

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

FORM 10-K

☒ Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
for the fiscal year ended December 31, 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 0-12114

CADIZ INC.

(Exact name of registrant specified in its charter)



DELAWARE

(State or other jurisdiction of
incorporation or organization)

77-0313235

(I.R.S. Employer
Identification No.)

550 S. Hope Street, Suite 2850

Los Angeles, CA

(Address of principal executive offices)

90071

(Zip Code)

(213) 271-1600

(Registrant's telephone number, including area code)

Securities Registered Pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.01 per share	CDZI	The NASDAQ Global Market
Depository Shares (each representing a 1/1000th fractional interest in share of 8.875% Series A Cumulative Perpetual Preferred Stock, par value \$0.01 per share)	CDZIP	The NASDAQ Global Market

Securities Registered Pursuant to Section 12(g) of the Act: None

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in rule 405 under the Securities Act of 1933. Yes ☐ No ☒

Indicate by a check mark if the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes ☐ No ☒

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T 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 or a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer", "accelerated filer", "smaller reporting company", and "emerging growth company" in Rule 12b-2 of the Exchange Act, (Check One).

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

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

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

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

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

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

The aggregate market value of the common stock held by nonaffiliates as of June 30, 2024 was approximately \$133,618,361 based on 43,242,188 shares of common stock outstanding held by nonaffiliates and the closing price on that date. Shares of common stock held by each executive officer and director and by each entity that owns more than 5% of the outstanding common stock have been excluded in that such persons may be deemed to be affiliates. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

As of March 26, 2025 the Registrant had 81,785,011 shares of common stock outstanding.

Documents Incorporated by Reference

Portions of the Registrant’s definitive Proxy Statement to be filed for its 2025 Annual Meeting of Stockholders are incorporated by reference into Part III of this Report. The Registrant is not incorporating by reference any other documents within this Annual Report on Form 10-K except those footnoted in Part IV under the heading "Item 15. Exhibits, Financial Statement Schedules".

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PART I*Cautionary Statement for Purposes of Safe Harbor Provisions of the Private Securities Litigation Reform Act of 1995*

This Form 10-K contains forward-looking statements with regard to financial projections, proposed transactions such as those concerning the further development of our portfolio of assets, information or expectations about our business strategies, results of operations, products or markets, or otherwise makes statements about future events. Such forward-looking statements can be identified by the use of words such as "intends", "anticipates", "believes", "estimates", "projects", "forecasts", "expects", "plans" and "proposes". Although we believe that the expectations reflected in these forward-looking statements are based on reasonable assumptions, there are a number of risks and uncertainties that could cause actual results to differ materially from these forward-looking statements. These include, among others, the cautionary statements under the caption "Risk Factors", as well as other cautionary language contained in this Form 10-K. These cautionary statements identify important factors that could cause actual results to differ materially from those described in the forward-looking statements. When considering forward-looking statements in this Form 10-K, you should keep in mind the cautionary statements described above.

ITEM 1. Business**Business Overview**

We are a water solutions provider with a unique combination of land, water, pipeline and water filtration assets located in Southern California between major water systems serving population centers in the Southwestern United States. Our portfolio of assets includes 2.5 million acre-feet of permitted water supply, 1 million acre-feet of groundwater storage capacity, 220 miles of existing, underground pipeline, 43 miles of right-of-way entitlements for pipeline construction, and versatile, scalable and cost-effective water filtration technology that removes contaminants and constituents of concern from groundwater. Our customers are public and private water systems, government agencies and commercial businesses.

We own approximately 46,000 acres of land with high-quality, naturally recharging groundwater resources in Southern California's Mojave Desert ("Cadiz Property"). Our land holdings with vested water rights were assembled by our founders in the early 1980s, relying on NASA imagery that identified a desert aquifer system beneath a vast 2,000 square mile Southern California watershed. The aquifer system underlying the watershed is estimated to hold 30 - 50 million acre-feet of groundwater in storage, comparable in size to the capacity of the largest reservoir in the United States - Lake Mead. Since the late 1980s, we have farmed at our contiguous property at the base of the watershed ("Cadiz Ranch") relying on groundwater for irrigation.

