

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2024

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)

Registrant's telephone number, including area code: (214) 974-8921

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

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, 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 Accelerated filer
Non-accelerated filer Smaller reporting company
Emerging growth company

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

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

As of November 5, 2024, the registrant had 1,364,940 shares of common stock outstanding, \$0.001 par value per share.

Arcadia Biosciences, Inc.
FORM 10-Q FOR THE QUARTER ENDED September 30, 2024
INDEX

	<u>Page</u>
Part I — Financial Information (Unaudited)	
Item 1. Condensed Consolidated Financial Statements:	1
Condensed Consolidated Balance Sheets	1
Condensed Consolidated Statements of Operations and Comprehensive Loss	2
Condensed Consolidated Statements of Stockholders' Equity	3
Condensed Consolidated Statements of Cash Flows	4
Notes to Condensed Consolidated Financial Statements	5
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	19
Item 3. Quantitative and Qualitative Disclosures About Market Risk	28
Item 4. Controls and Procedures	28
Part II — Other Information	29
Item 1. Legal Proceedings	29
Item 1A. Risk Factors	29
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	29
Item 3. Defaults Upon Senior Securities	29
Item 4. Mine Safety Disclosures	29
Item 5. Other Information	29
Item 6. Exhibits	30
SIGNATURES	31

ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

	September 30, 2024	December 31, 2023
Assets		
Current assets:		
Cash and cash equivalents	\$ 3,936	\$ 6,518
Short-term investments	2,640	5,124
Accounts receivable and other receivables, net of allowance for doubtful accounts of \$0 as of September 30, 2024 and December 31, 2023	882	506
Inventories — current	835	837
Assets held for sale	—	51
Note receivable — current	1,827	—
Prepaid expenses and other current assets	521	807
Current assets of discontinued operations — GoodWheat	70	1,129
Total current assets	<u>10,711</u>	<u>14,972</u>
Property and equipment, net	55	70
Right of use asset	306	792
Inventories — noncurrent	—	196
Intangible assets, net	39	39
Note receivable — noncurrent	3,966	—
Other noncurrent assets	164	164
Noncurrent assets of discontinued operations — GoodWheat	—	3,472
Total assets	<u>\$ 15,241</u>	<u>\$ 19,705</u>
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable and accrued expenses	\$ 1,692	\$ 1,910
Amounts due to related parties	30	58
Operating lease liability — current	346	852
Other current liabilities	260	270
Current liabilities of discontinued operations — GoodWheat	—	500
Total current liabilities	<u>2,328</u>	<u>3,590</u>
Operating lease liability — noncurrent	—	155
Common stock warrant and option liabilities	764	1,257
Other noncurrent liabilities	2,000	2,000
Total liabilities	<u>5,092</u>	<u>7,002</u>
Commitments and contingencies (Note 14)		
Stockholders' equity:		
Common stock, \$0.001 par value—150,000,000 shares authorized; 1,364,940 and 1,285,337 shares issued and outstanding as of September 30, 2024 and December 31, 2023, respectively	65	65
Additional paid-in capital	284,919	284,515
Accumulated other comprehensive income	117	101
Accumulated deficit	(274,814)	(271,840)
Total stockholders' equity	<u>10,287</u>	<u>12,841</u>
Non-controlling interest	(138)	(138)
Total stockholders' equity	<u>10,149</u>	<u>12,703</u>
Total liabilities and stockholders' equity	<u>\$ 15,241</u>	<u>\$ 19,705</u>

See accompanying notes to the unaudited condensed consolidated financial statements.

Arcadia Biosciences, Inc.
Condensed Consolidated Statements of Operations and Comprehensive Loss
(Unaudited)

(In thousands, except share and per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Revenues:				
Product	\$ 1,537	\$ 1,298	\$ 3,829	\$ 3,667
License	—	—	—	10
Total revenues	<u>1,537</u>	<u>1,298</u>	<u>3,829</u>	<u>3,677</u>
Operating expenses:				
Cost of revenues	1,032	818	2,136	1,996
Research and development	24	15	40	55
Gain on sale of intangible assets	—	—	(4,000)	—
Impairment of property and equipment	—	—	36	—
Selling, general and administrative	2,241	1,862	6,986	6,535
Total operating expenses	<u>3,297</u>	<u>2,695</u>	<u>5,198</u>	<u>8,586</u>
Loss from continuing operations	(1,760)	(1,397)	(1,369)	(4,909)
Interest income	233	133	428	538
Other income, net	15	17	168	36
Valuation loss on March 2023 PIPE	—	—	—	(6,076)
Change in fair value of common stock warrant and option liabilities	330	608	493	5,965
Issuance and offering costs allocated to liability classified options	—	—	—	(430)
Net loss from continuing operations before income taxes	(1,182)	(639)	(280)	(4,876)
Income tax provision	—	—	—	(1)
Net loss from continuing operations	(1,182)	(639)	(280)	(4,877)
Net loss from discontinued operations — Body Care	—	(83)	—	(591)
Net loss from discontinued operations — GoodWheat	(430)	(1,845)	(2,694)	(5,665)
Net loss	(1,612)	(2,567)	(2,974)	(11,133)
Net loss attributable to non-controlling interest	—	—	—	(5)
Net loss attributable to common stockholders	<u>\$ (1,612)</u>	<u>\$ (2,567)</u>	<u>\$ (2,974)</u>	<u>\$ (11,128)</u>
Net loss per share attributable to common stockholders:				
Basic and diluted from continuing operations	\$ (0.87)	\$ (0.47)	\$ (0.21)	\$ (4.08)
Basic from discontinuing operations	\$ (0.32)	\$ (1.42)	\$ (1.98)	\$ (5.24)
Net loss per basic and diluted share attributable to common stockholders	<u>\$ (1.18)</u>	<u>\$ (1.89)</u>	<u>\$ (2.18)</u>	<u>\$ (9.31)</u>
Weighted-average number of shares used in per share calculations:				
Basic and diluted	<u>1,363,753</u>	<u>1,359,511</u>	<u>1,362,754</u>	<u>1,195,354</u>
Other comprehensive income (loss), net of tax				
Unrealized gains on available-for-sale securities	\$ 36	\$ 66	\$ 117	\$ 87
Reclassification adjustment for gains on available-for-sale securities included in net loss	—	—	(111)	—
Change in unrealized gains on available-for-sale securities	<u>\$ 36</u>	<u>\$ 66</u>	<u>\$ 6</u>	<u>\$ 87</u>
Comprehensive loss	<u>\$ (1,576)</u>	<u>\$ (2,501)</u>	<u>\$ (2,968)</u>	<u>\$ (11,041)</u>

See accompanying notes to the unaudited condensed consolidated financial statements.

