$ —
Comprehensive loss attributable to common stockholders	<u>\$ (13,880)</u>	<u>\$ (15,376)</u>

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

**Arcadia Biosciences, Inc.**  
**Consolidated Statements of Stockholders' Equity**  
*(In thousands, except share data)*

	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Accumulate d Other Comprehen sive Income	Non- controlling Interest	Total Stockholders' Equity
	Shares	Amount					
Balance at December 31, 2021	554,609	\$ 63	\$ 257,515	\$ (226,485)	\$ —	\$ 103	\$ 31,196
Reclassification upon adoption of ASU 2020-06	—	—	19,390	(15,998)	—	—	3,392
Issuance of shares related to August 2022 Offering	61,250	2	1,174	—	—	—	1,176
Offering costs related to August 2022 Offering	—	—	(365)	—	—	—	(365)
Issuance of shares related to employee stock purchase plan	220	—	7	—	—	—	7
Stock-based compensation	—	—	1,106	—	—	—	1,106
Net loss	—	—	—	(15,376)	—	(236)	(15,612)
Balance at December 31, 2022	616,079	\$ 65	\$ 278,827	\$ (257,859)	\$ —	\$ (133)	\$ 20,900
Issuance of shares related to March 2023 PIPE	165,500	—	4,740	—	—	—	4,740
Modification of warrants related to March 2023 PIPE	—	—	219	—	—	—	219
Issuance of shares related to August 2022 pre-funded warrants exercise	56,813	—	—	—	—	—	—
Issuance of shares related to March 2023 pre-funded warrants exercise	425,834	—	—	—	—	—	—
Issuance of shares related to employee stock purchase plan	1,993	—	12	—	—	—	12
Issuance of shares related to reverse stock split	19,118	—	—	—	—	—	—
Stock-based compensation	—	—	717	—	—	—	717
Unrealized gains on available-for-sale securities	—	—	—	—	101	—	101
Net loss	—	—	—	(13,981)	—	(5)	(13,986)
Balance at December 31, 2023	<u>1,285,337</u>	<u>\$ 65</u>	<u>\$ 284,515</u>	<u>\$ (271,840)</u>	<u>\$ 101</u>	<u>\$ (138)</u>	<u>\$ 12,703</u>

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

**Arcadia Biosciences, Inc.**  
**Consolidated Statements of Cash Flows**  
*(In thousands)*

	Year Ended December 31,	
	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net loss	\$ (13,986)	\$ (15,612)
Adjustments to reconcile net loss to cash used in operating activities:		
Change in fair value of common stock warrant and option liabilities	(6,544)	(3,209)
Change in fair value of contingent consideration	—	(70)
Issuance and offering costs allocated to liability classified options	430	314
Valuation loss on March 2023 PIPE	6,076	—
Depreciation	287	439
Amortization of intangible assets	—	40
Lease amortization	697	884
Impairment of intangible assets	—	404
Gain on disposal of equipment	(40)	(314)
Stock-based compensation	717	1,106
Bad debt expense	20	60
Gain on sale of Verdeca	—	(1,138)
Write-down of inventories	444	2,471
Impairment of property and equipment	—	530
Impairment of ROU asset	113	—
Changes in operating assets and liabilities:		
Accounts receivable and other receivables	184	592
Inventories	(2,419)	1,118
Prepaid expenses and other current assets	1	91
Other noncurrent assets	2	16
Accounts payable and accrued expenses	(522)	(757)
Amounts due to related parties	10	(16)
Other current liabilities	—	6
Operating lease payments	(764)	(932)
Net cash used in operating activities	(15,294)	(13,977)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sale of property and equipment	115	920
Proceeds from sale of Verdeca — earn-out received	569	569
Proceeds from sale of investments	2,502	—
Purchases of property and equipment	(5)	(72)
Purchases of investments	(7,525)	—
Net cash (used in) provided by investing activities	(4,344)	1,417
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from issuance of common stock, pre-funded warrants and preferred investment options from March 2023 PIPE	5,997	—
Payments of offering costs relating to March 2023 PIPE	(497)	—
Proceeds from issuance of common stock, pre-funded warrants and preferred investment options from August 2022 Offering	—	5,000
Payments of offering costs relating to August 2022 Offering	—	(488)
Proceeds from ESPP purchases	12	7
Net cash provided by financing activities	5,512	4,519
Net decrease in cash and cash equivalents	(14,126)	(8,041)
Cash and cash equivalents — beginning of period	20,644	28,685
Cash and cash equivalents — end of period	\$ 6,518	\$ 20,644
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:</b>		
Cash paid for interest	\$ —	\$ 1
<b>NONCASH TRANSACTIONS:</b>		
Common stock warrant liabilities reclassified to equity upon adoption of ASU 2020-06	\$ —	\$ 3,392
Common stock options issued to placement agent and included in offering costs related to August 2022 RDO securities purchase agreement	\$ —	\$ 191
Common stock options issued to placement agent and included in offering costs related to March 2023 PIPE	\$ 212	\$ —
Right of use assets obtained in exchange for new operating lease liabilities	\$ —	\$ 114
Proceeds from sale of property and equipment in accounts receivable and other receivables	\$ 8	\$ 19
Proceeds from sale of Verdeca in accounts receivable and other receivables	\$ —	\$ 569
Warrant and option modifications included in Valuation loss on March 2023 PIPE	\$ 404	\$ —

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

**Arcadia Biosciences, Inc.**  
**Notes to Consolidated Financial Statements**

**Note 1. Description of Business**

***Organization***

Arcadia Biosciences, Inc. (the "Company," "Arcadia" or "management"), was incorporated in Arizona in 2002 and maintains its headquarters in Dallas, Texas, with additional office space in Davis and Sacramento, California, and additional facilities in American Falls, Idaho. The Company was reincorporated in Delaware in March 2015.

The Company is a producer and marketer of innovative, plant-based food and beverage products. Its history as a leader in science-based approaches to developing high-value crop improvements, as well as nutritionally enhanced food ingredients, has laid the foundation for its path forward. The Company used advanced breeding techniques to develop these proprietary innovations which are now being commercialized through the sales of seed and grain, as well as food ingredients and products. The acquisition of the assets of Live Zola, LLC ("Zola") added coconut water to the Company's portfolio of products.

In May 2021, the Company's wholly owned subsidiary Arcadia Wellness, LLC ("Arcadia Wellness" or "AW"), acquired the businesses of Eko, Lief, and Zola. The acquisition included Saavy Naturals™, a line of natural body care products, Soul Spring™, a CBD-infused botanical therapy brand in the natural category, and ProVault™, a THC-free CBD sports performance formula made with natural ingredients, providing effective support and recovery for athletes (collectively "body care brands"). Also included in the purchase is Zola, a coconut water sourced exclusively with sustainably grown coconuts from Thailand.

On July 8, 2022, the Company entered into an agreement to license Saavy Naturals to Radiance Beauty and Wellness, Inc. ("Radiance Beauty").

In July 2023, management made the decision to exit the remaining body care brands, Soul Spring and ProVault, as a result of continued pressure on the CBD market due to regulatory uncertainty. Body care operations ceased as of September 30, 2023.

In August 2019, the Company entered into a joint venture agreement with Legacy Ventures Hawaii, LLC ("Legacy," see Note 6) to grow, extract, and sell hemp products. The partnership Archipelago Ventures Hawaii, LLC ("Archipelago"), combines the Company's extensive genetic expertise and resources with Legacy's experience in hemp extraction and sales. In October 2021, Arcadia and Legacy mutually agreed to wind down the cultivation activities of Archipelago, due to regulatory challenges and a saturated hemp market.

In February 2012, the Company formed Verdeca, which was equally owned with Bioceres. Verdeca was formed to develop and deregulate soybean varieties using both partners' agricultural technologies. In November 2020, Arcadia sold its membership interest in Verdeca to Bioceres in a transaction in which Arcadia received cash, shares of Bioceres stock and a royalty stream of up to \$10.0 million on sales of Haab 4 soybeans ("HB4"). An additional \$2.0 million in cash is to be paid to Arcadia upon Verdeca achieving commercial plantings of at least 200,000 hectares of HB4 or China approving the HB4 soybean trait for "food and feed". During 2022, Bioceres received China's approval of the HB4 soybean trait and as a result, Arcadia recorded license revenue of \$862,000 and a gain on sale of Verdeca of \$1.1 million on the consolidated statements of operations and comprehensive loss. The Company received the full payment of \$2.0 million as of December 31, 2023.

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**Arcadia Biosciences, Inc.**  
**Notes to Consolidated Financial Statements. (Continued)**

***Reverse Stock Split***

In February 2023, the Company's board of directors approved a reverse split of 40:1 on the Company's issued and outstanding common stock. On February 15, 2023, the Company's stockholders approved the certificate of amendment to the Company's certificate of incorporation, which the Company filed on February 27, 2023 with the Secretary of State of Delaware to effect the reverse split on March 1, 2023. As a result of the reverse stock split, 19,118 additional shares of common stock were issued in lieu of fractional shares. All issued and outstanding common stock, options to purchase common stock and per share amounts contained in the consolidated financial statements have been retroactively adjusted to reflect the reverse stock split for all periods presented.

***Liquidity, Capital Resources, and Going Concern***

The accompanying consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities during the normal course of business. Since inception, the Company has financed its operations primarily through equity and debt financings. As of December 31, 2023, the Company had an accumulated deficit of \$271.8 million, cash and cash equivalents of \$6.5 million and short-term investments of \$5.1 million. For the years ended December 31, 2023 and 2022, the Company had net losses of \$14.0 million and \$15.6 million, respectively, and net cash used in operations of \$15.3 million and \$14.0 million, respectively. The Company believes that its existing cash and cash equivalents and short-term investments will not be sufficient to meet its anticipated cash requirements for at least the next 12 months from the issuance date of these financial statements, and thus raises substantial doubt about the Company's ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

The Company may seek to raise additional funds through debt or equity financings. The Company may also consider entering into additional partner arrangements. The sale of additional equity would result in dilution to the Company's stockholders. The incurrence of debt would result in debt service obligations, and the instruments governing such debt could provide for additional operating and financing covenants that would restrict operations. If the Company requires additional funds and is unable to secure adequate additional funding at terms agreeable to the Company, the Company may be forced to reduce spending, extend payment terms with suppliers, liquidate assets, or suspend or curtail planned product launches. Any of these actions could materially harm the business, results of operations and financial condition.

***Discontinued Operations***

In July 2023, management made the decision to exit its body care brands as a result of continued pressure on the CBD market due to regulatory uncertainty. Body care operations ceased as of September 30, 2023. In accordance with the provisions of ASC 205-20, the Company has separately reported the assets and liabilities of the discontinued operations in the consolidated balance sheets and the results of the discontinued operations as a separate component of loss on the consolidated statements of operations and comprehensive loss for all periods presented.

**Arcadia Biosciences, Inc.**  
**Notes to Consolidated Financial Statements. (Continued)**

Major classes of line items constituting the balance sheet of discontinued operations:

(In thousands)	December 31, 2023	December 31, 2022
<b>Assets</b>		
Accounts receivable and other receivables	\$ —	\$ 66
Inventories, net — current	—	250
Prepaid expenses and other current assets	—	14
Property and equipment, net	—	24
<b>Total assets</b>	<b>\$ —</b>	<b>\$ 354</b>
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ —	\$ 26
<b>Total liabilities</b>	<b>\$ —</b>	<b>\$ 26</b>

Major classes of line items constituting net loss from discontinued operations:

(In thousands)	Year Ended December 31,	
	2023	2022
Product revenue	\$ 357	\$ 2,537
Cost of revenues	(314)	(3,700)
Impairment of intangible assets	—	(263)
Impairment of property and equipment	—	(371)
Selling, general and administrative	(864)	(3,011)
Other income, net	—	24
<b>Net loss from discontinued operations</b>	<b>\$ (821)</b>	<b>\$ (4,784)</b>

The following table presents significant non-cash items of discontinued operations:

(In thousands)	Year Ended December 31,	
	2023	2022
Depreciation	\$ 24	\$ 88
Impairment of intangible assets	\$ —	\$ 263
Write-down of inventories	\$ —	\$ 1,369
Impairment of property and equipment	\$ —	\$ 371
Accounts receivable and other receivables	\$ 66	\$ 588
Inventories	\$ 250	\$ (251)
Prepaid expenses and other current assets	\$ 14	\$ 132
Accounts payable and accrued expenses	\$ (26)	\$ (415)

There were no other significant operating or investing non-cash items for the years ended December 31, 2023 and 2022.

**Arcadia Biosciences, Inc.**  
**Notes to Consolidated Financial Statements. (Continued)**

**Note 2. Summary of Significant Accounting Policies**

***Basis of Presentation and Principles of Consolidation***

The consolidated financial statements include the accounts of the Company and Archipelago. All intercompany balances and transactions have been eliminated in consolidation. The Company prepares its consolidated financial statements in conformity with accounting principles generally accepted in the United States of America, or U.S. GAAP ("GAAP"), and with the rules of the Securities and Exchange Commission.

The Company uses a qualitative approach in assessing the consolidation requirement for variable interest entities ("VIEs"). This approach focuses on determining whether the Company has the power to direct the activities of the VIE that most significantly affect the VIE's economic performance and whether the Company has the obligation to absorb losses, or the right to receive benefits, that could potentially be significant to the VIE.

For all periods presented, the Company has determined that it is the primary beneficiary of Archipelago, a joint venture, as it has a controlling interest in Archipelago. Accordingly, the Company consolidates Archipelago in the consolidated financial statements after eliminating intercompany transactions. For consolidated joint ventures, the non-controlling partner's share of the assets, liabilities and operations of the joint venture is included in non-controlling interests as equity of the Company. The non-controlling partner's interest is generally computed as the joint venture partner's ownership percentage of Archipelago. Net loss attributable to non-controlling interest of \$5,000 and \$236,000 is recorded as an adjustment to net loss to arrive at net loss attributable to common stockholders for the years ended December 31, 2023 and 2022, respectively. The non-controlling partner's equity interests are presented as non-controlling interests on the consolidated balance sheets as of December 31, 2023 and 2022.

***Reclassifications***

Certain previously reported financial information has been reclassified to conform to the current year presentation. For a discussion of the reclassification of the financial presentation of our former body care brands reported as discontinued operations, see "Discontinued Operations" section above. Unless otherwise noted, amounts and disclosures throughout these notes to consolidated financial statements relate solely to continuing operations and exclude all discontinued operations.

***Use of Estimates***

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions in the Company's consolidated financial statements and notes thereto. Significant estimates and assumptions made by management included the determination of revenue recognition, the provision for income taxes, net realizable value of inventory, and fair value of the preferred investment option and contingent liabilities. Management bases its estimates on historical experience and on various other market-specific and relevant assumptions that management believes to be reasonable under the circumstances. Actual results could differ from those estimates.

***Cash and cash equivalents***

The Company considers any liquid investment with a stated maturity of three months or less at the date of purchase to be a cash equivalent. Cash and cash equivalents consist of cash on deposit with banks and money-market funds. The Company limits cash investments to financial institutions with high credit standings; therefore, management believes that there is no significant exposure to any credit risk in the Company's cash and cash equivalents.