In 2008, we entered into a 99-year lease with the Arizona & California Railroad Company ("ARZC") to co-locate and construct a water conveyance pipeline system ("Southern Pipeline") within ARZC's existing, active railroad right-of-way ("ROW") that extends 43-miles from the Cadiz Ranch to the Colorado River Aqueduct ("CRA"), one of Southern California's primary sources of water supply, allowing water supply to be moved between the Cadiz Ranch and the CRA for off property beneficial uses.

In 2012, we received permits and entitlements from public agencies for our groundwater storage project (the "Mojave Groundwater Bank"), which will (1) conserve 2.5 million acre-feet of water from the aquifer system over a 50-year period (average of 50,000 acre-feet per year) for off-property beneficial uses in underserved California communities and (2) store up to 1 million acre-feet of imported water in the aquifer system. The permits were challenged in Court and were upheld and sustained in their entirety by judgements in California Superior Court in 2014 and the California Court of Appeal in 2016.

In 2021, we completed the acquisition of a 30" steel natural gas pipeline ("Northern Pipeline") that extends 220-miles from the Cadiz Ranch across Kern and San Bernardino Counties terminating in California's Central Valley. The pipeline, originally constructed to transport fossil fuels, is idle, and we are preparing to convert the pipeline to transport water. The route of the Northern Pipeline intersects several water conveyance facilities that serve Southern California, including the California Aqueduct, the Los Angeles Aqueduct, and the Mojave River Pipeline.

In 2022, we completed the acquisition of the assets of ATEC Systems, Inc., a producer of specialized filtration systems for removal of common groundwater contaminants that pose health risks in drinking water, including iron, manganese, arsenic, nitrates, Chromium 6 and other constituents of concern.

In 2024, we entered into agreements with multiple public water systems for their purchase of 21,275 acre-feet per year ("AFY") of annual water supply from the Mojave Groundwater Bank to be delivered via the Northern Pipeline. These agreements cumulatively represent approximately 85% of the full capacity (25,000 AFY) of the Northern Pipeline. To finance the estimated \$800 million capital cost to bring the Northern Pipeline, Southern Pipeline and related facilities online to provide supply and storage to public water systems, in December 2024, we established a new business entity, Mojave Groundwater Storage Company LLC ("MGSC") for public and private investors to take an ownership interest in the facility assets in exchange for equity capital to fund construction. As of March 2025, we have entered into letters of intent and a letter of agreement with potential MGSC investors for up to \$425 million. The letters of intent and letter of agreement are non-binding and subject to on-going due diligence.

The Water Industry Value Chain

The water industry value chain today includes water supply, water storage, wastewater treatment, long-range conveyance, local distribution systems, and a wide range of products, technologies and services for monitoring, moving, trading, treating and integrating water resources across thousands of miles to address the challenges and demands of a diverse customer base. The water industry customer base includes regional wholesale water agencies responsible for acquiring, distributing and managing imported water resources; water and wastewater utilities that supply, treat and monitor clean water or transport, treat and analyze wastewater or storm water through an infrastructure network; government agencies responsible for public safety, environmental protection and economic security; and commercial and industrial customers requiring long-term, reliable supplies of clean, affordable water for their customers and businesses.

Climate change has disrupted hydrological cycles around the world. Extreme weather has created extreme unpredictability with regard to water supply for human consumption. Increasingly frequent and intense storms and swings between wet and dry years have created an urgent demand for technologies, services and infrastructure investment to capture, store and transport fresh water. Moreover, violent weather, extreme flooding and increasingly stringent regulatory restrictions on water quality have exceeded the capacity of existing water infrastructure and increased the cost of water over the last decade.

Water industry customers today require products, services, technology, and integrated solutions that address the challenges of scarcity of freshwater supplies, rising pollution, stricter regulations, infrastructure limitations and increasing operational costs.

Business Strategy

Our diversified portfolio of related water assets enables us to offer products and services to public water systems and other water industry customers in an integrated manner to meet the growing need for reliable access to clean water.