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

	Common Stock		Additional Paid-In	Accumulated	Accumulated Other	Non-Controlling	Total
	Shares	Amount	Capital	Deficit	Comprehensive Income	Interest	Equity
Balance at December 31, 2023	1,285,337	\$ 65	\$ 284,515	\$ (271,840)	\$ 101	\$ (138)	\$ 12,703
Issuance of shares related to March 2023 pre-funded warrants exercise	75,000	—	—	—	—	—	—
Issuance of shares related to employee stock purchase plan	2,503	—	5	—	—	—	5
Stock-based compensation	—	—	138	—	—	—	138
Unrealized gains on available-for-sale securities	—	—	—	—	60	—	60
Net loss	—	—	—	(2,423)	—	—	(2,423)
Balance at March 31, 2024	1,362,840	\$ 65	\$ 284,658	\$ (274,263)	\$ 161	\$ (138)	\$ 10,483
Stock-based compensation	—	—	102	—	—	—	102
Change in unrealized gains on available-for-sale securities	—	—	—	—	(80)	—	(80)
Net income	—	—	—	1,061	—	—	1,061
Balance at June 30, 2024	1,362,840	\$ 65	\$ 284,760	\$ (273,202)	\$ 81	\$ (138)	\$ 11,566
Issuance of shares related to employee stock purchase plan	2,100	—	4	—	—	—	4
Stock-based compensation	—	—	155	—	—	—	155
Change in unrealized gains on available-for-sale securities	—	—	—	—	36	—	36
Net loss	—	—	—	(1,612)	—	—	(1,612)
Balance at September 30, 2024	1,364,940	\$ 65	\$ 284,919	\$ (274,814)	\$ 117	\$ (138)	\$ 10,149

	Common Stock		Additional Paid-In	Accumulated	Accumulated Other	Non-Controlling	Total
	Shares	Amount	Capital	Deficit	Comprehensive Income	Interest	Equity
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 employee stock purchase plan	88	—	5	—	—	—	5
Issuance of shares related to reverse stock split	19,092	—	—	—	—	—	—
Stock-based compensation	—	—	212	—	—	—	212
Net loss	—	—	—	(9,384)	—	—	(9,384)
Balance at March 31, 2023	857,572	\$ 65	\$ 284,003	\$ (267,243)	\$ —	\$ (133)	\$ 16,692
Issuance of shares related to March 2023 pre-funded warrants exercise	250,834	—	—	—	—	—	—
Issuance of shares related to reverse stock split	26	—	—	—	—	—	—
Stock-based compensation	—	—	199	—	—	—	199
Unrealized gains on available-for-sale securities	—	—	—	—	21	—	21
Net income	—	—	—	823	—	(5)	818
Balance at June 30, 2023	1,108,432	\$ 65	\$ 284,202	\$ (266,420)	\$ 21	\$ (138)	\$ 17,730
Issuance of shares related to employee stock purchase plan	1,905	—	7	—	—	—	7
Stock-based compensation	—	—	162	—	—	—	162
Unrealized gains on available-for-sale securities	—	—	—	—	66	—	66
Net loss	—	—	—	(2,567)	—	—	(2,567)
Balance at September 30, 2023	1,110,337	\$ 65	\$ 284,371	\$ (268,987)	\$ 87	\$ (138)	\$ 15,398

See accompanying notes to the unaudited condensed consolidated financial statements.

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

	Nine Months Ended September 30,	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (2,974)	\$ (11,133)
Adjustments to reconcile net loss to cash used in operating activities:		
Change in fair value of common stock warrant and option liabilities	(493)	(5,965)
Issuance and offering costs allocated to liability classified options	—	430
Valuation loss on March 2023 PIPE	—	6,076
Depreciation	92	227
Lease amortization	502	535
Amortization of note receivable discount	(90)	—
Gain on disposal of property and equipment	(65)	(36)
Gain on sale of RS durum wheat trait	(4,000)	—
Stock-based compensation	395	573
Write-down of inventories	154	444
Impairment of property and equipment	36	—
Changes in operating assets and liabilities:		
Accounts receivable and other receivables	(445)	249
Inventories	620	(1,388)
Prepaid expenses and other current assets	287	(284)
Other noncurrent assets	—	(13)
Accounts payable and accrued expenses	(719)	(300)
Amounts due to related parties	(29)	(2)
Other current liabilities	(11)	11
Operating lease liabilities	(678)	(573)
Net cash used in operating activities	(7,418)	(11,149)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of property and equipment	342	42
Proceeds from sale of Verdeca — earn-out received	—	569
Proceeds from sale of investments	2,501	—
Proceeds from sale of RS durum wheat trait	4,000	—
Cash paid related to sale of GoodWheat	(2,000)	—
Purchases of property and equipment	(16)	(5)
Purchases of investments	—	(5,002)
Net cash provided by (used in) investing activities	4,827	(4,396)
CASH FLOWS FROM FINANCING ACTIVITIES:		
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 ESPP purchases	9	12
Net cash provided by financing activities	9	5,512
Net decrease in cash and cash equivalents	(2,582)	(10,033)
Cash and cash equivalents — beginning of period	6,518	20,644
Cash and cash equivalents — end of period	\$ 3,936	\$ 10,611
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
NONCASH INVESTING AND FINANCING ACTIVITIES:		
Common stock options issued to placement agent and included in offering costs related to March 2023 PIPE	\$ —	\$ 212
Warrant and option modifications included in Valuation loss on March 2023 PIPE	\$ —	\$ 404
Right of use assets obtained in exchange for new operating lease liabilities	\$ 86	\$ —
Note receivable recognized from sale of GoodWheat	\$ 5,705	\$ —

See accompanying notes to the unaudited condensed consolidated financial statements.

Arcadia Biosciences, Inc.
Notes to Condensed Consolidated Financial Statements
(Unaudited)

1. Description of Business and Basis of Presentation

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. The Company was reincorporated in Delaware in March 2015.

Since acquiring the assets of Live Zola, LLC ("Zola") in May 2021, the Company has provided consumers with a great tasting way to rehydrate, reset, and reenergize with Zola coconut water products. The company has leveraged its history as a leader in science-based approaches to develop high value products and drive innovation in the consumer goods industry. Previously, the Company developed products primarily in wheat, which it commercialized through the sales of seed, grain and food ingredients and products, and through trait licensing and royalty agreements.

On May 16, 2024, the Company sold the GoodWheat™ brand to Above Food Ingredients Corp. ("Above Food") for net consideration of \$3.7 million. Refer to Note 6 for details of the transaction.

On May 14, 2024, the Company sold its non-GMO Resistant Starch ("RS") durum wheat trait to longtime partner Corteva AgriScience ("Corteva"). Under the terms of the agreement, Arcadia retained certain rights to use the RS durum wheat trait. The Company received \$4.0 million in cash payment from Corteva during the nine months ended September 30, 2024 and recorded a gain of the same amount as the trait had no carrying value on the condensed consolidated statement of operations and comprehensive loss related to the transaction. Refer to Note 8 for details of the partnership and transaction.

In May 2021, the Company's wholly owned subsidiary Arcadia Wellness, LLC ("Arcadia Wellness" or "AW") acquired the businesses of Eko Holdings, LLC, Lief, LLC, 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 was Zola, a coconut water sourced exclusively with sustainably grown coconuts from Thailand. In July 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 during the third quarter of 2023.

In August 2019, the Company entered into a joint venture agreement with Legacy Ventures Hawaii, LLC ("Legacy," see Note 7) 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 was 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 condensed consolidated statements of operations and comprehensive loss. The Company received the full payment of \$2.0 million as of December 31, 2023.