**Arcadia Biosciences, Inc.**  
**Notes to Consolidated Financial Statements. (Continued)**

***Investments in debt and equity securities***

Investments in debt and equity securities are carried at fair value and classified as short-term investments. Unrealized gains and losses are included in accumulated other comprehensive income, which is reflected as a separate component of stockholder's equity in the consolidated balance sheets. Gains and losses are recognized when realized in the consolidated statements of operations and comprehensive loss. Investment securities are reported as cash and cash equivalent, short-term investments or long-term investments in the consolidated balance sheets based on the nature of the investments and maturity period. Short-term investments have maturities of less than a year and long-term investments have maturities of a year and greater from the balance sheet date.

***Other-than-temporary impairments on investments***

The Company regularly reviews each of its investments for impairment by determining if the investment has sustained an other-than-temporary decline in its value, in which case the investment is written down to its fair value by a charge to earnings. Factors that are considered by the Company in determining whether an other-than-temporary decline in value has occurred include (i) the market value of the investment in relation to its cost basis, (ii) the financial condition of the investment, and (iii) the Company's intent and ability to retain the investment for a sufficient period of time to allow for recovery of the market value of the investment. As of December 31, 2023 and 2022, there was no impairment of the Company's investments.

***Accounts receivable and other receivables***

Accounts receivable represents amounts owed to the Company from product sales, licenses, and royalties. Other receivables represent amounts owed to the Company for miscellaneous non-trade activities including the sale of property and equipment. The carrying value of the Company's receivables represents estimated net realizable values. The Company generally does not require collateral and estimates any required allowance for doubtful accounts based on historical collection trends, the age of outstanding receivables, and existing economic conditions. If events or changes in circumstances indicate that specific receivable balances may be impaired, further consideration is given to the collectability of those balances and the allowance is recorded accordingly. Past-due receivable balances are written off when the Company's internal collection efforts have been unsuccessful in collecting the amounts due. The Company had \$0 and \$3,000 amounts reserved for doubtful accounts at December 31, 2023 and 2022, respectively, and the allowance activity during each of the years ended December 31, 2023 and 2022, was immaterial.

***Inventory***

Inventory costs are tracked on a lot-identified basis and are included as cost of revenues when sold. Inventories are stated at the lower of cost or net realizable value. The Company makes adjustments to inventory when conditions indicate that the net realizable value may be less than cost due to physical deterioration, obsolescence, changes in price levels, or other factors. Additional adjustments to inventory are made for excess and slow-moving inventory on hand that is not expected to be sold within a reasonable timeframe to reduce the carrying amount to its estimated net realizable value.

*GoodWheat:* Proprietary wheat plants are grown, producing seed and grain with a variety of improved nutritional qualities, including high levels of amylose, improved shelf life, and reduced gluten. The seed is used for subsequent plantings and the grain is either sold or used as an ingredient in the production of food products, which the Company refers to collectively as GoodWheat products. Amounts inventoried consist primarily of fees paid to contracted cooperators to grow the crops, costs to process harvested seed and grain, and costs to mill the grain into flour.

*Zola Coconut water:* Inventories mainly consist of coconut water imported from Thailand, freight-in, supplies, and labor.

**Arcadia Biosciences, Inc.**  
**Notes to Consolidated Financial Statements. (Continued)**

The inventories—current line item on the balance sheet represents inventory forecasted to be sold or used in production in the next 12 months, as of the balance sheet date, and consists primarily of the cost of GoodWheat products and Zola Coconut water. The inventories—noncurrent line item on the balance sheet represents inventory expected to be used in production or sold beyond the next 12 months, as of the balance sheet date, and consists primarily of GoodWheat products, seed and grain.

Raw materials inventories consist primarily of GoodWheat seeds and in-transit Zola Coconut Water. Finished goods inventories consist primarily of GoodWheat products and Zola Coconut Water that are available for sale, as well as GoodWheat grain.

***Property and equipment***

Property and equipment acquisitions are recorded at cost. Provisions for depreciation are calculated using the straight-line method over the following average estimated useful lives of the assets:

	<u>Years</u>
Laboratory equipment	5
Software and computer equipment	3
Machinery and equipment	2-20
Furniture and fixtures	7
Vehicles	5
Leasehold improvements	2-10 *

*\*Leasehold improvements are depreciated over the shorter of the estimated life of the asset or the remaining life of the lease.*

The Company evaluates if events and circumstances have occurred that indicate the remaining estimated useful life of fixed assets may warrant revision or that the remaining balance of these assets may not be recoverable. In evaluating for recoverability, the Company estimates the future undiscounted cash flows expected to result from the use of the assets and their eventual disposition. In the event that the balance of any asset exceeds the future undiscounted cash flow estimate, impairment is recognized based on the excess of the carrying amounts of the asset above its estimated fair value.

***Fair value of financial instruments***

Fair value accounting is applied for all financial assets and liabilities and non-financial assets and liabilities that are recognized or disclosed at fair value in the consolidated financial statements on a recurring basis. Assets and liabilities recorded at fair value in the consolidated financial statements are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Hierarchical levels, which are directly related to the amount of subjectivity associated with the inputs to the valuation of these assets or liabilities, are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date.
- Level 2 inputs are 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 are unobservable inputs for the asset or liability.

***Concentration of risk***

Cash and cash equivalents are maintained with several financial institutions. Deposits held with banks may exceed the amount of insurance provided on such deposits. Generally, these deposits may be redeemed upon demand and

**Arcadia Biosciences, Inc.**  
**Notes to Consolidated Financial Statements. (Continued)**

are maintained with financial institutions with reputable credit and therefore bear minimal credit risk. The Company seeks to mitigate its credit risks by spreading such risks across multiple counterparties and monitoring the risk profiles of these counterparties.

**Customer concentration**

Significant customers are those that represent greater than 10% of the Company's total revenues or gross accounts receivable balance at each respective balance sheet date.

Customers representing greater than 10% of accounts receivable were as follows (in percentages):

	As of December 31,		
	2023	2022	
Customer A	—	—	57
Customer B	19	—	—

Customers representing greater than 10% of total revenues were as follows (in percentages):

	For Year Ended December 31,		
	2023	2022	
Customer B	10	—	—
Customer C	—	—	13
Customer D	15	—	—

**Stock-based compensation**

The Company recognizes compensation expense related to its employee stock purchase plan and the cost of stock-based compensation awards on a straight-line basis over the requisite service period, net of estimated forfeitures. Judgment is required in estimating the amount of stock-based awards that will be forfeited prior to vesting. Compensation expense could be revised in subsequent periods if actual forfeitures differ from those estimates. The Company has selected the Black-Scholes option-pricing model and various inputs to estimate the fair value of its stock-based awards. See Note 12 for additional information. Amounts recognized in the consolidated statements of operations and comprehensive loss were as follows (in thousands):

	Year Ended December 31,	
	2023	2022
Research and development	\$ 3	\$ 75
Selling, general and administrative	714	1,031
Total stock-based compensation	\$ 717	\$ 1,106

**Income taxes**

The Company uses the asset and liability method of accounting for income taxes. Under this method, deferred tax assets and liabilities are determined based on the differences between the financial reporting and the tax basis of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. A valuation allowance is provided when it is more likely than not that some portion or all of a deferred tax asset will not be realized.

**Net loss per share**

Basic net loss per share, which excludes dilution, is computed by dividing the net loss attributable to common stockholders by the weighted-average number of shares of common stock outstanding during the period. Diluted net loss per share reflects the potential dilution that could occur if securities or other contracts to issue common stock, such as stock options, convertible promissory notes, convertible preferred stock, redeemable convertible preferred

**Arcadia Biosciences, Inc.**  
**Notes to Consolidated Financial Statements. (Continued)**

stock and warrants, result in the issuance of common stock which share in the losses of the Company. Certain potential shares of common stock have been excluded from the computation of diluted net loss per share as their effect would be anti-dilutive. Such potentially dilutive shares are excluded when the effect would be to reduce the loss per share. Due to net losses, there is no impact on earnings per share calculation in applying the two-class method since the participating securities have no legal requirement to share in any losses.

***Revenue recognition***

The Company derives its revenues from product sales, licensing agreements and royalty fees.

*Product revenues*

Product revenues consist primarily of GoodWheat, Zola and GLA products. We recognize revenue from product sales when control of the product is transferred to third-party distributors and manufacturers, collectively “our customers,” which generally occurs upon delivery. The Company's revenues fluctuate depending on the timing of shipments of product to our customers and are reported net of estimated chargebacks, returns and losses.

*License revenues*

License revenues to date consist of up-front, nonrefundable license fees, annual license fees, and subsequent milestone payments that the Company receives under the Company's research and license agreements. The Company recognizes revenue generated from up-front, nonrefundable license fees upon execution of the agreement and recognizes annual license fees when it is probable that a material reversal will not occur.

Milestone fees are variable consideration that is initially constrained and recognized only when it is probable that such amounts would not be reversed. The Company assesses when achievement of milestones is probable to determine the timing of revenue recognition for milestone fees. Milestones typically consist of significant stages of development for the Company's traits in a potential commercial product, such as achievement of specific technological targets, completion of field trials, filing with regulatory agencies, completion of the regulatory process, and commercial launch of a product containing the Company's traits. Given the seasonality of agriculture and time required to progress from one milestone to the next, achievement of milestones is inherently uneven, and the Company's license revenues are likely to fluctuate significantly from period to period.

*Royalty revenues*

Royalty revenues consist of amounts earned from the sale of commercial products that incorporate the Company's traits by third parties. Royalty revenues consist of a minimum annual royalty, offset by amounts earned from the sale of products. The Company recognizes the minimum annual royalty on a straight-line basis over the year, and the Company recognizes royalty revenue resulting from the sale of products when the third parties transfer control of the

**Arcadia Biosciences, Inc.**  
**Notes to Consolidated Financial Statements. (Continued)**

product to their customers, which generally occurs upon shipment. Royalty revenues can fluctuate depending on the timing of shipments of product by the third parties to their customers.

*Unearned revenue*

The Company defers revenue to the extent that cash received in conjunction with a license agreement is not yet earned in accordance with the Company policies.

*Cost of revenues*

Cost of revenues primarily relates to the sale of GoodWheat and Zola products and consists of the cost of raw materials, including internal and third-party services costs related to procuring, processing, formulating, packaging and shipping our products, as well as in-licensing and royalty fees, any adjustments or write-downs to inventory or prepaid production costs.

*Research and development expenses*

Research and development expenses consist of costs incurred in the development and testing of the Company's products and other products in development incorporating the Company's traits. These expenses currently consist primarily of fees paid to product formulation consultants and are expensed as incurred. Additionally, the Company is required from time to time to make certain milestone payments in connection with the development of technologies in-licensed from third parties. The Company's research and development expenses may fluctuate from period to period.

*Change in the estimated fair value of common stock warrant and option liabilities*

Change in the estimated fair value of common stock warrant and option liabilities is comprised of the fair value remeasurement of liability classified common stock warrants and options. See Note 10.

**Note 3. Recent Accounting Pronouncements**

In June 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments. Additionally, the FASB issued ASU No. 2019-04, Codification Improvements to Topic 326 in April 2019 and ASU 2019-05, Financial Instruments — Credit Losses (Topic 326) — Targeted Transition Relief in May 2019. The amendments affect loans, debt securities, trade receivables, net investments in leases, off-balance-sheet credit exposures, reinsurance receivables, and any other financial assets not excluded from the scope that have the contractual right to receive cash. In November 2019, the FASB issued ASU No. 2019-10, which defers the effective date of ASU No. 2016-13 for smaller reporting companies to fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. The Company adopted ASU No. 2016-13 on January 1, 2023 with an immaterial impact on the Company's disclosures.

In November 2023, the FASB issued ASU No. 2023-07, Segment Reporting (Topic 280) — Improvements to Reportable Segment Disclosures. The amendments in this update improve reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. The new guidance is effective retrospectively for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. We are currently evaluating the impact of this update on our segment disclosures in Note 17.

**Arcadia Biosciences, Inc.**  
**Notes to Consolidated Financial Statements. (Continued)**

In December 2023, the FASB issued ASU No. 2023-09, Income Taxes (Topic 740) — Improvements to Income Tax Disclosures. The amendments in this update require additional income tax disclosures primarily related to the rate reconciliation and income taxes paid. The new guidance is effective either prospectively or retrospectively, for fiscal years beginning after December 15, 2024, with early adoption permitted. We are currently evaluating the impact of this update on our income tax disclosures.

**Note 4. Inventory**

Inventory costs are tracked on a lot-identified basis and are included as cost of revenues when sold. Inventories are stated at the lower of cost or net realizable value. The Company makes adjustments to inventory when conditions indicate that the net realizable value may be less than cost due to physical deterioration, obsolescence, changes in price levels, or other factors. Additional adjustments to inventory are made for excess and slow-moving inventory on hand that is not expected to be sold within a reasonable timeframe to reduce the carrying amount to its estimated net realizable value. The write-downs to inventory are included in cost of revenues and are based upon estimates about future demand from the Company's customers and distributors and market conditions. The Company recorded inventory write-downs of \$444,000 related to packaging materials, hemp seed and GoodWheat during the year ended December 31, 2023. The Company recorded write-downs of wheat, hemp seed and CBD oil inventories, as well as body care products of \$2.5 million for the year ended December 31, 2022. Of inventory write-downs during the year ended December 31, 2022, \$394,000 was related to the Radiance Beauty licensing agreement. If there are significant changes in demand and market conditions, substantial future write-downs of inventory may be required, which would materially increase the Company's expenses in the period the write down is taken and materially affect the Company's operating results.

Inventories, net consist of the following (in thousands):

	December 31, 2023	December 31, 2022
Raw materials	\$ 484	\$ 610
Goods in process	55	—
Finished goods	4,773	2,478
Inventories	<u>\$ 5,312</u>	<u>\$ 3,088</u>

**Note 5. Property and Equipment, Net**

Property and equipment, net consisted of the following (in thousands):

	As of December 31,	
	2023	2022
Laboratory equipment	\$ 273	\$ 679
Software and computer equipment	349	383
Machinery and equipment	440	450
Furniture and fixtures	39	83
Vehicles	202	306
Leasehold improvements	1,590	1,590
Property and equipment, gross	<u>2,893</u>	<u>3,491</u>
Less accumulated depreciation and amortization	(2,509)	(2,811)
Property and equipment, net	<u>\$ 384</u>	<u>\$ 680</u>

Depreciation expense was \$287,000 and \$439,000 for the years ended December 31, 2023 and 2022, respectively.

As of December 31, 2022, there was \$10,000 of construction in progress included in property and equipment that had not been placed into service and was not subject to depreciation. As of December 31, 2023, there was no construction in progress included in property and equipment.

**Arcadia Biosciences, Inc.**  
**Notes to Consolidated Financial Statements. (Continued)**

Property and equipment are considered assets held for sale when management approves and commits to a plan to dispose of a property or group of properties. The property and equipment held for sale prior to the sale date is separately presented, within current assets, on the consolidated balance sheet as assets held for sale.

Property and equipment related to Archipelago, in the amount of \$51,000 and \$87,000 have been classified as assets held for sale, and are recorded at fair value as of December 31, 2023 and 2022, respectively. The fair value has been estimated using publicly available prices for some of the assets, and business partners' estimates for assets with prices not readily available, due to the relatively small size of the industry in which they can be used.