Description of Assets

Assets in our portfolio include Land, Water Supply, Water Storage, Water Conveyance, and Water Filtration Technology. Our land assets support agricultural development that currently provides operating revenue to us. Our water filtration technology business also currently provides us with revenue. Our water supply, water storage, and water conveyance assets are being developed for use and do not yet provide us with revenue. All development activities related to the water, supply, storage and conveyance assets are reflected in our land and water resources segment. The development process and revenue model for our assets is described below.

Land

The Cadiz Property includes 46,000 acres of landholdings consisting of:

- 9,600 acres of land permitted for agriculture;
- 9,600 acres of land adjacent to the existing permit area that could be used for future agricultural development but which are not yet permitted; and
- 26,800 acres of rangeland some of which is considered sensitive habitat for Desert Tortoise and other wildlife.

The land is underlain with high quality, groundwater resources capable of supporting a variety of surface activities including agriculture, renewable energy, and water supply and storage banking.

Since the 1980s, we have developed the land for our agricultural use and we either farm the property directly or via leases to private farming operators. We currently farm approximately 1,000 acres of grain crops, primarily in alfalfa plantings, and have leased 2,100 acres for farming activities by Fenner Valley Farms LLC.

In 2024, we entered into a lease agreement with RIC Energy to build a hydrogen production facility at the Cadiz Ranch. Under the agreement, RIC will consider the development of a solar powered green hydrogen production facility on up to 3,000 acres of land at the Cadiz Ranch. In the current development phase, RIC will make payments of \$35,000 per year. Upon approval of construction, lease payments will increase to \$1,000 per acre. RIC will also purchase water from us for \$850 per AF, subject to annual inflation adjustments. The surplus energy supply available at the facility will be made available for Mojave Groundwater Bank facilities.

Water Supply

In 2012, we received approval from the County of San Bernardino to conserve an average of 50,000 acre-feet per year from the aquifer system at the Cadiz Ranch for 50 years (2.5 million acre-feet in total) and make this new water supply available off-property to underserved communities in Southern California. One acre-foot is approximately 326,000 gallons or enough water to serve two average households of four people for 1 year.

Under the extensive groundwater monitoring plan approved by the County and local permitting authorities, Mojave Groundwater Bank operations and withdrawals of groundwater are limited to sustainable amounts that preserve the health of the aquifer system and safeguard the desert ecosystem. Because water in the aquifer system would otherwise be lost to evaporation, surplus water that is captured and withdrawn for beneficial uses before it evaporates is recognized as a new water supply (i.e. "conserved" water).

In 2024, we entered into agreements with multiple water providers for the purchase of a total of 21,275 AFY of annual water supply to be delivered via the Northern Pipeline. These agreements cumulatively represent approximately 85% of the full capacity (25,000 AFY) of the Northern Pipeline. We are in discussions with several parties interested in contracting for the remaining capacity of the Northern Pipeline and the supply available for delivery via the Southern Pipeline (25,000 AFY).

Under our water supply agreements, it is anticipated that we will contribute an annual supply of 50,000 AFY of water into Fenner Gap Mutual Water Company ("FGMWC"), a mutual water company that we presently manage that will ultimately be jointly owned by all participating public water agencies that have acquired water supply from the Mojave Groundwater Bank. Through membership in the mutual water company, public water agencies will purchase, for up to a 50-year term (take or deliver), their share of the 50,000 AFY of water at our wellhead at an agreed upon market price estimated to net approximately \$850/AFY in 2024 dollars to us subject to annual inflation adjustment, after payment of a pro rata portion of capital costs for construction of all facilities of the Mojave Groundwater Bank project, wheeling fees and O&M costs. The "as delivered price" to participating water providers is estimated to start at between \$1,650 - \$1,950/AF per year.

Any contracts and off take facility construction are subject to environmental review and permitting (see "Permits", below).

Water Storage

In addition to making available new water supply, the Mojave Groundwater Bank can also offer storage in our aquifer system for up to one-million acre-feet of fresh water that would be imported and held until needed in future dry years. The total storage capacity of the aquifer system is larger than Southern California's largest surface reservoir, Diamond Valley Lake, but unlike a surface reservoir would not suffer evaporative losses.