Basis of Presentation and Principles of Consolidation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP") for interim financial statements and are in the form prescribed by the Securities and Exchange Commission (the "SEC") in instructions to Form 10-Q and Rule 10-01 of Regulation S-X. In the opinion of management, the accompanying condensed consolidated financial statements reflect all adjustments, consisting of normal recurring adjustments, considered necessary for a fair statement of the Company's financial position, results of operations and cash flows for the periods indicated. All material intercompany accounts and transactions have been eliminated in consolidation. The accompanying unaudited condensed consolidated financial statements include the accounts of the Company, Arcadia Wellness, and Archipelago.

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 condensed 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. The non-controlling partner's equity interests are presented as non-controlling interests on the condensed consolidated balance sheets.

The information included in these condensed consolidated financial statements and notes thereto should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations included herein and Management's Discussion and Analysis of Financial Condition and Results of Operations and the condensed consolidated financial statements and notes thereto for the fiscal year ended December 31, 2023 included in the Company's Annual Report on Form 10-K, filed with the SEC on March 28, 2024.

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 GoodWheat and body care brands reported as discontinued operations, see "Discontinued Operations" section below. Unless otherwise noted, amounts and disclosures throughout these notes to condensed consolidated financial statements relate solely to continuing operations and exclude all discontinued operations.

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 condensed 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 condensed 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 financings. As of September 30, 2024, the Company had an accumulated deficit of \$274.8 million, cash and cash equivalents of \$3.9 million, short-term investments of \$2.6 million and current note receivable of \$1.8 million. For the nine months ended September 30, 2024, the Company had net loss of \$3.0 million and net cash used in operations of \$7.4 million. For the twelve months ended December 31, 2023, the Company had net losses of \$14.0 million and net cash used in operations of \$15.3 million.

With cash and cash equivalents of \$3.9 million, short-term investments of \$2.6 million and current note receivable of \$1.8 million as of September 30, 2024, the Company believes that its existing cash, cash equivalents and short-term investments will not be sufficient to meet its anticipated cash requirements for at least the next 12-18 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

On May 16, 2024, the Company sold the GoodWheat brand to Above Food. GoodWheat operations ceased during the second quarter of 2024.

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 during the third quarter of 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 condensed consolidated balance sheets and the results of the discontinued operations as separate components on the condensed consolidated statements of operations and comprehensive loss for all periods presented.

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

(In thousands)	GoodWheat		Body Care	
	September 30, 2024	December 31, 2023	September 30, 2024	December 31, 2023
Assets				
Accounts receivable and other receivables	\$ 70	\$ 8	\$ —	\$ —
Inventories, net — current	—	1,121	—	—
Property and equipment, net	—	314	—	—
Inventories, net — noncurrent	—	3,158	—	—
Total assets	\$ 70	\$ 4,601	\$ —	\$ —
Liabilities				
Accounts payable and accrued expenses	\$ —	\$ 500	\$ —	\$ —
Total liabilities	\$ —	\$ 500	\$ —	\$ —

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

(In thousands)	GoodWheat				Body Care			
	Three Months Ended September 30,		Nine Months Ended September 30,		Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023	2024	2023	2024	2023
Product revenue	\$ (76)	\$ 300	\$ 372	\$ 484	\$ —	\$ 37	\$ —	\$ 373
Cost of revenues	—	(285)	(691)	(634)	—	(34)	—	(313)
Research and development	—	(291)	(400)	(1,000)	—	—	—	—
(Loss) Gain on sale of property and equipment	(24)	11	65	36	—	—	—	—
Selling, general and administrative	(330)	(1,580)	(2,040)	(4,551)	—	(86)	—	(651)
Net loss from discontinued operations	<u>\$ (430)</u>	<u>\$ (1,845)</u>	<u>\$ (2,694)</u>	<u>\$ (5,665)</u>	<u>\$ —</u>	<u>\$ (83)</u>	<u>\$ —</u>	<u>\$ (591)</u>

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

(In thousands)	GoodWheat		Body Care	
	Nine Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Depreciation	\$ 37	\$ 109	\$ —	\$ 24
Gain on disposal of property and equipment	\$ (65)	\$ (36)	\$ —	\$ —
Write-down of inventories	\$ —	\$ 275	\$ —	\$ —
Accounts receivable and other receivables	\$ (78)	\$ —	\$ —	\$ (99)
Inventories	\$ 575	\$ (1,975)	\$ —	\$ 250
Prepaid expenses and other current assets	\$ —	\$ —	\$ —	\$ 14
Accounts payable and accrued expenses	\$ (500)	\$ 144	\$ —	\$ 5
Proceeds from sale of property and equipment	\$ 342	\$ 37	\$ —	\$ —

There were no other operating or investing non-cash items for the nine months ended September 30, 2024 and 2023.

2. Recent Accounting Pronouncements

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. The Company is currently evaluating the impact of this update on our segment disclosures.

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. The Company is currently evaluating the impact of this update on our income tax disclosures.

3. 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 a write-down of \$154,000 related to hemp and GoodWheat seed during the three and nine months ended September 30, 2024. The Company recorded inventory write-downs of \$252,000 and \$444,000 related to packaging materials, hemp seed and GoodWheat during the three and nine months ended September 30, 2023, respectively. 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):

	September 30, 2024	December 31, 2023
Raw materials	\$ 450	\$ 373
Finished goods	385	660
Inventories	<u>\$ 835</u>	<u>\$ 1,033</u>

4. Property and Equipment, Net

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

	September 30, 2024	December 31, 2023
Software and computer equipment	\$ 291	\$ 349
Machinery and equipment	—	34
Furniture and fixtures	32	39
Leasehold improvements	1,584	1,590
Property and equipment, gross	<u>1,907</u>	<u>2,012</u>
Less: accumulated depreciation and amortization	<u>(1,852)</u>	<u>(1,942)</u>
Property and equipment, net	<u>\$ 55</u>	<u>\$ 70</u>

Depreciation expense was \$7,000 and \$92,000 for the three and nine months ended September 30, 2024, respectively. Depreciation expense was \$89,000 and \$227,000 for the three and nine months ended September 30, 2023, respectively.

During the three and nine months ended September 30, 2024 and 2023, there were no sales of property and equipment from continuing operations.

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 condensed consolidated balance sheet as assets held for sale.

Property and equipment related to Archipelago of \$51,000 were classified as assets held for sale as of December 31, 2023. During the first quarter of 2024, the Company recorded an impairment of \$36,000 related to these assets. During the second quarter of 2024, all Archipelago property and equipment previously held for sale were sold.

5. Investments and Fair Value Instruments

Available-for-Sale Investments

The Company classified short-term investments as “available-for-sale.” These short-term investments are free of trading restrictions. 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 condensed consolidated balance sheets. Gains and losses are recognized when realized in the condensed consolidated statements of operations and comprehensive loss.