During the year ended December 31, 2023, the Company sold property and equipment and realized a gain on sale of \$40,000 recorded on the consolidated statements of operations and comprehensive loss, with proceeds of \$115,000. During the year ended December 31, 2022, management initiated the sale of property and equipment related to the Davis laboratory, Archipelago and Body Care. The Company completed the sale of such property and equipment with a net gain on sale of property and equipment in the amount of \$314,000 recorded on the consolidated statements of operations and comprehensive loss during the year ended December 31, 2022. The proceeds related to the sale of property and equipment during the year ended December 31, 2022 were \$920,000.

During the year ended December 31, 2022, the Company recorded write-downs of property and equipment of \$530,000, of which \$320,000 was related to the Radiance Beauty licensing agreement. There were no such write-downs of property and equipment during the year ended December 31, 2023.

**Note 6. Investments and Fair Value Instruments**

**Investments**

The investments are carried at fair value, based on quoted market prices or other readily available market information. Unrealized gains and losses are included in accumulated other comprehensive income, which is reflected as a separate component of stockholder's equity in the consolidated balance sheets. Gains and losses are recognized when realized in the consolidated statements of operations and comprehensive loss.

The following tables summarize the amortized cost and fair value of the investment securities portfolio at December 31, 2023 and 2022:

<i>(Dollars in thousands)</i>	<u>Amortized Cost</u>	<u>Unrealized Gains</u>	<u>Unrealized Losses</u>	<u>Estimated Fair Value</u>
<b>December 31, 2023</b>				
Cash equivalents:				
Money market funds	\$ 4,925	\$ —	\$ —	\$ 4,925
Short-term investments:				
Treasury bills	5,023	101	—	5,124
Total Assets at Fair Value	<u>\$ 9,948</u>	<u>\$ 101</u>	<u>\$ —</u>	<u>\$ 10,049</u>
<i>(Dollars in thousands)</i>	<u>Amortized Cost</u>	<u>Unrealized Gains</u>	<u>Unrealized Losses</u>	<u>Estimated Fair Value</u>
<b>December 31, 2022</b>				
Cash equivalents:				
Money market funds	\$ 18,620	\$ —	\$ —	\$ 18,620
Total Assets at Fair Value	<u>\$ 18,620</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 18,620</u>

**Arcadia Biosciences, Inc.**  
**Notes to Consolidated Financial Statements. (Continued)**

The Company did not have any investment categories that were in a continuous unrealized loss position for more than twelve months as of December 31, 2023 and 2022.

**Fair Value Measurement**

The fair value of the investment securities at December 31, 2023 were as follows:

<i>(Dollars in thousands)</i>	Fair Value Measurements at December 31, 2023			
	Level 1	Level 2	Level 3	Total
<b>Assets at Fair Value</b>				
Cash equivalents:				
Money market funds	\$ 4,925	\$ —	\$ —	\$ 4,925
Short-term investments:				
Treasury bills	5,124	—	—	5,124
<b>Total Assets at Fair Value</b>	<b>\$ 10,049</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 10,049</b>

The fair value of the investment securities at December 31, 2022 were as follows:

<i>(Dollars in thousands)</i>	Fair Value Measurements at December 31, 2022			
	Level 1	Level 2	Level 3	Total
<b>Assets at Fair Value</b>				
Cash equivalents:				
Money market funds	\$ 18,620	\$ —	\$ —	\$ 18,620
<b>Total Assets at Fair Value</b>	<b>\$ 18,620</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 18,620</b>

The Company uses the market approach technique to value its financial instruments and there were no changes in valuation techniques during 2023 or 2022. The Company's financial instruments consist primarily of cash and cash equivalents, short-term investments, accounts receivable and other receivables, accounts payable and accrued liabilities. For short-term investments, accounts receivable and other receivables, accounts payable and accrued liabilities, the carrying amounts of these financial instruments as of December 31, 2023 and December 31, 2022 were considered representative of their fair values due to their short term to maturity or repayment. Cash equivalents are carried at cost, which approximates their fair value.

The Company's Level 3 liabilities consist of a contingent liability resulting from the Anawah, Inc. ("Anawah") acquisition as described in Note 13, as well as preferred investment options related to the March 2023 Private Placement and August 2022 Registered Direct offerings discussed in Note 10.

The contingent liability related to the Anawah acquisition was measured and recorded on a recurring basis as of December 31, 2023 and 2022, using unobservable inputs, namely the Company's ability and intent to pursue certain specific products developed using technology acquired in the purchase. A significant deviation in the Company's ability and/or intent to pursue the technology acquired in the purchase could result in a significantly lower (higher) fair value measurement.

The preferred investment option liabilities were measured and recorded on a recurring basis using the Black-Scholes Model with the following assumptions at December 31, 2023 and 2022:

	March 2023 Options - Series A & March 2023 Placement Agent Options		March 2023 Options - Series B		August 2022 Options & August 2022 Placement Agent Options	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Remaining term (in years)	4.16	—	0.61	—	3.67	4.67
Expected volatility	91.7%	—	78.7%	—	90.5%	106.2%
Risk-free interest rate	3.9%	—	5.2%	—	4.0%	4.0%
Expected dividend yield	0%	—	0%	—	0%	0%

**Arcadia Biosciences, Inc.**  
**Notes to Consolidated Financial Statements. (Continued)**

The significant unobservable input used in the fair value measurement of the Company's Level 3 warrant liabilities is volatility. A significant increase (decrease) in volatility could result in a significantly higher (lower) fair value measurement.

The following table sets forth the establishment of the Company's Level 3 liabilities, as well as a summary of the changes in the fair value and other adjustments (in thousands):

<i>(Dollars in thousands)</i>	<u>March 2023 Options - Series A</u>	<u>March 2023 Options - Series B</u>	<u>March 2023 Placement Agent Options</u>	<u>August 2022 Options</u>	<u>August 2022 Placement Agent Options</u>	<u>Contingent Liabilities</u>	<u>Total</u>
Balance as of December 31, 2022	\$ —	\$ —	\$ —	\$ 767	\$ 39	\$ 2,000	\$ 2,806
Initial recognition	4,324	2,274	212	—	—	—	6,810
Change in fair value and other adjustments	(3,316)	(2,233)	(166)	(608)	(36)	—	(6,359)
Balance as of December 31, 2023	<u>\$ 1,008</u>	<u>\$ 41</u>	<u>\$ 46</u>	<u>\$ 159</u>	<u>\$ 3</u>	<u>\$ 2,000</u>	<u>\$ 3,257</u>

Assets classified as held for sale are recorded at fair value as of December 31, 2023 and 2022. The Company has classified the fair value measurements as a Level 3 measurement in the fair value hierarchy as the fair value has been estimated using publicly available prices for some of the assets, and business partners' estimates for assets with prices not readily available, due to the relatively small size of the industry in which they can be used.

**Arcadia Biosciences, Inc.**  
**Notes to Consolidated Financial Statements. (Continued)**

**Note 7. Consolidated Joint Venture**

In 2019, the Company and Legacy Ventures Hawaii, LLC, a Nevada limited liability company (“Legacy”), formed Archipelago Ventures Hawaii, LLC, a Delaware limited liability company and entered into a Limited Liability Company Operating Agreement (the “Operating Agreement”). The Company and Legacy formed Archipelago to develop, extract and commercialize hemp-derived products from industrial hemp grown in Hawaii.

Pursuant to the Operating Agreement, a joint operating committee consisting of two individuals appointed by the Company and two individuals appointed by Legacy will manage Archipelago. As of December 31, 2023, the Company and Legacy hold 50.75% and 49.25% interests in Archipelago, respectively, and have made capital contributions to Archipelago of \$3.1 million and \$3.0 million, respectively, as determined by the joint operating committee. The Operating Agreement includes indemnification rights, non-competition obligations, and certain rights and obligations in connection with the transfer of membership interests, including rights of first refusal.

The Company consolidates Archipelago in the consolidated financial statements after eliminating intercompany transactions. Net loss attributable to non-controlling interest of \$5,000 and \$236,000 was recorded as an adjustment to net loss to arrive at net loss attributable to common stockholders for the years ended December 31, 2023 and 2022, respectively. Legacy’s equity interests are presented as non-controlling interests on the consolidated balance sheets. Refer to Note 2 for basis of presentation.

In October 2021, Arcadia and Legacy mutually agreed to wind down the cultivation activities of Archipelago, due to regulatory challenges and a saturated hemp market.

**Note 8. Accounts Payable and Accrued Expenses**

Accounts payable and accrued expenses consisted of the following (in thousands):

	As of December 31,	
	2023	2022
Accounts payable - trade	\$ 801	\$ 905
Payroll and benefits	1,303	1,373
Inventory	—	69
Royalty fees due to unrelated parties	4	6
Consulting	—	8
Rent and utilities	—	28
Audit and tax fees	218	99
Legal	40	69
Other	44	298
Total accounts payable and accrued expenses	<u>\$ 2,410</u>	<u>\$ 2,855</u>

**Note 9. Collaborative Arrangements**

In August 2017, the Company entered into a collaborative arrangement for the research, development and commercialization of an improved wheat quality trait in North America. This collaborative arrangement is a contractual agreement with Corteva AgriScience (“Corteva”) and involves a joint operating activity where both Arcadia and Corteva are active participants in the activities of the collaboration. Arcadia and Corteva participate in the research and development, and Arcadia has the primary responsibility for the intellectual property strategy while Corteva will generally lead the marketing and commercialization efforts. Both parties are exposed to significant risks and rewards of the collaboration and the agreement includes both cost sharing and profit sharing. The activities are performed with no guarantee of either technological or commercial success.

The Company accounts for research and development (“R&D”) costs in accordance ASC 730, *Research and Development*, which states R&D costs must be charged to expense as incurred. Accordingly, internal R&D costs are expensed as incurred. Third-party R&D costs are expensed when the contracted work has been performed or as milestone results are achieved.

**Arcadia Biosciences, Inc.**  
**Notes to Consolidated Financial Statements. (Continued)**

**Note 10. Equity Financing**

**March 2023 Private Placement**

In March 2023, the Company issued in a private placement offering (the "March 2023 Private Placement") pursuant to a securities purchase agreement ("March 2023 Purchase Agreement") (i) 165,500 shares of its common stock, (ii) pre-funded common stock purchase warrants (the "March 2023 Pre-Funded Warrants") to purchase up to 500,834 shares of common stock, at an exercise price of \$0.0001 per share, (iii) Series A preferred investment options (the "March 2023 Options - Series A") to purchase up to a total of 666,334 shares of common stock, at an exercise price of \$9.00 per share, and (iv) Series B preferred investment options (the "March 2023 Options - Series B", and together with the March 2023 Options - Series A, the "March 2023 Options") to purchase up to a total of 666,334 shares of common stock, at an exercise price of \$9.00 per share, and raised total gross proceeds of \$6.0 million. The March 2023 Private Placement closed on March 6, 2023. The March 2023 Pre-Funded Warrants became exercisable upon issuance and are exercisable until exercised in full. The March 2023 Options - Series A are exercisable at any time at the option of the holder and expire 5 years from the date of issuance. The March 2023 Options - Series B are exercisable at any time at the option of the holder and expire 1.5 years from the date of issuance. During the year ended December 31, 2023, 425,834 Pre-Funded Warrants were exercised.

In connection with the March 2023 Private Placement, the Company entered into preferred investment option amendment agreements (the "Option Amendment Agreements") with certain investors. Under the Option Amendment Agreements, the Company agreed to amend certain existing warrants and preferred investment options to purchase up to a total of 178,132 shares of common stock that were previously issued to the investors in September 2019, May 2020, July 2020, December 2020, January 2021 and August 2022, with exercise prices of \$300.80, \$191.00, \$154.00, \$120.00, \$125.20 and \$37.35 per share, respectively (the "Existing Warrants"). Under the Option Amendment Agreements, the Company agreed to lower the exercise price of the Existing Warrants to \$9.00 per share. In addition, the Company granted to a placement agent preferred investment options to purchase a total of 33,317 shares of Common Stock (the "March 2023 Placement Agent Options") that have an exercise price per share equal to \$11.25 and a term of 5 years from the date of issuance. The re-pricing of the Existing Warrants resulted in an increase in fair value of \$404,000, of which \$185,000 of the increase in fair value was related to the August 2022 liability classified options. The increase in fair value related to the re-pricing of Existing Warrants was recognized in Valuation Loss on March 2023 PIPE on the consolidated statements of operations and comprehensive loss.

The March 2023 Options and March 2023 Placement Agent Options are classified as liabilities within Level 3 due to certain early settlement provisions that preclude them from equity classification. The Company utilized the Black-Scholes Model on March 6, 2023 with the following assumptions for the Series A Investment Options: volatility of 128.55%, stock price of \$7.61 and risk-free rate of 4.27%. The following assumptions were utilized for the Series B Investment Options: volatility of 103.33%, stock price of \$7.61 and risk-free rate of 4.97%. The estimated fair value of the liability classified March 2023 Options issued was \$6.6 million. The estimated fair value of the common stock option liabilities was subsequently remeasured at December 31, 2023 with the changes recorded on the Company's consolidated statements of operations and comprehensive loss.

The estimated fair value of the common stock issued and March 2023 Pre-Funded Warrants was \$5.1 million. The total estimated fair value of the common stock issued, March 2023 Pre-Funded Warrants and March 2023 Options as of March 6, 2023 exceeded the gross proceeds of the March 2023 Private Placement by \$5.7 million and this amount was recognized in Valuation Loss on March 2023 PIPE on the consolidated statements of operations and comprehensive loss.

The March 2023 Placement Agent Options were issued for services performed by the placement agent as part of the March 2023 Private Placement and were treated as offering costs. The value of the March 2023 Placement Agent Options was determined to be \$212,000, calculated using the Black-Scholes Model. The Company incurred additional offering costs totaling \$548,000 that consist of direct incremental legal, advisory, accounting and filing fees relating to the March 2023 Private Placement. A total of \$430,000 was allocated to the common stock option liabilities and expensed while the remaining \$330,000 was allocated to the common stock and March 2023 Pre-Funded Warrants and offset to additional paid in capital.

**August 2022 Registered Direct Offering**

On May 11, 2018, the Company filed a shelf Registration Statement on Form S-3 with the SEC which was declared effective on June 8, 2018 ("2018 Shelf Registration Statement"). On April 21, 2022, the Company filed a shelf

**Arcadia Biosciences, Inc.**  
**Notes to Consolidated Financial Statements. (Continued)**

Registration Statement on Form S-3 with the SEC which was declared effective on May 12, 2022 ("2022 Shelf Registration Statement"). Each of the 2018 Shelf Registration Statement and the 2022 Shelf Registration Statement allows the Company to sell any combination of common stock, preferred stock, warrants and units consisting of such securities in one or more offerings from time to time having aggregate offering prices of up to \$50.0 million. The Company ceased being able to use the 2018 Shelf Registration Statement after June 8, 2021, the three-year anniversary of its effective date. The 2022 Shelf Registration Statement may no longer be used after May 12, 2025, the three-year anniversary of its effective date.