Similar to the contracts for supply discussed above, water providers and entities with access to surplus water would contract for reserved storage capacity in our aquifer system through FGMWC. Such storage capacity could be used to store water purchases from our water supply or could be used for imported water (once sufficient conveyance infrastructure is available). The estimated market price for storage capacity reservations is \$1,500/AF. Agencies with water supply contracts are also expected to pay annual maintenance fees up to approximately \$25 per AF subject to annual inflation adjustments.

Water Conveyance

Water conveyance facilities are required to effectuate the sale of water supply and water storage. These water conveyance facilities must be the appropriate size and in the right locations to meet customer needs. We have invested in physical pipeline assets and the acquisition of rights-of-way to build water conveyance facilities that can transport our own water supplies and also be utilized by public water systems across California to trade and transport water supplies.

To deliver conserved water off-property or import water for storage at the Cadiz Ranch, we are currently developing two potential pipeline routes for the Mojave Groundwater Bank - the Southern Pipeline which would extend southwards from the Cadiz Property to the Colorado River Aqueduct in Rice, California and the Northern Pipeline, which extends northwards from the Cadiz Property to Barstow, Antelope Valley, and Wheeler Ridge, California.

Our Northern Pipeline intersects several water storage and conveyance facilities in Southern California, including the California Aqueduct, the Los Angeles Aqueduct, and the Mojave River Pipeline. The Northern Pipeline offers California water purveyors an opportunity to connect available supplies to underserved regions of the State and directly augment water supply access for 23 state-designated disadvantaged communities along its route. The capacity of the Northern Pipeline for water conveyance is 25,000 AFY.

The capacity of the Southern Pipeline, which is expected to be constructed within the ARZC ROW, is anticipated to be 150,000 AFY depending on the final pipeline design to accommodate imported water storage. In November 2024, we entered into an option agreement for the purchase of 180 miles of existing 36" steel pipe that was constructed but never installed as a petroleum products pipeline. We currently anticipate using this pipe in our Southern and Northern Pipeline conveyance systems. We made an initial payment of \$5 million for an exclusive 3-year option to purchase all or part of the pipeline assets at \$155 per linear foot, with certain rights to credit the initial payment against final purchase. The pipe is presently stored in South Dakota and transportation fees to the Cadiz Ranch are included in the current price per linear foot.

When the Northern Pipeline becomes operational for water conveyance, and the Southern Pipeline is built, the Mojave Groundwater Bank would interconnect Southern California's primary water delivery systems for the first time, enabling more flexible trading among participants on these systems.

See also "Permits", below, for details about the history and future requirements for local, state and federal permits for these pipelines.

We estimate that it will cost approximately \$800 million to construct all required facilities to complete the Mojave Groundwater Bank, including conversion of the Northern Pipeline to water conveyance and construction of the Southern Pipeline, the wellfield and power facilities. We established MGSC to fund these capital costs in partnership with public sector, tribal and other investors that we expect will contribute up to \$401 million equity capital into MGSC in exchange for ownership of the pipeline facilities and a 51% share of the long-term cash flows from the groundwater banking and storage operations. We anticipate serving as the managing member of MGSC. We expect to coordinate with the investors to seek available grant funding and/or other financing alternatives including potential bond issuances through a to-be-formed financing Joint Powers Authority for the remaining construction costs.

Upon closing of definitive agreements, we would contribute our pipeline infrastructure assets, including the Northern Pipeline and the Southern Pipeline right-of-way, and an expected 51% share of the long-term cash flows from the groundwater banking and storage operations, to MGSC in exchange for the equity capital funding. In consideration of our transfer of assets, MGSC is expected to pay us approximately \$51 million among other considerations and we would retain 49% of the water storage rights. Water supply net revenues are not expected to be contributed to MGSC or shared with MGSC investors. We will hold a minority interest in MGSC as managing member and receive a share of the LLC profits from storage and banking operation above specified returns to MGSC investors.