The following tables summarize the amortized cost and fair value of the investment securities portfolio at September 30, 2024 and December 31, 2023 and the corresponding amounts of unrealized gains and losses recognized in accumulated other comprehensive income:

<i>(Dollars in thousands)</i>	<u>Amortized Cost</u>	<u>Unrealized Gains</u>	<u>Unrealized Losses</u>	<u>Estimated Fair Value</u>
September 30, 2024				
Cash equivalents:				
Money market funds	\$ 2,770	\$ —	\$ —	\$ 2,770
Short-term investments:				
Treasury bills	2,523	117	—	2,640
Total Assets at Fair Value	<u>\$ 5,293</u>	<u>\$ 117</u>	<u>\$ —</u>	<u>\$ 5,410</u>
<i>(Dollars in thousands)</i>	<u>Amortized Cost</u>	<u>Unrealized Gains</u>	<u>Unrealized Losses</u>	<u>Estimated Fair Value</u>
December 31, 2023				
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>

The Company did not have any investment categories that were in a continuous unrealized loss position for more than twelve months as of September 30, 2024.

Fair Value Measurement

The fair value of the investment securities at September 30, 2024 were as follows:

<i>(Dollars in thousands)</i>	Fair Value Measurements at September 30, 2024			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets at Fair Value				
Cash equivalents:				
Money market funds	\$ 2,770	\$ —	\$ —	\$ 2,770
Short-term investments:				
Treasury bills	2,640	—	—	2,640
Total Assets at Fair Value	<u>\$ 5,410</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 5,410</u>

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			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets at Fair Value				
Cash equivalents:				
Money market funds	\$ 4,925	\$ —	\$ —	\$ 4,925
Short-term investments:				
Treasury bills	5,124	—	—	5,124
Total Assets at Fair Value	<u>\$ 10,049</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 10,049</u>

The Company uses the market approach technique to value its financial instruments and there were no changes in valuation techniques during 2024 or 2023. The Company's financial instruments consist primarily of cash and cash equivalents, short-term investments, accounts receivable and other receivables, note receivable, 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 September 30, 2024 and December 31, 2023 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 note receivable is recorded at amortized cost. The amortized cost of the note receivable is considered approximate fair value due to its variable interest rate.

The Company's Level 3 liabilities consist of a contingent liability resulting from the Anawah, Inc. ("Anawah") acquisition as described in Note 14, as well as preferred investment options related to the March 2023 Private Placement and August 2022 Registered Direct offerings described in Note 10.

The contingent liability related to the Anawah acquisition was measured and recorded on a recurring basis as of September 30, 2024 and December 31, 2023, 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 as of September 30, 2024 and December 31, 2023:

	March 2023 Options - Series A & March 2023 Placement Agent Options		March 2023 Options - Series B		August 2022 Options & August 2022 Placement Agent Options	
	September 30, 2024	December 31, 2023	September 30, 2024	December 31, 2023	September 30, 2024	December 31, 2023
Remaining term (in years)	3.40	4.16	—	0.61	2.92	3.67
Expected volatility	86.9%	91.7%	—	78.7%	91.8%	90.5%
Risk-free interest rate	3.6%	3.9%	—	5.2%	3.6%	4.0%
Expected dividend yield	0%	0%	—	0%	0%	0%

The significant input used in the fair value measurement of the Company's Level 3 options 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 assets and liabilities, as well as a summary of the changes in the fair value and other adjustments (in thousands):

	March 2023 Options - Series A	March 2023 Options - Series B	March 2023 Placement Agent Options	August 2022 Options	August 2022 Placement Agent Options	Note Receivable Bifurcated Derivatives	Contingent Liabilities	Total
<i>(Dollars in thousands)</i>								
Balance as of December 31, 2023	\$ 1,008	\$ 41	\$ 46	\$ 159	\$ 3	\$ —	\$ 2,000	\$ 3,257
Initial recognition	—	—	—	—	—	250	—	250
Change in fair value	(378)	(41)	(19)	(53)	(2)	—	—	(493)
Balance as of September 30, 2024	\$ 630	\$ —	\$ 27	\$ 106	\$ 1	\$ 250	\$ 2,000	\$ 3,014

6. Note Receivable

On May 16, 2024, the Company sold the GoodWheat brand to Above Food for net consideration of \$3.7 million. The assets sold consisted primarily of grain and finished goods inventories, formulations and trademarks. A loss of \$1,500 was recognized in the condensed consolidated statements of operations and comprehensive loss during the nine months ended September 30, 2024, related to the sale.

In connection with the transaction, Arcadia paid to Above Food \$2.0 million and received a \$6.0 million promissory note dated May 14, 2024. The promissory note has a term of three years and accrues interest at the Wall Street Journal prime rate. On each of the first, second and third anniversaries of the promissory note, accrued interest and \$2.0 million of principal are payable to Arcadia. The promissory note contains contingent features, including an option that requires Above Food to cause its parent entity, Above Food Ingredients Inc. (“Parent Company”), to issue to the Company publicly traded stock of Parent Company in exchange for the cancellation of a portion of the principal of the promissory note, as well as default provisions.

The Company accounted for the promissory note as a note receivable in accordance with ASC 310. The Company did not elect the fair value option and since the Company intends to and has the ability to hold the promissory note to maturity, it has been classified as held for investment and is reported on the condensed consolidated balance sheet at amortized cost. The first installment payment due in 2025 is classified as current and the remaining installment payments due in 2026 and 2027 are classified as noncurrent on the condensed consolidated balance sheet.

The contingent features of the promissory note were evaluated for bifurcation in accordance with ASC 815. The contingent features requiring bifurcation had an estimated fair value of \$250,000 as of the transaction date and as of September 30, 2024. The estimated fair value of the contingent features is reported in note receivable – noncurrent on the condensed consolidated balance sheet as of September 30, 2024. The promissory note was recorded at a discount of \$545,000, which is being amortized over the term of the promissory note using the effective interest method. The Company recognized discount amortization of \$60,000 and \$89,000 in the condensed consolidated statements of operations and comprehensive loss during the three and nine months ended September 30, 2024, respectively. The Company recognized accrued interest of \$126,000 and \$193,000 in the condensed consolidated statements of operations and comprehensive loss during the three and nine months ended September 30, 2024, respectively.

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 September 30, 2024, 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 condensed consolidated financial statements after eliminating intercompany transactions. Legacy’s equity interests are presented as non-controlling interests on the condensed consolidated balance sheets. Refer to Note 1 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.

8. Collaborative Arrangements

In August 2017, the Company entered into a collaborative arrangement for the research, development and commercialization of our non-GMO RS durum wheat trait in North America. This collaborative arrangement was a contractual agreement with Corteva and involved a joint operating activity where both Arcadia and Corteva were active participants in the activities of the collaboration. Arcadia and Corteva participated in the research and development, and Arcadia had the primary responsibility for the intellectual property strategy while Corteva generally led the marketing and commercialization efforts. Both parties were exposed to significant risks and rewards of the collaboration and the agreement included both cost sharing and profit sharing. The activities were performed with no guarantee of either technological or commercial success.

The Company accounted 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.

On May 14, 2024, the Company sold its RS durum wheat trait to Corteva. Under the terms of the agreement, Arcadia retained certain rights to use the RS durum wheat trait. The Company received \$4.0 million in cash payment from Corteva during the nine months ended September 30, 2024 and recorded a gain of the same amount as the trait had no carrying value on the condensed consolidated statement of operations and comprehensive loss related to the transaction.