In August 2022, the Company entered into a securities purchase agreement (the "August 2022 Purchase Agreement") pursuant to which it sold (i) 61,250 registered shares of its common stock, pursuant to the 2022 Shelf Registration Statement, (ii) pre-funded common stock purchase warrants (the "August 2022 Pre-Funded Warrants") to purchase up to 56,813 shares of common stock, at an exercise price of \$0.004 per share, which the August 2022 Pre-Funded Warrants were registered under the 2022 Shelf Registration Statement, and (iii) unregistered preferred investment options (the "August 2022 Options") to purchase up to 118,063 shares of common stock, at an exercise price of \$37.35 per share, for total gross proceeds of \$5.0 million (the "August 2022 Registered Direct Offering"). The August 2022 Registered Direct Offering closed on August 16, 2022. The August 2022 Pre-Funded Warrants became exercisable upon issuance and were fully exercised during the year ended December 31, 2023. The August 2022 Options became exercisable upon issuance and expire 5 years after the date of issuance. In connection with the August 2022 Registered Direct Offering, the Company granted to a placement agent preferred investment options ("August 2022 Placement Agent Options") to purchase a total of 5,904 shares of common stock that have an exercise price per share equal to \$52.80 and a term of five years.

The August 2022 Options and August 2022 Placement Agent Options are classified as liabilities within Level 3 due to certain early settlement provisions that preclude them from equity classification. The Company utilized the Black-Scholes Model on August 16, 2022 with the following assumptions: volatility of 128.46%, stock price of \$37.60, risk-free rate of 2.97% and a term of 5 years. The estimated fair value of the common stock option liabilities was subsequently remeasured at December 31, 2023 with the changes recorded on the Company's consolidated statements of operations and comprehensive loss.

The August 2022 Placement Agent Options were issued for services performed by the placement agent as part of the August 2022 Registered Direct Offering and were treated as offering costs. The value of the August 2022 Placement Agent Options was determined to be \$191,000, calculated using the Black-Scholes Model. The Company incurred additional offering costs totaling \$488,000 that consist of direct incremental legal, advisory, accounting and filing fees relating to the August 2022 Registered Direct Offering. The offering costs, inclusive of the August 2022 Placement Agent Options, totaled \$679,000 and were allocated to the common stock option liabilities, the common stock and August 2022 Pre-Funded Warrants using their relative fair values. A total of \$314,000 was allocated to the common stock option liabilities and expensed while the remaining \$365,000 was allocated to the common stock and August 2022 Pre-Funded Warrants and offset to additional paid in capital.

**Arcadia Biosciences, Inc.**  
**Notes to Consolidated Financial Statements. (Continued)**

**Note 11. Warrants and Options**

**Equity Classified Common Stock Warrants**

The Company issued the following warrants to purchase shares of its common stock, which are outstanding as of December 31, 2023 and 2022, respectively. These warrants are exercisable any time at the option of the holder until their expiration date.

	Issuance Date	Term	Exercise Price Per Share	Exercised during the Year Ended December 31, 2022	Outstanding at December 31, 2022	Exercised during the Year Ended December 31, 2023	Outstanding at December 31, 2023
March 2023 Pre-Funded Warrants	March 2023	perpetual	\$ —	—	—	(425,834)	75,000
December 2022 Service and Performance Warrants (1)	December 2022	5 years	\$ 11.20	—	1,000	—	1,000
October 2022 Service and Performance Warrants (1)	October 2022	5 years	\$ 16.00	—	1,000	—	1,000
August 2022 Pre-Funded Warrants	August 2022	perpetual	\$ —	—	56,813	(56,813)	—
January 2021 Placement Agent Warrants	January 2021	5.5 years	\$ 159.60	—	9,846	—	9,846
January 2021 Service and Performance Warrants (1)(3)	January 2021	2 years	\$ 123.20	—	188	—	—
December 2020 Warrants (4)	December 2020	5.5 years	\$ 9.00	—	16,367	—	16,367
December 2020 Warrants	December 2020	5.5 years	\$ 120.00	—	49,100	—	49,100
December 2020 Placement Agent Warrants	December 2020	5 years	\$ 152.80	—	3,274	—	3,274
July 2020 Warrants (4)	July 2020	5.5 years	\$ 9.00	—	16,036	—	16,036
July 2020 Placement Agent Warrants	July 2020	5.5 years	\$ 198.80	—	802	—	802
May 2020 Warrants (4)	May 2020	5 years	\$ 9.00	—	9,946	—	9,946
May 2020 Warrants	May 2020	5 years	\$ 191.20	—	24,863	—	24,863
May 2020 Placement Agent Warrants	May 2020	5 years	\$ 245.20	—	1,741	—	1,741
March 2020 Service and Performance Warrants (1)(3)	March 2020	3 years	\$ 100.00	—	459	—	—
September 2019 Placement Agent Warrants	September 2019	5 years	\$ 379.20	—	1,649	—	1,649
June 2019 Placement Agent Warrants	June 2019	5 years	\$ 251.60	—	1,862	—	1,862
April 2019 Service and Performance Warrants (1)	April 2019	5 years	\$ 247.20	—	3,629	—	3,629
June 2018 Placement Agent Warrants (3)	June 2018	5 years	\$ 502.80	—	1,741	—	—
March 2018 Placement Agent Warrants (3)	March 2018	5 years	\$ 1,662.40	—	376	—	—
January 2021 Warrants (2)(4)	January 2021	5.5 years	\$ 9.00	—	7,831	—	7,831
January 2021 Warrants (2)	January 2021	5.5 years	\$ 125.20	—	90,629	—	90,629
September 2019 Warrants (2)(4)	September 2019	5.5 years	\$ 9.00	—	9,892	—	9,892
September 2019 Warrants (2)	September 2019	5.5 years	\$ 300.80	—	6,594	—	6,594
June 2019 Warrants (2)	June 2019	5.5 years	\$ 200.00	—	10,896	—	10,896
March 2018 Warrants (2)(3)	March 2018	5 years	\$ 429.20	—	16,036	—	—
Total				—	342,570	(482,647)	341,957

(1) The Company issued service and performance warrants (“Service and Performance Warrants”) in connection with professional services agreements with non-affiliated third party entities.

(2) Certain warrants contain a contingent cash payment feature and therefore were accounted for as a liability at the date of issuance and were adjusted to fair value at each balance sheet date. Upon adoption of ASU No. 2020-06 on January 1, 2022, all of the common stock warrant liabilities have been reclassified to equity classified common stock warrants, due to the elimination of the contingent cash payments as criteria for liability classification.

(3) These warrants expired in the during the year ended December 31, 2023.

(4) These warrants were repriced as part of the March 2023 Private Placement offering.

**Arcadia Biosciences, Inc.**  
**Notes to Consolidated Financial Statements. (Continued)**

**Liability Classified Preferred Investment Options**

The preferred investment options issued in connection with the March 2023 Private Placement and August 2022 Registered Direct offerings contain certain early settlement provisions that preclude them from equity classification and therefore were accounted for as liabilities at the date of issuance and are adjusted to fair value at each balance sheet date. The change in fair value of the options liabilities is recorded as change in fair value of common stock warrant and option liabilities in the consolidated statements of operations and comprehensive loss. The key terms and activity of the liability classified preferred investment options are summarized as follows:

	Issuance Date	Term	Exercise Price Per Share	Exercised during the Year Ended December 31, 2022	Outstanding at December 31, 2022	Exercised during the Year Ended December 31, 2023	Outstanding at December 31, 2023
March 2023 Options - Series A	March 2023	5 years	\$ 9.00	—	—	—	666,334
March 2023 Options - Series B	March 2023	1.5 years	\$ 9.00	—	—	—	666,334
March 2023 Placement Agent Options	March 2023	5 years	\$ 11.25	—	—	—	33,317
August 2022 Options (1)	August 2022	5 years	\$ 9.00	—	118,063	—	118,063
August 2022 Placement Agent Options	August 2022	5 years	\$ 52.80	—	5,904	—	5,904
Total				—	123,967	—	1,489,952

See Note 6 for the Black-Scholes option-pricing model and weighted-average assumptions used to estimate the fair value of the preferred investment options liabilities.

**Note 12. Stock-Based Compensation and Employee Stock Purchase Program**

**Stock Incentive Plans**

The Company has two equity incentive plans: the 2006 Stock Plan (“2006 Plan”) and the 2015 Omnibus Equity Incentive Plan (“2015 Plan”).

In 2006, the Company adopted the 2006 Plan, which provided for the granting of stock options to executives, employees, and other service providers under terms and provisions established by the Board of Directors. The Company granted non-statutory stock options (“NSOs”) under the 2006 Plan until May 2015, when it was terminated as to future awards, although it continues to govern the terms of options that remain outstanding and were issued under the 2006 Plan. The 2015 Plan became effective upon the Company’s IPO in May 2015 and all shares that were reserved, but not issued, under the 2006 Plan were assumed by the 2015 Plan. Upon effectiveness, the 2015 Plan had 3,860 shares of common stock reserved for future issuance, which included 259 that were transferred to and assumed by the 2015 Plan. The 2015 Plan provides for automatic annual increases in shares available for grant. In addition, shares subject to awards under the 2006 Plan that are forfeited or canceled will be added to the 2015 Plan. The 2015 Plan provides for the grant of incentive stock options (“ISOs”), NSOs, restricted stock awards, stock units, stock appreciation rights, and other forms of equity compensation, all of which may be granted to employees, officers, non-employee directors, and consultants. The exercise price for ISOs and NSOs will be granted at a price per share not less than the fair value of our common stock at the date of grant. Options granted generally vest over a four-year period; however, there might be alternative vesting schedules, as approved by the Board. Options granted, once vested, are generally exercisable for up to 10 years, after grant to the extent vested.

In June 2019, the shareholders approved an amendment to the Company’s 2015 Plan for a one-time increase to the number of shares of common stock that may be issued under the 2015 Plan by 3,000 shares. On February 2, 2022, Stanley Jacot, Jr. was hired as the new president and chief executive officer of the Company. The Company granted Mr. Jacot an inducement stock option to purchase 7,902 shares of the Company’s common stock pursuant to Rule 5635(c)(4) of the Nasdaq Listing Rules. The Company has filed a registration statement on Form S-8 to register the

**Arcadia Biosciences, Inc.**  
**Notes to Consolidated Financial Statements. (Continued)**

issuance of shares upon exercise of this inducement stock option. The inducement options grants have been issued outside of the 2015 Plan, but are subject to the terms and conditions of the 2015 Plan. As of December 31, 2023, a total of 86,835 shares of common stock were reserved for issuance under the 2015 Plan, of which 15,226 shares of common stock are available for future grant. As of December 31, 2023, a total of 102 and 71,609 options were outstanding under the 2006 and 2015 Plans, respectively. As of December 31, 2022, a total of 103 and 51,421 options were outstanding under the 2006 and 2015 Plans, respectively. A total of 8,366 and 8,477 inducement options were outstanding as of December 31, 2023 and 2022, respectively.

The following is a summary of stock option information and weighted average exercise prices under the Company's stock incentive plans (in thousands, except share data and price per share):

	Shares Subject to Outstanding Options	Weighted- Average Exercise Price Per Share	Aggregate Intrinsic Value
Outstanding — Balance at December 31, 2021	35,554	\$ 211.20	\$ —
Options granted	33,408	44.00	11,880
Options exercised	—	—	—
Options forfeited	(6,658)	91.60	—
Options expired	(2,302)	644.80	—
Outstanding — Balance at December 31, 2022	60,002	114.80	—
Options granted	26,021	6.38	—
Options exercised	—	—	—
Options forfeited	(5,644)	29.58	39,062
Options expired	(301)	121.05	—
Outstanding — Balance at December 31, 2023	80,078	85.30	—
Vested and expected to vest — December 31, 2023	74,608	89.85	—
Exercisable — December 31, 2023	41,735	\$ 139.82	\$ —

Aggregate intrinsic value represents the difference between the exercise price of the options and the estimated fair value of the Company's common stock determined by its Board of Directors for each of the respective periods.

As of December 31, 2023, there was \$623,000 of unrecognized compensation cost related to unvested stock-based compensation grants that will be recognized over the weighted-average remaining recognition period of 2.1 years.

In determining the fair value of the stock-based awards, the Company uses the Black-Scholes option-pricing model and assumptions discussed below. Each of these inputs is subjective and generally requires significant judgment to determine.

*Expected Term*—The expected term is the estimated period of time outstanding for stock options granted and was estimated based on a simplified method allowed by the SEC, and defines the term as the average of the contractual term of the options and the weighted-average vesting period for all open employee awards.

*Expected Volatility*—The historical volatility data was computed using the daily closing prices for the Company's shares during the equivalent period of the calculated expected term of the stock-based awards.

*Risk-Free Interest Rate*—The risk-free interest rate is based on the interest rate of U.S. Treasuries of comparable maturities on the date the options were granted.

*Expected Dividend*—The expected dividend yield is based on the Company's expectation of future dividend payouts to common stockholders.

The fair value of stock option awards was estimated at the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumption:

**Arcadia Biosciences, Inc.**  
**Notes to Consolidated Financial Statements. (Continued)**

<u>Assumptions</u>	<u>Year Ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Expected term (years)	7.06	6.40
Expected volatility	124%	122%
Risk-free interest rate	3.61%	2.61%
Expected dividend yield	—	—

The weighted-average, estimated grant date fair value of employee stock options granted during the years ended December 31, 2023 and 2022 was \$5.72 and \$38.50, respectively. The Company recognized \$717,000 and \$1.1 million of compensation expense for stock options awards for the years ended December 31, 2023 and 2022, respectively.

***Employee Stock Purchase Plan***

The Company's 2015 Employee Stock Purchase Plan ("ESPP") became effective on May 14, 2015. The ESPP allows eligible employees to purchase shares of the Company's common stock at a discount of up to 15% of their eligible compensation through payroll deductions, subject to any plan limitations. After the first offering period, which began on May 14, 2015 and ended on February 1, 2016, the ESPP provides for six-month offering periods, and at the end of each offering period, employees are able to purchase shares at 85% of the lower of the fair market value of the Company's common stock on the first trading day of the offering period or on the last day of the offering period. As of December 31, 2023, the number of shares of common stock reserved for future issuance under the ESPP were 7,265. The ESPP provides for automatic annual increases in the shares available for purchase beginning on January 1, 2016. As of December 31, 2023, 3,468 shares had been issued under the ESPP. The Company recorded \$6,000 and \$4,000 of ESPP related compensation expense for the years ended December 31, 2023 and 2022, respectively.

**Arcadia Biosciences, Inc.**  
**Notes to Consolidated Financial Statements. (Continued)**

**Note 13. Commitments and Contingencies**

***Leases***

The Company leases office and laboratory space, grain storage bins, warehouse space, farmland, and equipment under operating lease agreements having initial lease terms ranging from one to five years, including certain renewal options available to the Company at market rates. See Note 14.

***Legal Matters***

From time to time, in the ordinary course of business, the Company may become involved in certain legal proceedings. The Company currently is not a party to any material litigation or other material legal proceedings.