As of March 2025, we have entered into letters of intent and a letter of agreement with potential MGSC investors for up to \$425 million of equity investments. The letters of intent and letter of agreement are non-binding and subject to on-going due diligence.

MGSC is expected to lease the facility assets to Fenner Valley Water Authority, a Joint Powers Authority ("FVWA" or "JPA") comprised of public water agencies participating in the Mojave Groundwater Bank project to operate the facilities and the groundwater management plan with the FGMWC.

Permits

The value of our assets and the anticipated revenues from water supply, water storage contracts and profit sharing with MGSC is supported by several permits and entitlements secured by the Company and our partners over the last 25 years.

Water Supply and Water Storage

From 2010 – 2012, we completed a California Environmental Quality Act ("CEQA") review process including the approval of a comprehensive Final Environmental Impact Report ("FEIR") for the conservation of 2.5 million acre-feet of water from the aquifer system over a 50-year period (50,000 AFY for 50 years) and the storage and banking of up to one million acre-feet of water in the aquifer system at the Cadiz Property which is now called the Mojave Groundwater Bank. The FEIR concluded that operations, would not cause any significant adverse environmental impacts. The FEIR was certified on July 31, 2012, by Santa Margarita Water District ("SMWD"), the lead participating water agency.

San Bernardino County, the local agency responsible for groundwater use at the Cadiz Property, also approved a Groundwater Monitoring, Management and Mitigation Plan ("GMMMP") for the project in 2012 that requires regular reporting of groundwater levels and conditions. The FEIR and GMMMP permits were challenged through litigation and were upheld and sustained in their entirety by judgments in California Superior Court in 2014 and the California Court of Appeal in 2016 and are no longer subject to legal challenge.

In August 2019, an Addendum to the FEIR was adopted to address updates to the project proposal, including a water treatment program and changes to the pipeline route. The Addendum also assessed new studies published about natural springs in the surrounding watershed at the project area. The Addendum concluded that there are no significant adverse impacts associated with the minor changes to the project and further summarized that the spring studies did not change the conclusions of the FEIR's analysis. The Addendum was not challenged in court and the statute of limitations to challenge has expired.

While the FEIR and GMMMP approvals analyzed imported storage and provided programmatic assessment of this component of the project, additional project level environmental study will be required prior to utilizing the project facilities for storage of imported surplus water. We expect to begin the required studies in 2025.

Hydrological and geological study of the area has continued, and we regularly monitor and report groundwater conditions to the County of San Bernardino as part of our agricultural use. The County of San Bernardino and SMWD through FVWA established an inter-agency Technical Review Panel ("TRP") mandated by the GMMMP approvals to provide scientific and environmental monitoring of the project area. The TRP meets regularly to collect and assess pre-operational data and make recommendations for monitoring protocols to be implemented upon commencement of operations.

Northern Pipeline

The 220-mile Northern Pipeline is a former segment of a 1,200 mile, 30" steel pipeline constructed in 1985 by All American Pipeline Company to convey oil. In 2001, the pipeline was acquired by El Paso Natural Gas ("EPNG") and authorized for natural gas conveyance. In 2011, we entered into an option agreement with EPNG to explore using the pipeline segment for water conveyance. In June 2021, we completed the acquisition of the pipeline for \$19 million and presently own the entire 220-mile asset in fee.

Changing the use of the Northern Pipeline to water conveyance is subject to applicable local, state and federal laws.

In December 2023, after a public review process, the US Bureau of Land Management and the US Air Force assigned to our subsidiary Cadiz Real Estate LLC EPNG's existing right-of-way for federal lands crossed by the Northern Pipeline authorizing continued maintenance as an idle natural gas pipeline. The right-of-way was not challenged in court and the statute of limitations to challenge has expired.

Prior to operating the Northern Pipeline for water conveyance, we will need to process change of use authorizations from the BLM, the California State Lands Commission and the US Air Force. We expect to process these construction permits in coordination with our public agency partners in 2025.