9. Leases

Operating Leases

As of September 30, 2024, the Company leases office space in Dallas, TX, Davis and Sacramento, CA, 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.

Some leases (the Dallas and Davis offices, a warehouse, and a copy machine) 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. In January 2024, the Company exercised its option to renew the facility lease in American Falls, Idaho for one year through December 31, 2024. The lease renewal resulted in recognition of additional right-of-use asset and lease liability of \$86,000 on the condensed consolidated balance sheet. The Company subsequently terminated the facility lease in American Falls, Idaho effective July 2024.

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):

Leases	Classification	September 30, 2024	December 31, 2023
Assets			
Operating lease assets	Right of use asset	\$ 306	\$ 792
Total leased assets		\$ 306	\$ 792
Liabilities			
Current - Operating	Operating lease liability- current	\$ 346	\$ 852
Noncurrent - Operating	Operating lease liability- noncurrent	—	155
Total leased liabilities		\$ 346	\$ 1,007

Lease Cost	Classification	Three Months Ended September 30, 2024	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
Operating lease cost	SG&A and R&D Expenses	\$ 172	\$ 191	\$ 678	\$ 572
Short term lease cost	SG&A Expenses	3	3	10	10
Sublease income (1)	SG&A and R&D Expenses	(142)	(111)	(404)	(329)
Net lease cost		\$ 33	\$ 83	\$ 284	\$ 253

(1) Sublease income is recorded as a reduction to lease expense.

Lease Term and Discount Rate	September 30, 2024	December 31, 2023
Weighted-average remaining lease term (years)	0.7	2.3
Weighted-average discount rate	6.5%	6.0%

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 were fully exercised as of September 30, 2024. 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 were exercisable at any time at the option of the holder and expire 1.5 years from the date of issuance. As of September 30, 2024, the March 2023 Options - Series B expired.

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 condensed 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 September 30, 2024 with the changes recorded on the Company’s condensed 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 condensed 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.

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 September 30, 2024 and December 31, 2023, 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, 2023	Outstanding at December 31, 2023	Exercised during the Nine Months Ended September 30, 2024	Outstanding at September 30, 2024
March 2023 Pre-Funded Warrants	March 2023	perpetual	\$ —	(425,834)	75,000	(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)	—	—	—
January 2021 Placement Agent Warrants	January 2021	5.5 years	\$ 159.60	—	9,846	—	9,846
December 2020 Warrants (2)	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 (2)	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 (2)	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
September 2019 Placement Agent Warrants (3)	September 2019	5 years	\$ 379.20	—	1,649	—	—
June 2019 Placement Agent Warrants (3)	June 2019	5 years	\$ 251.60	—	1,862	—	—
April 2019 Service and Performance Warrants (1) (3)	April 2019	5 years	\$ 247.20	—	3,629	—	—
January 2021 Warrants (2)	January 2021	5.5 years	\$ 9.00	—	7,831	—	7,831
January 2021 Warrants	January 2021	5.5 years	\$ 125.20	—	90,629	—	90,629
September 2019 Warrants (2)	September 2019	5.5 years	\$ 9.00	—	9,892	—	9,892
September 2019 Warrants	September 2019	5.5 years	\$ 300.80	—	6,594	—	6,594
June 2019 Warrants	June 2019	5.5 years	\$ 200.00	—	10,896	—	10,896
Total				(482,647)	341,957	(75,000)	259,817

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

(3) These warrants expired during the nine months ended September 30, 2024.

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 condensed 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, 2023	Outstanding at December 31, 2023	Exercised during the Nine Months Ended September 30, 2024	Outstanding at September 30, 2024
March 2023 Options - Series A	March 2023	5 years	\$ 9.00	—	666,334	—	666,334
March 2023 Options - Series B (2)	March 2023	1.5 years	\$ 9.00	—	666,334	—	—
March 2023 Placement Agent Options	March 2023	5 years	\$ 11.25	—	33,317	—	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				—	1,489,952	—	823,618

(1) These options were repriced as part of the March 2023 Private Placement offering.

(2) These warrants expired during the nine months ended September 30, 2024.

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 maximum number of shares that may be awarded to any individual employee, including our directors and officers, during any calendar year was 9,375 shares. 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.

On June 25, 2024, the shareholders approved an amendment to the Company’s 2015 Plan that increased the number of shares of common stock that may be issued under the 2015 Plan by 200,000 shares and increased the maximum number of shares of common stock issuable to employees, including our officers and directors, in any fiscal year from 9,375 shares to 50,000 shares. On February 2, 2022, former president and chief executive officer of the Company, Stanley Jacot, Jr. was hired. 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 filed a registration statement on Form S-8 to register the issuance of shares upon exercise of this inducement stock option. The inducement options grants were issued outside of the 2015 Plan, but are subject to the terms and conditions of the 2015 Plan. As of September 30, 2024, a total of 338,248 shares of common stock were reserved for issuance under the 2015 Plan, of which 127,725 shares of common stock are available for future grant. As of September 30, 2024, a total of 102 and 210,523 options are outstanding under the 2006 and 2015 Plans, respectively. As of December 31, 2023, a total of 102 and 71,609 options were outstanding under the 2006 and 2015 Plans, respectively. A total of 6,949 and 8,366 inducement options were outstanding as of September 30, 2024 and December 31, 2023, 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, 2023	80,078	\$ 85.30	\$ —
Options granted	158,000	2.71	—
Options forfeited	(7,927)	19.08	\$ 397
Options expired	(12,576)	170.08	—
Outstanding — Balance at September 30, 2024	<u>217,575</u>	\$ 22.83	\$ 3,140
Vested and expected to vest — September 30, 2024	<u>198,542</u>	\$ 24.68	\$ 2,778
Exercisable — September 30, 2024	<u>50,515</u>	\$ 84.37	\$ —

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 September 30, 2024, there was \$524,000 of unrecognized compensation cost related to unvested stock-based compensation grants that will be recognized over the weighted-average remaining recognition period of 1.4 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:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Expected term (years)	8.04	—	8.04	7.06
Expected volatility	101.31 %	—	101.31 %	124 %
Risk-free interest rate	3.77 %	—	3.77 %	3.61 %
Dividend yield	—	—	—	—

The Company recognized \$155,000 and \$395,000 of compensation expense for stock options awards during the three and nine months ended September 30, 2024, respectively. The Company recognized \$162,000 and \$573,000 of compensation expense for stock options awards during the three and nine months ended September 30, 2023, 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 September 30, 2024, the number of shares of common stock reserved for future issuance under the ESPP is 3,209. The ESPP provides for automatic annual increases in the shares available for purchase beginning on January 1, 2016. As of September 30, 2024, 8,073 shares had been issued under the ESPP. The Company recorded \$2,000 and \$6,000 of ESPP related compensation expense during the three and nine months ended September 30, 2024, respectively. The Company recorded \$7,000 and \$12,000 of ESPP related compensation expense during the three and nine months ended September 30, 2023, respectively.