***Contingent Liability Related to the Anawah Acquisition***

In June 2005, the Company completed its agreement and plan of merger and reorganization with Anawah to purchase the Anawah's food and agricultural research company through a non-cash stock purchase. Pursuant to the merger with Anawah, and in accordance with the ASC 805 - Business Combinations, the Company incurred a contingent liability not to exceed \$5.0 million. This liability represents amounts to be paid to Anawah's previous stockholders for cash collected on revenue recognized by the Company upon commercial sale of certain specific products developed using technology acquired in the purchase. During 2010, the Company ceased activities relating to three of the six Anawah product programs thus, the contingent liability was reduced to \$3.0 million. During 2016, one of the programs previously accrued for was abandoned and another program previously abandoned was reactivated. During 2019, the Company determined that one of the technologies was no longer active and decided to abandon the previously accrued program. As of December 31, 2023, the Company continues to pursue or are otherwise liable for a total of two development programs using this technology and believes that the contingent liability is probable. As a result, \$2.0 million remains on the consolidated balance sheet as an other noncurrent liability.

***Contingent Liability Related to the ISI Acquisition***

In August 2020, the Company acquired by merger ISI. A portion of the purchase price consideration for the acquisition in the amount of \$280,000 was to be recognized in two annual installments, each of up to 3,316 shares of the Company's common stock, subject to the achievement of revenue milestones in 2021 and 2022. The contingent consideration was measured and recorded at fair value. The contingent consideration liability was remeasured quarterly with changes in fair value recorded in the consolidated statements of operations and comprehensive loss. During 2022, the contingent consideration liability was fully written down as the probability of achievement of the 2022 revenue milestone was remote.

***Contracts***

The Company has entered into contract research agreements with unrelated parties that require the Company to pay certain funding commitments. The initial terms of these agreements range from one to three years in duration and in certain cases are cancelable.

The Company licenses certain technologies via executed agreements ("In-Licensing Agreements") that are used to develop and advance the Company's own technologies. The Company has entered into various In-Licensing Agreements with related and unrelated parties that require the Company to pay certain license fees, royalties, and/or milestone fees. In addition, certain royalty payments ranging from 2% to 15% of net revenue amounts as defined in the In-Licensing Agreements are or will be due.

**Arcadia Biosciences, Inc.**  
**Notes to Consolidated Financial Statements. (Continued)**

The Company could be adversely affected by certain actions by the government as it relates to government contract revenue received in prior years. Government agencies, such as the Defense Contract Audit Agency routinely audit and investigate government contractors. These agencies review a contractor's performance under its agreements; cost structure; and compliance with applicable laws, regulations and standards. The agencies also review the adequacy of, and a contractor's compliance with, its internal control systems and policies, including the contractor's purchasing, property, estimating, compensation and management information systems. While the Company's management anticipates no adverse result from an audit, should any costs be found to be improperly allocated to a government agreement, such costs will not be reimbursed, or if already reimbursed, may need to be refunded. If an audit uncovers improper or illegal activities, civil and criminal penalties and administrative sanctions, including termination of contracts, forfeiture of profits, suspension of payments or fines, and suspension or prohibition from doing business with the government could occur. In addition, serious reputational harm or significant adverse financial effects could occur if allegations of impropriety were made against the Company. There currently are routine audits in process relating to government grant revenues.

**Note 14. Leases****Operating Leases**

As of December 31, 2023, the Company leases office space in Dallas, Texas, Davis and Sacramento, California, as well as additional buildings, land and equipment. Leases with an initial term of 12 months or less are not recorded on the balance sheet; the Company recognizes lease expense for these short-term leases on a straight-line basis. The Company subleases the Davis office to third parties. In 2022, the Company terminated its lease for office space in Chesterfield, MO effective September 30, 2022. The original lease term was scheduled to expire in May 2024. As a result, the Company paid \$47,000 in early termination fees. In addition, the Company subleased the facility in Chatsworth, CA to Radiance Beauty as part of the licensing agreement beginning November 1, 2022 for the remainder of the lease term. During 2022, the Company entered into an agreement to lease office space in Dallas, Texas. The new lease commenced in July 2022.

Some leases (the Dallas and Davis offices and a warehouse) include one or more options to renew, with renewal terms that can extend the lease term from one to six years. The exercise of lease renewal options is at the Company's sole discretion.

The Company's lease agreements do not contain any material variable lease payments, material residual value guarantees or material restrictive covenants. Leases consisted of the following (in thousands):

<u>Leases</u>	<u>Classification</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<b>Assets</b>			
Operating lease assets	Right of use asset	\$ 792	\$ 1,848
Total leased assets		\$ 792	\$ 1,848
<b>Liabilities</b>			
Current - Operating	Operating lease liability - current	\$ 852	\$ 1,010
Noncurrent - Operating	Operating lease liability - noncurrent	155	1,007
Total leased liabilities		\$ 1,007	\$ 2,017

**Arcadia Biosciences, Inc.**  
**Notes to Consolidated Financial Statements. (Continued)**

Lease Cost	Classification	For the Year Ended December 31, 2023	For the Year Ended December 31, 2022
Operating lease cost	SG&A and R&D Expenses	\$ 763	\$ 1,028
Short term lease cost	SG&A and R&D Expenses	13	6
Sublease income <sup>(1)</sup>	SG&A and R&D Expenses	(450)	(384)
Net lease cost		\$ 326	\$ 650

<sup>(1)</sup> Sublease income is recorded as a reduction to lease expense.

Lease Term and Discount Rate	December 31, 2023	December 31, 2022
Weighted-average remaining lease term (years)	2.3	2.4
Weighted-average discount rate	6%	6%

The maturities of the operating lease liabilities as of December 31, 2023 are as follows (in thousands):

Years Ending December 31,	Amounts
2024	\$ 886
2025	156
Total operating lease payments	\$ 1,042
Less: imputed interest	35
Total current and noncurrent operating lease liabilities	\$ 1,007

**Note 15. Income Taxes**

The components of loss before income taxes are as follows (in thousands):

	Year Ended December 31,	
	2023	2022
Domestic	\$ (13,978)	\$ (15,598)
Foreign	—	—
Loss before income taxes	\$ (13,978)	\$ (15,598)

**Arcadia Biosciences, Inc.**  
**Notes to Consolidated Financial Statements. (Continued)**

The total income tax provision for the years ended December 31, 2023 and 2022 was expense of \$8,000 and \$14,000, respectively, and is comprised of current state taxes and foreign taxes withheld by governmental agencies outside of the United States, as follows (in thousands):

	Year Ended December 31,	
	2023	2022
Current:		
Federal	\$ —	\$ —
State	(7)	(13)
Foreign	(1)	(1)
Total current tax (expense)	(8)	(14)
Deferred:		
Federal	—	—
State	—	—
Foreign	—	—
Total deferred tax (expense)	—	—
Total tax (expense)	\$ (8)	\$ (14)

The Company operates in only one federal jurisdiction, the United States. The following is a reconciliation of the statutory federal income tax rate to the Company's effective tax rate is as follows:

	Year Ended December 31,	
	2023	2022
Expected income tax provision at the federal statutory rate	21.0%	21.0%
State taxes, net of federal benefits	5.0%	16.0%
Change in valuation allowance	(26.6)%	(40.9)%
Derivative liability	9.8%	4.1%
PIPE Transactions	(9.8)%	—
Contingent Consideration Release	—	0.1%
Non-controlling interest	—	(0.3)%
Other	0.5%	(0.1)%
Income tax provision	(0.1)%	(0.1)%

**Arcadia Biosciences, Inc.**  
**Notes to Consolidated Financial Statements. (Continued)**

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes, net operating loss carryforwards (“NOLs”) and other tax credits. Significant components of the Company’s deferred tax assets and liabilities are as follows (in thousands):

	As of December 31,	
	2023	2022
Deferred tax assets:		
Net operating loss carryforwards	\$ 23,160	\$ 19,654
Stock-based compensation	4,654	4,541
Accrued payroll and benefits	342	296
Research and development credits	16	16
Fixed asset basis difference	87	54
Inventory reserve	102	445
Charitable contributions	3	2
Income from partnerships	231	97
Lease liability	261	531
Other accounts receivable reserve	147	65
Amortized intangibles	755	819
Goodwill	358	393
Section 174 Capitalization	583	340
Total deferred tax assets	<u>30,699</u>	<u>27,253</u>
Deferred tax liabilities:		
Right of use asset	(205)	(486)
Total deferred tax liabilities	<u>(205)</u>	<u>(486)</u>
Less valuation allowance	<u>(30,494)</u>	<u>(26,767)</u>
Net deferred tax assets	<u>\$ —</u>	<u>\$ —</u>

Realization of the deferred tax assets is dependent upon future taxable income, if any, the amount and timing of which are uncertain. Accordingly, the net deferred tax assets have been offset by a valuation allowance. The net valuation allowance increased by \$3.7 million and \$6.3 million during the years ended December 31, 2023 and 2022, respectively.

At December 31, 2023, the Company had federal and state NOLs aggregating approximately \$94.1 million and \$60.4 million, respectively. At December 31, 2023, the utilization of a portion of the federal NOLs is subject to an annual limitation under Section 382 of the Internal Revenue Code (IRC). Of the \$230.5 million of federal NOLs available, approximately \$136.4 million are expected to expire unutilized due to ownership changes as defined in IRC Section 382. If not utilized, the federal and state NOLs will begin to expire in 2024. IRC Section 382 may also limit NOLs generated after 2022 and in future years.

The Company evaluates deferred tax assets, including the benefit from NOLs, to determine if a valuation allowance is required. Such evaluation is based on consideration of all available evidence using a “more likely than not” standard with significant weight being given to evidence that can be objectively verified. This assessment considers, among other matters, the nature, frequency, and severity of current and cumulative losses; forecasts of future profitability; the length of statutory carryforward periods; the Company’s experience with operating losses; and tax-planning alternatives. The significant piece of objective negative evidence evaluated was the cumulative loss incurred through the year ended December 31, 2023. Given this evidence and the expectation to incur operating losses in the foreseeable future, a full valuation allowance has been recorded against the net deferred tax asset. The Company will continue to maintain a full valuation allowance against the entire amount of its net deferred tax asset, until such time as the Company has determined that the weight of the objectively verifiable positive evidence exceeds that of the negative evidence. Although the Company has established a full valuation allowance on its net deferred tax asset, for Federal tax losses before 2018 and for all state tax losses, it has not forfeited the right to carryforward tax losses up to 20 years and apply such tax losses against taxable income in such years, thereby reducing its future tax obligations. Federal tax losses generated in 2018 and later do not expire. The Company is

**Arcadia Biosciences, Inc.**  
**Notes to Consolidated Financial Statements. (Continued)**

subject to taxation in the United States and various state jurisdictions. As of December 31, 2023, the Company's tax years for 2004 through 2022 are generally subject to examination by the tax authorities. The years are open back to 2004 to the extent the NOLs being carried forward were generated then.

The Company had the following unrecognized tax benefits (in thousands), none of which, if recognized, would impact the Company's effective tax rate:

	Year Ended December 31,	
	2023	2022
Unrecognized tax benefit beginning balance	\$ 16	\$ 17
Increases for tax positions taken in prior years	—	—
Decreases for tax positions taken in prior years	—	(1)
Increases for tax positions taken in current years	—	—
Settlements	—	—
Unrecognized tax benefit ending balance	<u>\$ 16</u>	<u>\$ 16</u>

The Company does not anticipate its total unrecognized tax benefits as of December 31, 2023 will significantly change due to settlement of examination or the expiration of statute of limitations during the next 12 months. The Company is currently unaware of any uncertain tax positions that could result in significant additional payments, accruals or other material deviation in this estimate over the next 12 months.

The Company recognizes interest and penalties, if any, related to unrecognized tax benefits in the provision for income taxes. As of December 31, 2023, the Company has not recognized any interest and penalties related to uncertain tax positions.

In February 2023, the Company received notification from the Internal Revenue Service that our Archipelago joint venture was selected for audit for the 2021 tax year. The Company received a preliminary summary of examination changes during November 2023, is currently awaiting the Notice of Proposed Partnership Adjustment, and plans to accept the adjustments. Accordingly, the Company has adjusted the tax disclosures to capture the anticipated impact of the proposed adjustments.

The Company is currently not under audit for state purposes.

**Arcadia Biosciences, Inc.**  
**Notes to Consolidated Financial Statements. (Continued)**

**Note 16. Retirement Benefits**

The Company has a 401(k) retirement plan (the “Plan”) available for participation by all regular full-time employees who have completed three months of service with the Company. The Company established the Plan in 2008. The Plan provides for a discretionary matching contribution equal to 50% of the amount of the employee’s salary deduction, not to exceed 3% of the salary per employee. Highly compensated employees are excluded from receiving any discretionary matching contribution. Employees’ rights to employer contributions vest on the one-year anniversary of their date of employment. The Company has the option to make discretionary matching contributions. The Company did not make discretionary matching contributions during the years ended December 31, 2023 and 2022.

**Note 17. Segment and Geographic Information**

Management has determined that it has one business activity and operates in one segment as it only reports financial information on an aggregate and consolidated basis to its Chief Executive Officer, who is the Company’s chief operating decision maker.

Revenues based on the location of the customers, are as follows (in thousands):

	<u>Year Ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
United States	\$ 5,032	\$ 6,298
Argentina	—	862
India	7	7
Canada	291	194
Germany	—	57
Total	<u>\$ 5,330</u>	<u>\$ 7,418</u>

**Note 18. Net Loss per Share**

Basic net loss per share is calculated by dividing net loss attributable to common stockholders by the weighted-average number of common shares outstanding during the period and excludes any dilutive effects of stock-based awards, warrants and options. Diluted net loss per share attributable to common stockholders is computed giving effect to all potentially dilutive common shares, including common stock issuable upon exercise of stock options and warrants. Dilutive securities are not included in the computation of net loss per share when the impact would be anti-dilutive.

Securities that were not included in the diluted per share calculations because they would be anti-dilutive were as follows (in shares):

	<u>Year Ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Options to purchase common stock	80,078	60,002
Warrants to purchase common stock	266,957	285,757
Preferred investment options	1,489,952	123,967
Total	<u>1,836,987</u>	<u>469,726</u>

**Arcadia Biosciences, Inc.**  
**Notes to Consolidated Financial Statements. (Continued)**

**Note 19. Related Party Transactions**

The Company's related parties include Moral Compass Corporation ("MCC") and the John Sperling Foundation ("JSF"). The rights to the intellectual property owned by Blue Horse Labs, Inc. ("BHL") were assigned to its sole shareholder, the John Sperling Revocable Trust ("JSRT") due to BHL's dissolution and then subsequently to the JSF. The JSF is deemed a related party of the Company because MCC, one of the Company's largest stockholders, and the JSF share common officers and directors.

JSF receives a single digit royalty from the Company when revenue has been collected on product sales or for license payments from third parties that involve certain intellectual property developed under research funding originally from BHL. Royalty fees due to JSF were \$58,000 and \$48,000 as of December 31, 2023 and December 31, 2022, respectively, and are included in the consolidated balance sheets as amounts due to related parties.

**Note 20. Subsequent Events**

Management has evaluated subsequent events through March 28, 2024, the date that the financial statements were available to be issued.

**Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure.**

None.