Southern Pipeline

In 2008, we entered into a 99-year lease agreement with the ARZC to utilize a portion of its existing ROW southwest from the Cadiz Property to the Colorado River Aqueduct for a conveyance pipeline and related facilities. As part of the lease arrangement, we agreed to provide necessary railroad improvements in furtherance of railroad purposes. This includes providing water and power to the railroad for fire protection and improving access roads and transloading operations, among other things. By co-locating the conveyance pipeline within this existing railroad ROW, pipeline construction would avoid impacts to desert habitats. The route and construction within the railroad ROW were evaluated and approved during the CEQA permitting process in 2012.

Our proposed co-location in the ROW was also separately assessed by the BLM to determine the need for any federal permitting related to the proposed use of the ARZC railroad ROW, which is a federal ROW originally granted to the railroad in accordance with the General Railroad Right-of-Way Act of 1875 ("1875 Act"). BLM's evaluation, which was issued in February 2020, concluded that the proposed Southern Pipeline will further railroad purposes at least in part, is within the scope of the ROW, and requires no additional BLM approvals. In February 2022, the US Department of the Interior's Solicitor Office issued a new legal opinion regarding third party use of 1875 Act ROWs that preserved the railroad purposes assessment for third party uses. The opinion was not specific to any railroad and did not alter our 2020 evaluation.

To deliver water from the Mojave Groundwater Bank to any participating agencies via the Southern Pipeline, the operating parties will require (i) an agreement with Metropolitan Water District of Southern California ("MWD") to move water supplies from the Mojave Groundwater Bank in the CRA; and (ii) a finding by the California State Lands Commission ("SLC") that conveying water from Cadiz Ranch in the CRA will not adversely affect the desert environment in accordance with California Water Code Section 1815, which requires desert groundwater projects to apply for a review by the SLC prior to moving water in public conveyance facilities like the CRA. These approvals will be bound by the existing CEQA record of review, study, and approvals.

Water Filtration Technology

In the fourth quarter of 2022, we completed the acquisition of the assets of ATEC Systems, Inc. into ATEC Water Systems, LLC ("ATEC"), which provides innovative water filtration solutions for impaired or contaminated groundwater sources. Adding the ATEC filtration products to our business portfolio diversifies our range of innovative, sustainable clean water solutions offered in support of our mission to provide safe, affordable drinking water to underserved communities. ATEC, based in Hollister, California, has produced water filtration systems since 1982. It pioneered technology to provide cost-effective high-rate removal of iron and manganese and then expanded its reach to a full range of contaminants, including, arsenic, Chromium-6, nitrates, PFAS and other contaminants found in groundwater that limit the available supply of drinking water for many communities. We have three U.S. patent applications pending for our treatment processes and filter design.

We manufacture and sell an array of small, modular vertical steel tanks ranging from 14-inch to 48-inch in diameter coupled with filter media to remove groundwater contaminants for our customers. ATEC's modular, vertical tank systems can be scaled in size to serve small, rural communities as well as larger municipalities with system treatment capacities up to 60 million gallons per day (MGD) and require less maintenance and upkeep than traditional filtration systems. Our customers include municipalities, public and private utilities, and engineering and construction firms constructing new plants.

ATEC has built more than 450 water filtration systems for cities, water districts, investor-owned utilities and small communities and businesses in 10 U.S. states, as well as Canada and Sri Lanka.

Since our acquisition of the business, ATEC has experienced a significant increase in demand and signed more than two dozen sales contracts in the last 24 months, ranging in size from \$50,000 to \$9 million, mostly for iron, manganese, arsenic and Chromium 6. Of the nearly 30 contracts ATEC bid on over the period, it only lost one award. ATEC achieved tremendous year over year growth in 2024, with \$7.9 million in gross revenue in 2024, compared to \$0.7 million in 2023.

ATEC recently signed an agreement to partner in the delivery of cost-effective PFAS treatment. In 2025, ATEC is expected to further expand its reach in the PFAS treatment market as it continues to develop its relationships in its traditional iron and manganese treatment market.