13. Income Taxes

Income tax expense during interim periods is based on applying an estimated annual effective income tax rate to year-to-date income, plus any significant unusual or infrequently occurring items that are recorded in the interim period. The computation of the annual estimated effective tax rate at each interim period requires certain estimates and significant judgment including, but not limited to, the expected operating income for the year, projections of the proportion of income earned and taxed in various jurisdictions, permanent and temporary differences, and the likelihood of recovering deferred tax assets generated in the current year. The accounting estimates used to compute the provision for income taxes may change as new events occur, more experience is obtained, additional information becomes known, or as the tax environment changes.

The interim financial statement provision for income taxes is different from the amounts computed by applying the United States federal statutory income tax rate of 21%. The Company's effective tax rate was 0.00% for each of the three and nine months ended September 30, 2024 and 2023. The difference between the effective tax rate and the federal statutory rate of 21% was primarily due to the full valuation allowance recorded on the Company's net deferred tax assets.

During the nine months ended September 30, 2024, there were no material changes to the Company's uncertain tax positions.

In February 2023, the Company received notification from the Internal Revenue Service ("IRS") that our Archipelago joint venture was selected for audit for the 2021 tax year. The Company received the IRS Notice of Proposed Partnership Adjustment during the third quarter of 2024 and accepted the adjustments. The Company is now awaiting the IRS Final Partnership Adjustment ("FPA"). Reception of the FPA will start a 45-day clock on making the push out election, to push the audit adjustments to the partners. Upon conclusion of the audit, Arcadia expects to adjust their balance of available tax net operating losses and have no penalties or interest due. The Company is currently not under audit for state purposes.

14. Commitments and Contingencies

Leases

The Company leases office and warehouse space 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. The Company also leases land for field trials on a short-term basis. See Note 9.

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 September 30, 2024, 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 condensed consolidated balance sheet as an other noncurrent liability.

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.

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.

15. 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 and warrants. 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):

	Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2024	2023	2024	2023
Options to purchase common stock	217,575	84,058	217,575	84,058
Warrants to purchase common stock	259,817	266,957	259,817	266,957
Preferred investment options	823,618	1,489,952	823,618	1,489,952
Total	1,301,010	1,840,967	1,301,010	1,840,967

16. 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 stockholder, 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 \$30,000 and \$58,000 as of September 30, 2024 and December 31, 2023, respectively, and are included in the condensed consolidated balance sheets as amounts due to related parties.

ITEM 2. 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 unaudited condensed 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 and those discussed in the section titled "Risk Factors" included in the most recent Annual Report on Form 10-K filed by the Company. 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

Since acquiring the assets of Live Zola, LLC ("Zola") in May 2021, the Company has provided consumers with a great tasting way to rehydrate, reset, and reenergize with Zola coconut water products. The company has leveraged its history as a leader in science-based approaches to develop high value products and drive innovation in the consumer goods industry. Previously, the Company developed products primarily in wheat, which it commercialized through the sales of seed, grain and food ingredients and products, and through trait licensing and royalty agreements.

On May 16, 2024, the Company sold the GoodWheat™ brand to Above Food Ingredients Corp. ("Above Food") for net consideration of \$3.7 million. Refer to Note 6 to the condensed consolidated financial statements for further details of the transaction.

On May 14, 2024, the Company sold its non-GMO Resistant Starch ("RS") durum wheat trait to longtime partner Corteva AgriScience ("Corteva"). Under the terms of the agreement, Arcadia retained certain rights to use the RS durum wheat trait. The Company received \$4.0 million in cash payment from Corteva during the nine months ended September 30, 2024 and recorded a gain of the same amount as the trait had no carrying value on the condensed consolidated statement of operations and comprehensive loss related to the transaction. Refer to Note 8 to the condensed consolidated financial statements for further details of the partnership and transaction.

In May 2021, the Company's wholly owned subsidiary Arcadia Wellness, LLC ("Arcadia Wellness" or "AW") acquired the businesses of Eko Holdings, LLC, Lief, LLC, 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 was Zola, a coconut water sourced exclusively with sustainably grown coconuts from Thailand. In July 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 during the third quarter of 2023.

Our Growth Strategy

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

- **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.
- **Monetization of our wheat trait portfolio.** Our proprietary intellectual property ("IP") with multiple non-GMO wheat traits have clear functional benefits, which we utilized to launch the GoodWheat brand into multiple categories. We believe our wheat provides a compelling point of difference and we will continue to evaluate ways to extract value from our proprietary technology.
- **Evaluate M&A opportunities.** We intend to evaluate potential asset sales, mergers, acquisitions and other strategic opportunities.

Our Product Portfolio

Zola Coconut Water

Founded in 2002, Zola became part of the Arcadia family of brands in May 2021. Sourced from Thailand, Zola is a pure, natural, 100% coconut water with a crisp, clean taste that's slightly sweet and refreshing. Naturally hydrating and rich in electrolytes, Zola is Non-GMO Project Verified and only contains 60 calories per serving. In taste tests, Zola beat competitors 2 to 1 and is the best tasting way to rehydrate, reset and reenergize. Zola flavors include original, original with pulp, and espresso, and in May 2024, we added lime and pineapple.

Wheat Traits

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.

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.

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.

Discontinued Operations

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

Components of Our Statements of Operations Data

Revenues

Product revenues

Product revenues consist primarily of sales of 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.

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.

Operating Expenses

Cost of revenues

Cost of revenues primarily relates to the sale of Zola products and consists primarily of product and freight costs. Adjustments or write-downs to inventory are also included in cost of revenues.

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 intangible assets

Gain on sale of intangible assets consists of the gain on sale of our RS durum wheat trait to Corteva.

Impairment of property and equipment

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

Interest income

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

Other income, net

Other income, net consists of miscellaneous income net of miscellaneous losses.

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.

Net loss from discontinued operations

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

Results of Operations

Comparison of the Three Months Ended September 30, 2024 and 2023

	Three Months Ended September 30,		\$ Change	% Change
	2024	2023		
	(In thousands except percentage)			
Revenues:				
Product	\$ 1,537	\$ 1,298	\$ 239	18%
License	—	—	—	0%
Total revenues	1,537	1,298	239	18%
Operating expenses:				
Cost of revenues	1,032	818	214	26%
Research and development	24	15	9	60%
Selling, general and administrative	2,241	1,862	379	20%
Total operating expenses	3,297	2,695	602	22%
Loss from continuing operations	(1,760)	(1,397)	(363)	(26)%
Interest income	233	133	100	75%
Other income, net	15	17	(2)	(12)%
Change in fair value of common stock warrant and option liabilities	330	608	(278)	(46)%
Net loss from continuing operations before income taxes	(1,182)	(639)	(543)	85%
Income tax provision	—	—	—	0%
Net loss from continuing operations	(1,182)	(639)	(543)	85%
Net loss from discontinued operations — Body Care	—	(83)	83	(100)%
Net loss from discontinued operations — GoodWheat	(430)	(1,845)	1,415	(77)%
Net loss	(1,612)	(2,567)	955	(37)%
Net loss attributable to non-controlling interest	—	—	—	0%
Net loss attributable to common stockholders	\$ (1,612)	\$ (2,567)	\$ 955	(37)%

Revenues

Product revenues accounted for 100% of total revenues during the three months ended September 30, 2024. Product revenues increased \$239,000, or 18%, during the three months ended September 30, 2024 compared to the same period in 2023 driven by an increase in Zola sales.