**Item 9A. Controls and Procedures.**

Evaluation of Disclosure Controls and Procedures

As of December 31, 2023, Arcadia’s disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, or the Exchange Act) were evaluated, with the participation of Arcadia’s principal executive officer and principal financial officer, to assess whether they are effective in providing reasonable assurance that information required to be disclosed by Arcadia in the reports that it files or submits under the Exchange Act is accumulated and communicated to management, including its principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure and to provide reasonable assurance that such information is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms. Based on this evaluation, Stanley E. Jacot Jr., Arcadia’s principal executive officer, and Thomas J. Schaefer, Arcadia’s principal financial officer, concluded that these disclosure controls and procedures were effective as of December 31, 2023.

Management’s Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)). Arcadia’s management, including Stanley E. Jacot Jr., its principal executive officer, and Thomas J. Schaefer, its principal financial officer, evaluated the effectiveness of Arcadia’s internal control over financial reporting using the framework in Internal Control—Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this evaluation, management concluded that Arcadia’s internal control over financial reporting was effective as of December 31, 2023.

Changes in Internal Control over Financial Reporting

Under the supervision and with the participation of our management, including our Principal Executive Officer and Principal Financial Officer, we conducted an evaluation of any changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during our most recently completed fiscal quarter. Based on that evaluation, our Principal Executive Officer and Principal Financial Officer concluded that there has not been any change in our internal control over financial reporting during that quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

**Item 9B. Other Information.**

No director or officer of the Company adopted, modified or terminated a “Rule 10b5-1 trading arrangement” or a “non-Rule 10b5-1 trading arrangement” (as such terms are defined in Item 408 of Regulation S-K) during the three months ended December 31, 2023.

**Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections.**

None.

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## PART III

### **Item 10. Directors, Executive Officers and Corporate Governance.**

The information required by this item will be contained in our definitive proxy statement to be filed with the Securities and Exchange Commission on Schedule 14A in connection with our 2023 Annual Meeting of Stockholders (the “Proxy Statement”), which is expected to be filed no later than 120 days after the end of our fiscal year ended December 31, 2023, under the headings “Executive Officers,” “Election of Directors,” “Corporate Governance,” and “Section 16(a) Beneficial Ownership Reporting Compliance,” and is incorporated herein by reference.

The Company has adopted a written code of business conduct and ethics that applies to our directors, officers, and employees, including our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions. A current copy of the code is posted on the Corporate Governance section of our website, which is located at [www.arcadiabio.com](http://www.arcadiabio.com). If Arcadia makes any substantive amendments to, or grant any waivers from, the code of business conduct and ethics for our principal executive officer, principal financial officer, principal accounting officer, controller or persons performing similar functions, or any officer or director, the Company will disclose the nature of such amendment or waiver on our website or in a current report on Form 8-K.

### **Item 11. Executive Compensation.**

The information required by this item will be contained in Proxy Statement under the headings “Executive Compensation” and “Director Compensation,” and is incorporated herein by reference.

### **Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.**

The information required by this item will be contained in Proxy Statement under the headings “Security Ownership of Certain Beneficial Owners and Management” and “Equity Compensation Plan Information,” and is incorporated herein by reference.

### **Item 13. Certain Relationships and Related Transactions, and Director Independence.**

The information required by this item will be contained in Proxy Statement under the headings “Certain Relationships and Related Party Transactions” and “Corporate Governance,” and is incorporated herein by reference.

### **Item 14. Principal Accounting Fees and Services.**

The information required by this item will be contained in Proxy Statement under the heading “Ratification of Independent Registered Public Accounting Firm-Principal Accounting Fees and Services,” and is incorporated herein by reference.

Auditor Firm Id: 34

Auditor Name: Deloitte & Touche LLP

Auditor Location: Tempe, AZ, United States

**PART IV**

**Item 15. Exhibits, Financial Statement Schedules.**

The financial statements schedules and exhibits filed as part of this Annual Report on Form 10-K are as follows:

**(a)(1) Financial Statements**

Reference is made to the financial statements included in Item 8 of Part II hereof.

**(a)(2) Financial Statement Schedules**

All other schedules are omitted because they are not required or the required information is included in the statements or notes thereto.

**(a)(3) Exhibits**

Reference is made to the Exhibit Index accompanying this Annual Report on Form 10-K.

**Item 16. Form 10-K Summary.**

Not applicable.

**Exhibit Index**

Exhibit Number	Exhibit Description	Incorporated by Reference			Filed Herewith
		Form	File No.	Exhibit	
3.1	<a href="#">Amended and Restated Certificate of Incorporation of Registrant.</a>	8-K	001-37383	3.1	5/26/2015
3.2	<a href="#">Amendment to the Amended and Restated Certificate of Incorporation of Registrant.</a>	8-K	001-37383	3.1	2/28/2023
3.3	<a href="#">Certificate of Designation of Series A Preferred Stock.</a>	8-K	001-37383	3.1	12/8/2022
3.4	<a href="#">Amended and Restated Bylaws of Registrant.</a>	8-K	001-37383	3.2	5/26/2015
3.5	<a href="#">Amendment to the Amended and Restated Bylaws of Registrant.</a>	8-K	001-37383	3.2	12/8/2022
4.1	<a href="#">Form of Registrant's common stock certificate.</a>	S-3	333-224061	4.1	3/30/2018
4.2	<a href="#">Form of Common Stock Purchase Warrant.</a>	8-K	001-37383	4.1	3/23/2018
4.3	<a href="#">Form of Common Stock Purchase Warrant.</a>	8-K	001-37383	4.1	6/14/2019
4.4	<a href="#">Form of Placement Agent Warrant.</a>	8-K	001-37383	4.2	6/14/2019
4.5	<a href="#">Form of Common Stock Purchase Warrant.</a>	8-K	001-37383	4.1	9/9/2019
4.6	<a href="#">Form of Placement Agent Warrant.</a>	8-K	001-37383	4.2	9/9/2019

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4.7	<a href="#"><u>Description of Registrant's Securities Pursuant to Section 12 of the Securities Exchange Act of 1934, as amended.</u></a>					X
4.8	<a href="#"><u>Form of Common Stock Purchase Warrant.</u></a>	8-K	001-37383	4.1	5/18/2020	
4.9	<a href="#"><u>Form of Placement Agent Warrant.</u></a>	8-K	001-37383	4.2	5/18/2020	
4.10	<a href="#"><u>Form of Common Stock Purchase Warrant.</u></a>	8-K	001-37383	4.1	7/8/2020	
4.11	<a href="#"><u>Form of Placement Agent Warrant.</u></a>	8-K	001-37383	4.2	7/8/2020	
4.12	<a href="#"><u>Form of Investor Warrant.</u></a>	8-K	001-37383	4.1	12/22/2020	
4.13	<a href="#"><u>Form of Placement Agent Warrant.</u></a>	8-K	001-37383	4.2	12/22/2020	
4.14	<a href="#"><u>Form of Investor Warrant.</u></a>	8-K	001-37383	4.1	1/29/2021	
4.15	<a href="#"><u>Form of Placement Agent Warrant.</u></a>	8-K	001-37383	4.2	1/29/2021	
4.16	<a href="#"><u>Form of Investor Pre-Funded Warrant.</u></a>	8-K	001-37383	4.1	8/16/2022	
4.17	<a href="#"><u>Form of Investor Preferred Investment Option.</u></a>	8-K	001-37383	4.2	8/16/2022	
4.18	<a href="#"><u>Form of Placement Agent Preferred Investment Option.</u></a>	8-K	001-37383	4.3	8/16/2022	
4.19	<a href="#"><u>Form of Pre-Funded Warrant.</u></a>	8-K	001-37383	4.1	3/3/2023	
4.20	<a href="#"><u>Form of Series A Preferred Investment Option.</u></a>	8-K	001-37383	4.2	3/3/2023	
4.21	<a href="#"><u>Form of Series B Preferred Investment Option.</u></a>	8-K	001-37383	4.3	3/3/2023	
4.22	<a href="#"><u>Form of Placement Agent Preferred Investment Option.</u></a>	8-K	001-37383	4.4	3/3/2023	
10.1*	<a href="#"><u>Form of Indemnification Agreement between the Registrant and each of its Officers and Directors.</u></a>	S-1	333-202124	10.7	2/17/2015	
10.2*	<a href="#"><u>2006 Stock Plan, as amended and restated, and form of agreement thereunder.</u></a>	S-1	333-202124	10.8	2/17/2015	
10.3*	<a href="#"><u>2015 Omnibus Equity Incentive Plan and forms of agreement thereunder.</u></a>	S-1	333-232858	10.9	7/26/2019	
10.4*	<a href="#"><u>2015 Employee Stock Purchase Plan and form of agreement thereunder.</u></a>	S-1/A	333-202124	10.10	5/11/2015	
10.5*	<a href="#"><u>Executive Incentive Bonus Plan.</u></a>	S-1/A	333-202124	10.15	5/11/2015	
10.6*	<a href="#"><u>Amended and Restated Director Compensation Policy.</u></a>	10-Q	001-37383	10.14	5/10/2016	
10.7*	<a href="#"><u>Form of Severance and Change in Control Agreement.</u></a>	S-1/A	333-202124	10.18	4/6/2015	

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10.8	<a href="#"><u>Base Office Lease dated March 17, 2003 between the Registrant and Pac West Office Equities, LP, including Amendments 1-7.</u></a>	S-1	333-229047	10.16	12/27/2018
10.9	<a href="#"><u>Amendment No. 8 to the Office Lease dated March 17, 2003 between the Registrant and Pac West Office Equities, LP.</u></a>	10-Q	001-37383	10.8	5/13/2020
10.10	<a href="#"><u>Amendment No. 9 to the Office Lease dated March 17, 2003 between the Registrant and Pac West Office Equities, LP.</u></a>	10-Q	001-37383	10.2	8/13/2020
10.11*	<a href="#"><u>Employment Letter for Stanley E. Jacot Jr., Chief Executive Officer.</u></a>	10-Q	001-37383	10.1	5/12/2022
10.12*	<a href="#"><u>Severance and Change in Control Agreement for Stanley E. Jacot, Jr.</u></a>	10-Q	001-37383	10.1	5/12/2022
10.13*	<a href="#"><u>Inducement Option Grant for Stanley E. Jacot, Jr.</u></a>	10-Q	001-37383	10.2	5/12/2022
10.14*	<a href="#"><u>Employment Letter and Severance and Change in Control Agreement for Thomas J. Schaefer.</u></a>	8-K/A	001-37383	10.1	1/5/2023
10.15+	<a href="#"><u>Limited Liability Company Operating Agreement for Archipelago Ventures Hawaii, LLC, dated as of August 9, 2019.</u></a>	8-K	001-37383	10.1	8/9/2019
10.16	<a href="#"><u>Securities Purchase Agreement dated as of March 19, 2018, between Arcadia Biosciences, Inc. and each purchaser named in the signature pages thereto.</u></a>	8-K	001-37383	10.1	3/23/2018
10.17	<a href="#"><u>Form of Registration Rights Agreement.</u></a>	8-K	001-37383	10.2	3/23/2018
10.18	<a href="#"><u>Form of Securities Purchase Agreement dated as of June 11, 2018, between Arcadia Biosciences, Inc. and each purchaser named in the signature pages thereto.</u></a>	8-K	001-37383	10.1	6/14/2018
10.19	<a href="#"><u>Form of Securities Purchase Agreement dated as of June 12, 2019, between Arcadia Biosciences, Inc. and each purchaser named in the signature pages thereto.</u></a>	8-K	001-37383	10.1	6/14/2019
10.20	<a href="#"><u>Form of Securities Purchase Agreement dated as of September 5, 2019, between Arcadia Biosciences, Inc. and each purchaser named in the signature pages thereto.</u></a>	8-K	001-37383	10.1	9/9/2019
10.21	<a href="#"><u>Form of Letter Agreement, dated as of May 14, 2020.</u></a>	8-K	001-37383	10.1	5/18/2020
10.22	<a href="#"><u>Form of Letter Agreement, dated as of July 6, 2020.</u></a>	8-K	001-37383	10.1	7/8/2020

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10.23	<a href="#"><u>Form of Securities Purchase Agreement dated as of December 18, 2020, between Arcadia Biosciences, Inc. and each purchaser named on the signature pages thereto.</u></a>	8-K	001-37383	10.1	12/22/2020	
10.24	<a href="#"><u>Form of Securities Purchase Agreement dated as of January 25, 2021, between Arcadia Biosciences, Inc. and each purchaser named on the signature pages thereto.</u></a>	8-K	001-37383	10.1	1/29/2021	
10.25	<a href="#"><u>Form of Registration Rights Agreement dated as of January 25, 2021, between Arcadia Biosciences, Inc. and each purchaser named on the signature pages thereto.</u></a>	8-K	001-37383	10.2	1/29/2021	
10.26	<a href="#"><u>Form of Securities Purchase Agreement, dated as of August 12, 2022, between Arcadia Biosciences, Inc. and each purchaser named on the signature pages thereto.</u></a>	8-K	001-37383	10.1	8/16/2022	
10.27	<a href="#"><u>Form of Securities Purchase Agreement dated as of March 2, 2023, between Arcadia Biosciences, Inc. and each purchaser named on the signature pages thereto.</u></a>	8-K	001-37383	10.1	3/3/2023	
10.28	<a href="#"><u>Form of Registration Rights Agreement dated as of March 2, 2023, between Arcadia Biosciences, Inc. and each purchaser named on the signature pages thereto.</u></a>	8-K	001-37383	10.2	3/3/2023	
10.29	<a href="#"><u>Form of Investment Option Amendment, dated as of March 2, 2023.</u></a>	8-K	001-37383	10.3	3/3/2023	
10.30+	<a href="#"><u>Master Transaction Agreement.</u></a>	8-K	001-37383	10.2	12/22/2020	
10.31+	<a href="#"><u>Asset Purchase Agreement dated May 17, 2021, by and among Arcadia, Buyer, Seller, Eko, Lief, Zola and Parent.</u></a>	8-K	001-37383	10.1	5/21/2021	
21.1	<a href="#"><u>List of subsidiaries of the Registrant.</u></a>	S-1	333-262407	21.1	1/28/2022	
23.1	<a href="#"><u>Consent of Deloitte &amp; Touche LLP, independent registered public accounting firm.</u></a>					X
24.1	<a href="#"><u>Power of attorney (included in the signature page to this filing).</u></a>					X
31.1	<a href="#"><u>Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u></a>					X
31.2	<a href="#"><u>Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934.</u></a>					X

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	as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	
32.1	<a href="#">Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>	X
32.2	<a href="#">Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>	X
97.1	<a href="#">Dodd-Frank Clawback Policy.</a>	X
101.INS	Inline XBRL Instance Document.	X
101.SCH	Inline XBRL Taxonomy Extension Schema Document.	X
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.	X
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.	X
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.	X
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.	X
104	Cover Page Interactive Data File (embedded within the Inline XBRL Document).	X

\* Indicates a management contract or compensatory plan or arrangement.

+ Certain information has been excluded from this exhibit because it is not material and would likely cause competitive harm to the registrant if publicly disclosed.