Cost of revenues

Cost of revenues increased by \$214,000, or 26%, during the three months ended September 30, 2024 compared to the same period in 2023 driven by higher revenues and input costs.

Research and development

Research and development expenses increased by \$9,000, or 60%, during the three months ended September 30, 2024 compared to the same period in 2023.

Selling, general, and administrative

Selling, general, and administrative expenses increased by \$379,000, or 20%, during the three months ended September 30, 2024 compared to the same period in 2023 primarily driven by employee severance expenses related to the change in management.

Interest income

During the three months ended September 30, 2024, the Company recognized interest income of \$233,000, of which \$186,000 was related to discount amortization and accrued interest on the promissory note from Above Food. The remaining difference was related to interest from investments. During the three months ended September 30, 2023, the Company recognized interest income of \$133,000 from investments.

Other income, net

During the three months ended September 30, 2024 and 2023, the Company recognized other income of \$15,000 and \$17,000, respectively.

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 resulted in a gain of \$330,000 and \$608,000 during the three months ended September 30, 2024 and 2023, respectively, 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.

Net loss from discontinued operations

Net loss from discontinued operations for Body Care was \$83,000 during the three months ended September 30, 2023. Net loss from discontinued operations for GoodWheat was \$430,000 and \$1.8 million during the three months ended September 30, 2024 and 2023, respectively. See Note 1 to the condensed consolidated financial statements for further information on discontinued operations.

Comparison of the Nine Months Ended September 30, 2024 and 2023

	Nine Months Ended September 30,		\$ Change	% Change
	2024	2023		
	(In thousands except percentage)			
Revenues:				
Product	\$ 3,829	\$ 3,667	\$ 162	4%
License	—	10	(10)	(100)%
Total revenues	3,829	3,677	152	4%
Operating expenses:				
Cost of revenues	2,136	1,996	140	7%
Research and development	40	55	(15)	(27)%
Gain on sale of intangible assets	(4,000)	—	(4,000)	100%
Impairment of property and equipment	36	—	36	(100)%
Selling, general and administrative	6,986	6,535	451	7%
Total operating expenses	5,198	8,586	(3,388)	(39)%
Loss from continuing operations	(1,369)	(4,909)	3,540	(72)%
Interest income	428	538	(110)	(20)%
Other income, net	168	36	132	367%
Valuation loss on March 2023 PIPE	—	(6,076)	6,076	(100)%
Change in fair value of common stock warrant and option liabilities	493	5,965	(5,472)	(92)%
Issuance and offering costs allocated to liability classified options	—	(430)	430	(100)%
Net loss from continuing operations before income taxes	(280)	(4,876)	4,596	(94)%
Income tax provision	—	(1)	1	(100)%
Net loss from continuing operations	(280)	(4,877)	4,597	(94)%
Net loss from discontinued operations — Body Care	—	(591)	591	(100)%
Net loss from discontinued operations — GoodWheat	(2,694)	(5,665)	2,971	(52)%
Net loss	(2,974)	(11,133)	8,159	(73)%
Net loss attributable to non-controlling interest	—	(5)	5	(100)%
Net loss attributable to common stockholders	\$ (2,974)	\$ (11,128)	\$ 8,154	(73)%

Revenues

Product revenues accounted for 100% of total revenues during the nine months ended September 30, 2024. Product revenues increased \$162,000, or 4%, during the nine months ended September 30, 2024 compared to the same period in 2023 driven by an increase in Zola sales.

Cost of revenues

Cost of revenues increased by \$140,000, or 7%, during the nine months ended September 30, 2024 compared to the same period in 2023 driven by higher revenues and input costs.

Research and development

Research and development expenses decreased by \$15,000, or 27%, during the nine months ended September 30, 2024 compared to the same period in 2023.

Gain on sale of intangible assets

During the nine months ended September 30, 2024, the Company realized a gain of \$4.0 million related to the sale of its RS durum wheat trait to Corteva. There was no such gain recorded during the nine months ended September 30, 2023.

Impairment of property and equipment

During the nine months ended September 30, 2024, the Company recognized impairment of property and equipment held for sale of \$36,000. There was no such impairment of property and equipment during the nine months ended September 30, 2023.

Selling, general, and administrative

Selling, general, and administrative expenses increased by \$451,000, or 7%, during the nine months ended September 30, 2024 compared to the same period in 2023 primarily driven by employee severance expenses related to the change in management as well as higher consulting and legal expenses.

Interest income

During the nine months ended September 30, 2024, the Company recognized interest income of \$428,000, of which \$282,000 was related to discount amortization and accrued interest on the promissory note from Above Food. The remaining difference was related to interest from investments. During the nine months ended September 30, 2023, the Company recognized interest income of \$538,000 from investments.

Other income, net

During the nine months ended September 30, 2024, the Company recognized other income of \$168,000, of which \$117,000 was related to realized gains on investments. During the nine months ended September 30, 2023, the Company recognized other income of \$36,000.

Valuation loss on March 2023 PIPE

During the nine months ended September 30, 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. There was no such valuation loss during the nine months ended September 30, 2024.

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 resulted in a gain of \$493,000 and \$6.0 million during the nine months ended September 30, 2024 and 2023, respectively, 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.

Issuance and offering costs allocated to liability classified options

Issuance and offering costs were \$430,000 during the nine months ended September 30, 2023 and were related to the liability classified options issued in the March 2023 PIPE financing transaction. There were no such issuance and offering costs during the nine months ended September 30, 2024.

Net loss from discontinued operations

Net loss from discontinued operations for Body Care was \$591,000 during the nine months ended September 30, 2023. Net loss from discontinued operations for GoodWheat was \$2.7 million and \$5.7 million during the nine months ended September 30, 2024 and 2023, respectively. See Note 1 to the condensed consolidated financial statements for further information on discontinued operations.

Seasonality

The coconut water category, similar to other beverages, is seasonal. Generally, sales volumes are highest during our second and third fiscal quarters when the weather is warmer.

Liquidity & Capital Resources

We have funded our operations primarily with the net proceeds from our private and public offerings of our equity securities 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. As of September 30, 2024, we had cash and cash equivalents of \$3.9 million, short-term investments of \$2.6 million and current note receivable of \$1.8 million. For the nine months ended September 30, 2024, the Company had net losses of \$3.0 million and net cash used in operations of \$7.4 million. For the twelve months ended December 31, 2023, the Company had net losses of \$14.0 million and net cash used in operations of \$15.3 million.

Going Concern

We believe that our existing cash and cash equivalents, short-term investments and current note receivable will not be sufficient to meet our anticipated cash requirements for at least the next 12-18 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.