**DESCRIPTION OF THE REGISTRANT'S SECURITIES REGISTERED PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934**

The following description of registered securities of Arcadia Biosciences, Inc. ("Arcadia," "we," "us," "our") is based upon our certificate of incorporation, as amended ("Certificate of Incorporation") and bylaws, as amended ("Bylaws") and does not purport to be complete. This summary is subject to, and is qualified in its entirety by, our Certificate of Incorporation and Bylaws, each of which is incorporated by reference as exhibits to the Annual Report on Form 10-K of which this Exhibit is a part, and the applicable provisions of the Delaware General Corporation Law ("DGCL"). We encourage you to read our Certificate of Incorporation and Bylaws for additional information.

**General**

Our authorized capital stock consists of 150,000,000 shares of common stock, \$0.001 par value, and 20,000,000 shares of preferred stock, \$0.001 par value. 40,000 shares of our preferred stock initially was designated as "Series A Preferred Stock". As of December 31, 2023, 15,357.04 shares of our preferred stock continued to be designated as Series A Preferred Stock. Our common stock and Series A Preferred Stock have been registered under Section 12 of the Securities Exchange Act of 1934, as amended. As of the date of this Annual Report on Form 10-K, there are no outstanding shares of Series A Preferred Stock

**Common Stock**

Holders of our common stock are entitled to one vote per share for each share held of record on all matters submitted to a vote of stockholders and do not have cumulative voting rights. Our Certificate of Incorporation does not provide for cumulative voting. Subject to preferences that may be applicable to any outstanding preferred stock, the holders of our common stock are entitled to receive ratably such dividends, if any, as may be declared by our board of directors out of legally available funds. Upon liquidation, dissolution or winding-up, the holders of our common stock are entitled to share ratably in all of our assets which are legally available for distribution, after payment of or provision for all liabilities and the liquidation preference of any outstanding preferred stock. The holders of our common stock have no preemptive, subscription, redemption or conversion rights.

**Preferred Stock**

The board of directors has the authority, without further action by the stockholders, to issue up to 20,000,000 shares of preferred stock, \$0.001 par value per share, in one or more series. The board of directors also has the authority to designate the rights, preferences, privileges and restrictions of each such series, including dividend rights, dividend rates, conversion rights, voting rights, terms of redemption, redemption prices, liquidation preferences, and the number of shares constituting any series.

The issuance of preferred stock may have the effect of delaying, deferring or preventing a change in control of the company without further action by the stockholders. The issuance of preferred stock with voting and conversion rights may also adversely affect the voting power of the holders of common stock. In certain circumstances, an issuance of preferred stock could have the effect of decreasing the market price of the common stock.

**Series A Preferred Stock**

Our board of directors declared a dividend of one one-thousandth of a share of Series A Preferred Stock for each share of our common stock outstanding as of 5:00 p.m. Eastern Time on December 28, 2022. 24,642.96 shares of Series A Preferred Stock was issued pursuant to this dividend.

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*Transferability.* Shares of Series A Preferred Stock are uncertificated and represented in book-entry form. No shares of Series A Preferred Stock may be transferred by the holder thereof except in connection with a transfer by such holder of any shares of our common stock by such holder, in which case a number of one one-thousandths (1/1,000ths) of a share of Series A Preferred Stock equal to the number of shares of our common stock to be transferred by such holder will be automatically transferred to the transferee of such shares of common stock.

*Voting Rights.* Each share of Series A Preferred Stock will entitle the holder thereof to 1,000,000 votes per share. Thus, each one-thousandth of a share of Series A Preferred Stock entitles the holder thereof to 1,000 votes. The outstanding shares of Series A Preferred Stock will vote together with the outstanding shares of our common stock as a single class exclusively with respect to any proposal to adopt an amendment to our Certificate of Incorporation to reclassify the outstanding shares of our common stock into a smaller number of shares of Common Stock at a ratio specified in or determined in accordance with the terms of such amendment (the “**Reverse Stock Split**”) and any proposal to adjourn any meeting of stockholders called for the purpose of voting on Reverse Stock Split (the “**Adjournment Proposal**”). The Series A Preferred Stock will not be entitled to vote on any other matter, except to the extent required under the DGCL. Unless otherwise provided on any applicable proxy or ballot with respect to the voting on the Reverse Stock Split or the Adjournment Proposal, the vote of each share of Series A Preferred Stock (or fraction thereof) entitled to vote on the Reverse Stock Split, the Adjournment Proposal or any other matter brought before any meeting of stockholders held to vote on the Reverse Stock Split and the Adjournment Proposal will be cast in the same manner as the vote, if any, of the share of common stock (or fraction thereof) in respect of which such share of Series A Preferred Stock (or fraction thereof) was issued as a dividend is cast on the Reverse Stock Split, the Adjournment Proposal or such other matter, as applicable, and the proxy or ballot with respect to shares of common stock held by any holder on whose behalf such proxy or ballot is submitted will be deemed to include all shares of Series A Preferred Stock (or fraction thereof) held by such holder. Holders of Series A Preferred Stock will not receive a separate ballot or proxy to cast votes with respect to the Series A Preferred Stock on the Reverse Stock Split, the Adjournment Proposal or any other matter brought before any meeting of stockholders held to vote on the Reverse Stock Split.

*Dividend Rights.* The holders of Series A Preferred Stock, as such, will not be entitled to receive dividends of any kind.

*Liquidation Preference.* The Series A Preferred Stock will rank senior to the Common Stock as to any distribution of assets in the event of our liquidation, dissolution or winding up, whether voluntarily or involuntarily. Upon our liquidation, dissolution or winding up, whether voluntarily or involuntarily, any Dissolution, each holder of outstanding shares of Series A Preferred Stock will be entitled to be paid out of our assets that are available for distribution to stockholders, prior and in preference to any distribution to the holders of Common Stock, an amount in cash equal to \$0.001 per outstanding share of Series A Preferred Stock.

*Redemption.* All shares of Series A Preferred Stock that are not present in person or by proxy at any meeting of stockholders held to vote on the Reverse Stock Split and the Adjournment Proposal as of immediately prior to the opening of the polls at such meeting (the “Initial Redemption Time”) will automatically be redeemed in whole, but not in part, by us at the Initial Redemption Time without further action on the part of us or the holder of shares of Series A Preferred Stock (the “Initial Redemption”). Any outstanding shares of Series A Preferred Stock that have not been redeemed pursuant to an Initial Redemption will be redeemed in whole, but not in part, (i) if such redemption is ordered by the Board in its sole discretion, automatically and effective on such time and date specified by the Board in its sole discretion or (ii) automatically upon the approval by our stockholders of the Reverse Stock Split at any meeting of the stockholders held for the purpose of voting on such proposal. Each share of Series A Preferred Stock redeemed in any redemption described above will be redeemed in consideration for the right to receive an amount equal to \$0.10 in cash for each one hundred whole shares of Series A Preferred Stock that are “beneficially owned” by the “beneficial owner” (as such terms are defined in the certificate of designation with respect to the Series A Preferred Stock) thereof as of the applicable redemption time and redeemed pursuant to such redemption, payable upon receipt by us of a written request submitted by the applicable holder to our corporate secretary (each a “Redemption Payment Request”) following the applicable redemption time. Such Redemption Payment Request shall (i) be in a form reasonably acceptable to us (ii) set forth in reasonable detail the number of shares of Series A Preferred Stock beneficially owned by the holder at the applicable redemption time and include evidence reasonably satisfactory to us regarding the same, and (iii) set forth a calculation specifying the amount in cash owed to such holder by us with respect to the shares of Series A Preferred Stock that were redeemed at the

applicable redemption time. However, the redemption consideration in respect of the shares of Series A Preferred Stock (or fractions thereof) redeemed in any redemption described above: (i) will entitle the former beneficial owners of less than one hundred whole shares of Series A Preferred Stock redeemed in any redemption to no cash payment in respect thereof and (y) will, in the case of a former beneficial owner of a number of shares of Series A Preferred Stock (or fractions thereof) redeemed pursuant to any redemption that is not equal to a whole number that is a multiple of one hundred, entitle such beneficial owner to the same cash payment, if any, in respect of such redemption as would have been payable in such redemption to such beneficial owner if the number of shares (or fractions thereof) beneficially owned by such beneficial owner and redeemed pursuant to such redemption were rounded down to the nearest whole number that is a multiple of one hundred (such, that for example, the former beneficial owner of 150 shares of Series A Preferred Stock redeemed pursuant to any redemption will be entitled to receive the same cash payment in respect of such redemption as would have been payable to the former beneficial owner of 100 shares of Series A Preferred Stock redeemed pursuant to such redemption). The Series A Preferred Stock has no stated maturity and is not subject to any sinking fund. The Series A Preferred Stock is not subject to any restriction on the redemption or repurchase of shares by us while there is any arrearage in the payment of dividends or sinking fund installments.

At a meeting of our stockholders held on February 15, 2023, our stockholders approved a 40-1 reverse stock split of our outstanding common stock. As a result of that stockholder approval, all outstanding shares of Series A Preferred Stock were then redeemed by the Company. All redeemed shares of Series A Preferred Stock automatically were retired and restored to the status of authorized but unissued shares of preferred stock. There are no outstanding shares of preferred stock as of the date of this Annual Report on Form 10-K.

#### **Anti-Takeover Effects of Provisions of our Certificate of Incorporation and Bylaws**

Our Certificate of Incorporation and Bylaws contain certain provisions that could have the effect of delaying, deterring or preventing another party from acquiring control of us. These provisions and certain provisions of the DGCL, which are summarized below, are expected to discourage coercive takeover practices and inadequate takeover bids. These provisions are also designed, in part, to encourage persons seeking to acquire control of us to negotiate first with our board of directors. We believe that the benefits of increased protection of our potential ability to negotiate more favorable terms with an unfriendly or unsolicited acquirer outweigh the disadvantages of discouraging a proposal to acquire us.

#### ***Undesignated Preferred Stock***

As discussed above, our board of directors will have the ability to issue preferred stock with voting or other rights or preferences that could impede the success of any attempt to change control of us. These and other provisions may have the effect of deterring hostile takeovers or delaying changes in control or management of our company.

#### ***Limits on Ability of Stockholders to Act by Written Consent or Call a Special Meeting***

Our Certificate of Incorporation provides that our stockholders may not act by written consent, which may lengthen the amount of time required to take stockholder actions. As a result, a holder controlling a majority of our capital stock would not be able to amend our Bylaws or remove directors without holding a meeting of our stockholders called in accordance with our Bylaws.

In addition, our Bylaws provide that special meetings of the stockholders may be called only by the majority of our board of directors. Stockholders may not call a special meeting, which may delay the ability of our stockholders to force consideration of a proposal or for holders controlling a majority of our capital stock to take any action, including the removal of directors.

#### ***Requirements for Advance Notification of Stockholder Nominations and Proposals***

Our Bylaws require advance notice procedures with respect to stockholder proposals and the nomination of candidates for election as directors, other than nominations made by or at the direction of our board of directors or a committee of our board of directors. These provisions may have the effect of precluding the conduct of certain business at a meeting if the proper procedures are not followed. These provisions may also discourage or deter a

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potential acquirer from conducting a solicitation of proxies to elect the acquirer's own slate of directors or otherwise attempting to obtain control of our company.

### ***Board Classification***

Our board of directors is divided into three classes, one class of which is elected each year by our stockholders. The directors in each class will serve three-year terms. A third party may be discouraged from making a tender offer or otherwise attempting to obtain control of us as it is more difficult and time consuming for stockholders to replace a majority of the directors on a classified board.

### ***No Cumulative Voting***

Our Certificate of Incorporation and Bylaws do not permit cumulative voting in the election of directors. Cumulative voting allows a stockholder to vote a portion or all of its shares for one or more candidates for seats on the board of directors. Without cumulative voting, a minority stockholder may not be able to gain as many seats on our board of directors as the stockholder would be able to gain if cumulative voting were permitted. The absence of cumulative voting makes it more difficult for a minority stockholder to gain a seat on our board of directors to influence our board's decision regarding a takeover.

### ***Amendment of Charter and Bylaws Provisions***

The amendment of the above provisions of our Certificate of Incorporation requires approval by holders of at least two-thirds of our outstanding capital stock entitled to vote generally in the election of directors. The amendment of our Bylaws requires approval by the holders of at least two-thirds of our outstanding capital stock entitled to vote generally in the election of directors.

### ***Delaware Anti-Takeover Statute***

We are subject to the provisions of Section 203 of the DGCL, regulating corporate takeovers. In general, Section 203 prohibits a publicly-held Delaware corporation from engaging, under certain circumstances, in a business combination with an interested stockholder for a period of three years following the date the person became an interested stockholder unless:

- prior to the date of the transaction, our board of directors approved either the business combination or the transaction which resulted in the stockholder becoming an interested stockholder;
- upon completion of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, calculated as provided under Section 203; or
- at or subsequent to the date of the transaction, the business combination is approved by our board of directors and authorized at an annual or special meeting of stockholders, and not by written consent, by the affirmative vote of at least two-thirds of the outstanding voting stock which is not owned by the interested stockholder.

Generally, a business combination includes a merger, asset or stock sale, or other transaction resulting in a financial benefit to the interested stockholder. An interested stockholder is a person who, together with affiliates and associates, owns or, within three years prior to the determination of interested stockholder status, did own 15% or more of a corporation's outstanding voting stock. We expect the existence of this provision to have an anti-takeover effect with respect to transactions our board of directors does not approve in advance. We anticipate that Section 203 may also discourage attempts that might result in a premium over the market price for the shares of common stock held by stockholders.

The provisions of the DGCL and the provisions of our Certificate of Incorporation and Bylaws, as amended upon the completion of this offering, could have the effect of discouraging others from attempting hostile takeovers and, as a consequence, they might also inhibit temporary fluctuations in the market price of our common stock that often result from actual or rumored hostile takeover attempts. These provisions might also have the effect of

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preventing changes in our management. It is possible that these provisions could make it more difficult to accomplish transactions that stockholders might otherwise deem to be in their best interests.

### **Forum Selection**

Our Certificate of Incorporation provides that unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware is the sole and exclusive forum for:

- any derivative action or proceeding brought on our behalf;
- any action asserting a breach of fiduciary duty owed by any of our directors, officers or other employees to us or our stockholders;
- any action asserting a claim against us arising pursuant to any provisions of the DGCL, our Certificate of Incorporation or our Bylaws; or
- any action asserting a claim against us that is governed by the internal affairs doctrine.

These exclusive-forum provisions may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers or other employees, which may discourage lawsuits against us and our directors, officers and other employees. Furthermore, the enforceability of similar choice of forum provisions in other companies' charter documents has been challenged in legal proceedings, and it is possible that a court could find these types of provisions to be inapplicable or unenforceable. If a court were to find either exclusive-forum provision in our Certificate of Incorporation to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving the dispute in other jurisdictions, which could harm our business.

These exclusive-forum provisions are not intended to apply to any causes of action arising under the Securities Act of 1933 or the Exchange Act of 1934 or any other claim for which the federal courts have exclusive jurisdiction.

### **Listing**

Our common stock is listed on the NASDAQ Capital Market under the symbol "RKDA". Our Series A Preferred Stock is not listed on any securities exchange.

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**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We consent to the incorporation by reference in Registration Statement Nos. 333-229047, 333-232858, 333-235446, 333-262407 and 333-267637 on Form S-1, Registration Statement Nos. 333-224061, 333-224893, 333-239641, 333-252659, 333-264425 and 333-271082 on Form S-3, and Registration Statement Nos. 333-204215, 333-210023, 333-216545, 333-223805, 333-232072, 333-237438, 333-256599, 333-265322 and 333-272201 on Form S-8 of our report dated March 28, 2024, relating to the financial statements of Arcadia Biosciences, Inc. appearing in this Annual Report on Form 10-K for the year ended December 31, 2023.

/s/ Deloitte & Touche LLP

Tempe, Arizona

March 28, 2024

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**ARCADIA BIOSCIENCES, INC.**

**EXECUTIVE OFFICER CLAWBACK POLICY**

*Approved by the Board of Directors  
on November 29, 2023 (the "Adoption Date")*

**I. Purpose**

This Executive Officer Clawback Policy describes the circumstances under which Covered Persons of Arcadia Biosciences, Inc. and any of its direct or indirect subsidiaries (the "**Company**") will be required to repay or return Erroneously-Awarded Compensation to the Company.

This Policy and any terms used in this Policy shall be construed in accordance with any SEC regulations promulgated to comply with Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, as codified in Section 10D of the Securities Exchange Act of 1934, as amended, and the listing rules adopted by Nasdaq that are applicable to the Company.

Each Covered Person of the Company shall sign an Acknowledgement and Agreement to the Clawback Policy in substantially the form attached hereto as **Exhibit A** as a condition to his or her participation in any of the Company's incentive-based compensation programs.

**II. Definitions**

For purposes of this Policy, the following capitalized terms shall have the meaning set forth below:

- (a) "**Accounting Restatement**" shall mean an accounting restatement (i) due to the material noncompliance of the Company with any financial reporting requirement under the securities laws, including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements (a "Big R" restatement), or (ii) that corrects an error that is not material to previously issued financial statements, but would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period (a "little r" restatement).
  - (b) "**Board**" shall mean the Board of Directors of the Company.
  - (c) "**Clawback-Eligible Incentive Compensation**" shall mean, in connection with an Accounting Restatement, any Incentive-Based Compensation Received by a Covered Person (regardless of whether such Covered Person was serving at the time that Erroneously-Awarded Compensation is required to be repaid) (i) on or after the Nasdaq Effective Date, (ii) after beginning service as a Covered Person, (iii) while the Company has a class of securities listed on a national securities exchange or national securities association, and (iv) during the Clawback Period.
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- (d) “**Clawback Period**” shall mean, with respect to any Accounting Restatement, the three completed fiscal years immediately preceding the Restatement Date and any transition period (that results from a change in the Company’s fiscal year) of less than nine months within or immediately following those three completed fiscal years.
  - (e) “**Committee**” shall mean the Compensation Committee of the Board.
  - (f) “**Covered Person**” shall mean any person who is, or was at any time, during the Clawback Period, an Executive Officer of the Company. For the avoidance of doubt, Covered Person may include a former Executive Officer that left the Company, retired or transitioned to an employee role (including after serving as an Executive Officer in an interim capacity) during the Clawback Period.
  - (g) “**Erroneously-Awarded Compensation**” shall mean the amount of Clawback-Eligible Incentive Compensation that exceeds the amount of Incentive-Based Compensation that otherwise would have been Received had it been determined based on the restated amounts. This amount must be computed without regard to any taxes paid.
  - (h) “**Executive Officer**” shall mean the Company’s president, principal financial officer, principal accounting officer (or if there is no accounting officer, the controller), any vice-president in charge of a principal business unit, division, or function (such as sales, administration, or finance), any other officer who performs a policy-making function, or any other person (including an officer of the Company’s parent(s) or subsidiaries) who performs similar policy-making functions for the Company. For the sake of clarity, at a minimum, all persons who would be executive officers pursuant to Rule 401(b) under Regulation S-K shall be deemed “Executive Officers”.
  - (i) “**Financial Reporting Measures**” shall mean measures that are determined and presented in accordance with the accounting principles used in preparing the Company’s financial statements, and all other measures that are derived wholly or in part from such measures. For purposes of this Policy, Financial Reporting Measures shall, without limitation, include stock price and total shareholder return (and any measures that are derived wholly or in part from stock price or total shareholder return).
  - (j) “**Incentive-Based Compensation**” shall have the meaning set forth in Section III below.
  - (k) “**Nasdaq**” shall mean The Nasdaq Stock Market.
  - (l) “**Nasdaq Effective Date**” shall mean October 2, 2023.
  - (m) “**Policy**” shall mean this Executive Officer Clawback Policy, as the same may be amended and/or restated from time to time.
  - (n) “**Received**” shall mean Incentive-Based Compensation received, or deemed to be received, in the Company’s fiscal period during which the Financial Reporting Measure specified in the Incentive-Based Compensation is attained, even if the payment or grant occurs after the fiscal period.
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- (o) “**Repayment Agreement**” shall have the meaning set forth in Section V below.
- (p) “**Restatement Date**” shall mean the earlier of (i) the date the Board, a committee of the Board or the officers of the Company authorized to take such action if Board action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare an Accounting Restatement, or (ii) the date that a court, regulator or other legally authorized body directs the Company to prepare an Accounting Restatement.
- (q) “**SARs**” shall mean stock appreciation rights.
- (r) “**SEC**” shall mean the U.S. Securities and Exchange Commission.

### **III. Incentive-Based Compensation**

“Incentive-Based Compensation” shall mean any compensation that is granted, earned or vested wholly or in part upon the attainment of a Financial Reporting Measure.

For purposes of this Policy, specific examples of Incentive-Based Compensation include, but are not limited to:

- Non-equity incentive plan awards that are earned based, wholly or in part, based on satisfaction of a Financial Reporting Measure performance goal;
- Bonuses paid from a “bonus pool,” the size of which is determined, wholly or in part, based on satisfaction of a Financial Reporting Measure performance goal;
- Other cash awards based on satisfaction of a Financial Reporting Measure performance goal;
- Restricted stock, restricted stock units, performance share units, stock options and SARs that are granted or become vested, wholly or in part, on satisfaction of a Financial Reporting Measure performance goal; and
- Proceeds received upon the sale of shares acquired through an incentive plan that were granted or vested based, wholly or in part, on satisfaction of a Financial Reporting Measure performance goal.

For purposes of this Policy, Incentive-Based Compensation excludes:

- Any base salaries (except with respect to any salary increases earned, wholly or in part, based on satisfaction of a Financial Reporting Measure performance goal);
  - Bonuses paid solely at the discretion of the Committee or Board that are not paid from a “bonus pool” that is determined by satisfying a Financial Reporting Measure performance goal;
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- Bonuses paid solely upon satisfying one or more subjective standards and/or completion of a specified employment period;
- Non-equity incentive plan awards earned solely upon satisfying one or more strategic measures or operational measures; and
- Equity awards that vest solely based on the passage of time and/or satisfaction of one or more non-Financial Reporting Measures.

#### **IV. Determination and Calculation of Erroneously-Awarded Compensation**

In the event of an Accounting Restatement, the Committee shall promptly (and in all events within ninety (90) days after the Restatement Date) determine the amount of any Erroneously-Awarded Compensation for each Executive Officer in connection with such Accounting Restatement and shall promptly thereafter provide each Executive Officer with a written notice containing the amount of Erroneously-Awarded Compensation and a demand for repayment or return, as applicable.

- Cash Awards.** With respect to cash awards, the Erroneously-Awarded Compensation is the difference between the amount of the cash award (whether payable as a lump sum or over time) that was Received and the amount that should have been received applying the restated Financial Reporting Measure.
  - Cash Awards Paid From Bonus Pools.** With respect to cash awards paid from bonus pools, the Erroneously-Awarded Compensation is the pro rata portion of any deficiency that results from the aggregate bonus pool that is reduced based on applying the restated Financial Reporting Measure.
  - Equity Awards.** With respect to equity awards, if the shares, options or SARs are still held at the time of recovery, the Erroneously-Awarded Compensation is the number of such securities Received in excess of the number that should have been received applying the restated Financial Reporting Measure (or the value in excess of that number). If the options or SARs have been exercised, but the underlying shares have not been sold, the Erroneously-Awarded Compensation is the number of shares underlying the excess options or SARs (or the value thereof). If the underlying shares have already been sold, then the Committee shall determine the amount which most reasonably estimates the Erroneously-Awarded Compensation.
  - Compensation Based on Stock Price or Total Shareholder Return.** For Incentive-Based Compensation based on (or derived from) stock price or total shareholder return, where the amount of Erroneously-Awarded Compensation is not subject to mathematical recalculation directly from the information in the applicable Accounting Restatement, the amount shall be determined by the Committee based on a reasonable estimate of the effect of the Accounting Restatement on the stock price or total shareholder return upon which the Incentive-Based Compensation was Received (in which case, the Committee shall
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maintain documentation of such determination of that reasonable estimate and provide such documentation to Nasdaq in accordance with applicable listing standards).

#### V. **Recovery of Erroneously-Awarded Compensation**

Once the Committee has determined the amount of Erroneously-Awarded Compensation recoverable from the applicable Covered Person, the Committee shall take all necessary actions to recover the Erroneously-Awarded Compensation. Unless otherwise determined by the Committee, the Committee shall pursue the recovery of Erroneously-Awarded Compensation in accordance with the below:

- (a) **Cash Awards.** With respect to cash awards, the Committee shall either (i) require the Covered Person to repay the Erroneously-Awarded Compensation in a lump sum in cash (or such property as the Committee agrees to accept with a value equal to such Erroneously-Awarded Compensation) reasonably promptly following the Restatement Date, or (ii) if approved by the Committee, offer to enter into a Repayment Agreement. If the Covered Person accepts such offer and signs the Repayment Agreement within a reasonable time as determined by the Committee, the Company shall countersign such Repayment Agreement.
- (b) **Unvested Equity Awards.** With respect to those equity awards that have not yet vested, the Committee shall take all necessary action to cancel, or otherwise cause to be forfeited, the awards in the amount of the Erroneously-Awarded Compensation.
- (c) **Vested Equity Awards.** With respect to those equity awards that have vested and the underlying shares have not been sold, the Committee shall take all necessary action to cause the Covered Person to deliver and surrender the underlying shares in the amount of the Erroneously-Awarded Compensation.

In the event that the Covered Person has sold the underlying shares, the Committee shall either (i) require the Covered Person to repay the Erroneously-Awarded Compensation in a lump sum in cash (or such property as the Committee agrees to accept with a value equal to such Erroneously-Awarded Compensation) reasonably promptly following the Restatement Date, or (ii) if approved by the Committee, offer to enter into a Repayment Agreement. If the Covered Person accepts such offer and signs the Repayment Agreement within a reasonable time as determined by the Committee, the Company shall countersign such Repayment Agreement.

- (d) **Repayment Agreement.** “Repayment Agreement” shall mean an agreement (in a form reasonably acceptable to the Committee) with the Covered Person for the repayment of the Erroneously-Awarded Compensation as promptly as possible without unreasonable economic hardship to the Covered Person.
  - (e) **Effect of Non-Repayment.** To the extent that a Covered Person fails to repay all Erroneously-Awarded Compensation to the Company when due (as determined in accordance with this Policy), the Company shall, or shall cause one or more other
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members of the Company to, take all actions reasonable and appropriate to recover such Erroneously-Awarded Compensation from the applicable Covered Person.

The Committee shall have broad discretion to determine the appropriate means of recovery of Erroneously-Awarded Compensation based on all applicable facts and circumstances and taking into account the time value of money and the cost to shareholders of delaying recovery. However, in no event may the Company accept an amount that is less than the amount of Erroneously-Awarded Compensation in satisfaction of a Covered Person's obligations hereunder.

#### **VI. Discretionary Recovery**

Notwithstanding anything herein to the contrary, the Company shall not be required to take action to recover Erroneously-Awarded Compensation if any one of the following conditions are met and the Committee determines that recovery would be impracticable:

- (i) The direct expenses paid to a third party to assist in enforcing this Policy against a Covered Person would exceed the amount to be recovered, after the Company has made a reasonable attempt to recover the applicable Erroneously-Awarded Compensation, documented such attempts and provided such documentation to Nasdaq;
- (ii) Recovery would violate home country law where that law was adopted prior to November 28, 2022, provided that, before determining that it would be impracticable to recover any amount of Erroneously-Awarded Compensation based on violation of home country law, the Company has obtained an opinion of home country counsel, acceptable to Nasdaq, that recovery would result in such a violation and a copy of the opinion is provided to Nasdaq; or
- (iii) Recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the Company, to fail to meet the requirements of 26 U.S.C. 401(a)(13) or 26 U.S.C. 411(a) and regulations thereunder.

#### **VII. Reporting and Disclosure Requirements**

The Company shall file all disclosures with respect to this Policy in accordance with the requirements of the federal securities laws, including the disclosure required by the applicable filings required to be made with the SEC.

#### **VIII. Effective Date**

This Policy shall be effective as of December 1, 2023. This Policy shall apply to any Incentive-Based Compensation Received on or after the Nasdaq Effective Date, even if such Incentive-Based Compensation was approved, awarded or granted to a Covered Person prior to such date.

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**IX. No Indemnification**

The Company shall not indemnify any Covered Person against the loss of Erroneously-Awarded Compensation and shall not pay, or reimburse any Covered Persons for premiums, for any insurance policy to fund such Covered Person's potential recovery obligations.

**X. Administration**

The Committee has the sole discretion to administer this Policy and ensure compliance with Nasdaq Rules and any other applicable law, regulation, rule or interpretation of the SEC or Nasdaq promulgated or issued in connection therewith. Actions of the Committee pursuant to this Policy shall be taken by the vote of a majority of its members. The Committee shall, subject to the provisions of this Policy, make such determinations and interpretations and take such actions as it deems necessary, appropriate or advisable. All determinations and interpretations made by the Committee shall be final, binding and conclusive.

**XI. Amendment; Termination**

The Committee may amend this Policy from time to time in its discretion and shall amend this Policy as it deems necessary, including as and when it determines that it is legally required by any federal securities laws, SEC rule or the rules of any national securities exchange or national securities association on which the Company's securities are then listed. The Committee may terminate this Policy at any time. Notwithstanding anything in this Section XI to the contrary, no amendment or termination of this Policy shall be effective if such amendment or termination would (after taking into account any actions taken by the Company contemporaneously with such amendment or termination) cause the Company to violate any federal securities laws, SEC rule, or the rules of any national securities exchange or national securities association on which the Company's securities are then listed.

**XII. Other Recoupment Rights; No Additional Payments**

The Committee intends that this Policy will be applied to the fullest extent of the law. The Committee may require that any employment agreement, equity award agreement or any other agreement entered into on or after the Adoption Date shall, as a condition to the grant of any benefit thereunder, require a Covered Person to agree to abide by the terms of this Policy. Any right of recoupment under this Policy is in addition to, and not in lieu of, any other rights under applicable law, regulation or rule or pursuant to the terms of any similar policy in any employment agreement, equity plan, equity award agreement or similar arrangement and any other legal remedies available to the Company. However, this Policy shall not provide for recovery of Incentive-Based Compensation that the Company has already recovered pursuant to Section 304 of the Sarbanes-Oxley Act or other recovery obligations.

**XIII. Successors**

This Policy shall be binding and enforceable against all Covered Persons and their beneficiaries, heirs, executors, administrators or other legal representatives.

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