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, 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 September 30, 2024	As of December 31, 2023
Current assets	\$ 10,711	\$ 14,972
Current liabilities	2,328	3,590
Working capital surplus	<u>\$ 8,383</u>	<u>\$ 11,382</u>

Cash Flows

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

	Nine Months Ended September 30,	
	2024	2023
Net cash (used in) provided by:		
Operating activities	\$ (7,418)	\$ (11,149)
Investing activities	4,827	(4,396)
Financing activities	9	5,512
Net decrease in cash	<u>\$ (2,582)</u>	<u>\$ (10,033)</u>

Cash flows from operating activities

Cash used in operating activities for the nine months ended September 30, 2024, was \$7.4 million. With respect to our net loss of \$3.0 million, non-cash charges including \$92,000 of depreciation, \$502,000 of lease amortization, \$395,000 of stock-based compensation, \$154,000 of write-downs of inventory, and \$36,000 of impairment of property and equipment, were offset by the change in fair value of common stock warrant and option liabilities of \$493,000, amortization of note receivable discount of \$90,000, a gain on disposal of property and equipment of \$65,000, gain on sale of RS durum wheat trait of \$4.0 million, adjustments in our working capital accounts of \$297,000, and operating lease payments of \$678,000.

Cash used in operating activities for the nine months ended September 30, 2023, was \$11.1 million. With respect to our net loss of \$11.1 million, non-cash charges, including \$430,000 of issuance and offering costs, \$6.1 million of valuation loss recognized for the March 2023 PIPE, \$573,000 of stock-based compensation, \$535,000 of lease amortization, \$227,000 of depreciation and \$444,000 of write-downs of inventory, were offset by the change in fair value of common stock warrant and option liabilities of \$6.0 million, adjustments in our working capital accounts of \$1.7 million, a gain on disposal of property and equipment of \$36,000, and operating lease payments of \$573,000.

Cash flows from investing activities

Cash provided by investing activities for the nine months ended September 30, 2024 consisted of proceeds of \$342,000 from the sale of property and equipment, proceeds from the sale of investments of \$2.5 million, proceeds from the sale of our RS durum wheat trait of \$4.0 million, offset by cash paid related to the GoodWheat sale of \$2.0 million and \$16,000 of purchases of property and equipment.

Cash used in investing activities for the nine months ended September 30, 2023 consisted of proceeds of \$42,000 from the sale of property and equipment as well as proceeds of \$569,000 from the sale of Verdeca, offset by \$5,000 of purchases of property and equipment and \$5.0 million of purchases of investments.

Cash flows from financing activities

Cash provided by financing activities for the nine months ended September 30, 2024 consisted of proceeds from the purchase of ESPP shares of \$9,000.

Cash provided by financing activities for the nine months ended September 30, 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.

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, which was disposed of 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.

ITEM 3: QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not Required.

ITEM 4: CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

We maintain “disclosure controls and procedures,” as such term is defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, or Exchange Act, that are designed to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in Securities and Exchange Commission rules and forms, and that such information is accumulated and communicated to our management, including our President and Chief Executive Officer and our Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating our disclosure controls and procedures, management recognized that disclosure controls and procedures, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the disclosure controls and procedures are met. Our disclosure controls and procedures have been designed to meet reasonable assurance standards. Additionally, in designing disclosure controls and procedures, our management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible disclosure controls and procedures. The design of any disclosure controls and procedures also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions.

Based on their evaluation as of the end of the period covered by this Quarterly Report on Form 10-Q, our President and Chief Executive Officer and our Chief Financial Officer have concluded that, as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting (as such term is defined in Rule 13a-15(f) under the Exchange Act) identified in connection with the evaluation identified above that occurred during the quarter ended September 30, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. 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 1A. RISK FACTORS

In addition to the other information set forth in this Quarterly Report, you should carefully consider the factors discussed in Part I, “Item 1A. Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2023, which could materially affect our business, financial condition, liquidity or future results. The risks described in our Annual Report on Form 10-K are not the only risks facing our company. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition, liquidity or future results.

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

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

During the quarter ended September 30, 2024, no director or “officer” (as defined in Rule 16a-1(f) under the Exchange Act) of the Company adopted or terminated a “Rule 10b5-1 trading arrangement” or “non-Rule 10b5-1 trading arrangement,” as each term is defined in Item 408(a) of Regulation S-K.

ITEM 6. EXHIBITS

The following exhibits are attached hereto or are incorporated herein by reference.

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing Date	
10.1+	Employment Letter and Severance and Change In Control Agreement for Thomas J. Schaefer	8-K/A	001-37383	10.1	8/23/2024	
10.2+	Employment Letter and Severance and Change In Control Agreement for Mark Kawakami	8-K/A	001-37383	10.2	8/23/2024	
10.3+	Separation Agreement for Stanley Jacot, Jr.	8-K	001-37383	10.1	7/8/2024	
31.1	Principal Executive Officer's Certifications Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002					X
31.2	Principal Financial Officer's Certifications Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002					X
32.1(1)	Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002					X
32.2(1)	Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002					X
101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document					X
101.SCH	Inline XBRL Taxonomy Extension Schema With Embedded Linkbase Documents					X
104.1	Cover page from the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2024, formatted in inline XBRL (and contained in Exhibit 101)					X

⁽¹⁾ This certification is deemed not filed for purpose of Section 18 of the Exchange Act or otherwise subject to the liability of that section, nor shall it be deemed incorporated by reference into any filing under the Securities Act or the Exchange Act.

+ Represents a compensatory plan or arrangement.

SIGNATURES

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

Arcadia Biosciences, Inc.

November 12, 2024

By: /s/ THOMAS J. SCHAEFER
Thomas J. Schaefer
President and Chief Executive Officer

November 12, 2024

By: /s/ MARK KAWAKAMI
Mark Kawakami
Chief Financial Officer

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO EXCHANGE ACT RULE 13a-14(a)/15d-14(a)
AS ADOPTED PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002**

I, Thomas J. Schaefer, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Arcadia Biosciences, Inc. for the period ended September 30, 2024;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: November 12, 2024

/s/ THOMAS J. SCHAEFER

Thomas J. Schaefer
President and Chief Executive Officer
(Principal Executive Officer)

**CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO EXCHANGE ACT RULE 13a-14(a)/15d-14(a)
AS ADOPTED PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002**

I, Mark Kawakami, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Arcadia Biosciences, Inc. for the period ended September 30, 2024;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: November 12, 2024

/s/ MARK KAWAKAMI

Mark Kawakami
Chief Financial Officer
(Principal Financial Officer)

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

In connection with the accompanying Quarterly Report of Arcadia Biosciences, Inc. (the "Company"), on Form 10-Q for the quarter ended September 30, 2024 (the "Report"), I, Thomas J. Schaefer, President and Chief Executive Officer of the Company, hereby certify pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002 that:

- (1) the Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 12, 2024

/s/ THOMAS J. SCHAEFER

Thomas J. Schaefer
President and Chief Executive Officer
(Principal Executive Officer)

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

In connection with the accompanying Quarterly Report of Arcadia Biosciences, Inc. (the "Company"), on Form 10-Q for the quarter ended September 30, 2024 (the "Report"), I, Mark Kawakami, Chief Financial Officer of the Company, hereby certify pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002 that:

- (1) the Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 12, 2024

/s/ MARK KAWAKAMI

Mark Kawakami
Chief Financial Officer
(Principal Financial Officer)