Equity, Sustainability and Environmental Justice

Water insecurity is one of the most pressing challenges of the 21st century, driven primarily by population growth and the impacts of climate change creating an imbalance in supply and demand around the world. We recognize the dual role of our land and water assets as a valuable investment and a crucial solution to the growing issue of water scarcity. Our vision is a world where wealth and geography do not dictate access to clean, fresh, affordable water. We have made a commitment to delivering clean, reliable, and affordable water to marginalized and disadvantaged communities through innovative and sustainable approaches. The following is a list of highlights of our programs to achieve these objectives:

1. **Water for disadvantaged communities.** We have committed to make available clean affordable water supply from the Cadiz Property to rural, underserved, tribal and disadvantaged communities that lack reliable access to California's traditional sources of water supply. To date, we have committed to make available more than 250,000 AF of water supply to serve disadvantaged communities in the Coachella Valley and California's High Desert communities. Additionally, all public agency participants with agreements to contract for water from the Mojave Groundwater Bank must serve at least one disadvantaged community within their service area.
2. **Ownership of Water Infrastructure by Native American Tribes.** Tribal nations have disproportionately been underserved by water agencies and infrastructure needed to reliably deliver safe clean water. We are partnering with native American Tribes to finance Construction of our Mojave Groundwater Bank facilities with Tribes and will provide to these partners lasting ownership of a portion of the largest groundwater bank in the Southwest. This will be the first major water infrastructure project majority-owned by Native American tribes in U.S. history.

3. **Improve local water quality.** Utilizing our ATEC filtration systems, we can improve water quality in communities affected by contaminated groundwater. In 2024, we donated ATEC filtration systems to communities in the Coachella Valley affected by high levels of arsenic. Approximately \$2.7 million has been invested in mobile home communities at the Torres Martinez tribal reservation to provide residential well treatment systems at homes relying on well water. In addition, the high-quality groundwater from the Cadiz Ranch can benefit the Colorado River Aqueduct system delivering water throughout Southern California. Our groundwater is much lower in total dissolved solids than water in the CRA, reducing treatment needs for public water systems in Southern California by millions of dollars.
4. **Repurposing carbon contributing assets.** The use of the Northern Pipeline for water conveyance will convert a former oil and gas pipeline for the beneficial use of water conveyance. The recycling of this existing pipeline will reduce greenhouse gas emissions and reduce the energy load on the state's current water transportation sources.
5. **Creation of new renewable energy.** Our Southern Pipeline will feature in-line turbines that will generate renewable hydropower. The project wellfield and pump stations are expected to be powered at least in part by renewable energy and natural gas. In 2024, we started the process of converting our diesel operated agricultural wells to natural gas to reduce emissions.
6. **Protection of habitats.** All Mojave Groundwater Bank facilities will be built on disturbed lands or within existing transportation corridors to avoid any impacts on habitats. Approximately 7,400 acres of our 46,000 acres of landholdings are permanently dedicated to conservation, as the Fenner Valley Desert Tortoise Conservation Bank ("Fenner Bank"), a land conservation bank that makes available these properties for mitigation of impacts to tortoise and other sensitive species. Credits sold by the Fenner Bank are dedicated to funding the permanent preservation of the land by the San Diego Habitat Conservancy and research by San Diego Zoo Global into desert tortoise health and species protection.
7. **Support stable water rates.** Water supply from the Mojave Groundwater Bank is expected to be among the lowest cost supplemental water supply available in the region when compared to other supplemental water supply programs such as desalination, recycling, stormwater capture and surface storage. We have also entered into agreements with public water agencies that serve disadvantaged communities to supply water from the Mojave Groundwater Bank at reduced cost.
8. **Create and support good-paying jobs.** The Mojave Groundwater Bank is expected to create and support nearly 6,000 jobs across the local economy during two phases of construction; 10% of jobs are reserved for veterans. We maintain a Project Labor Agreement with building trades and labor unions to pay our workforce prevailing wage and employ union members during construction of the Mojave Groundwater Bank facilities.

Seasonality

Our water resource development and water filtration activities are not seasonal in nature.

Farming operations at the Cadiz Ranch include the year-round cultivation of grain crops, including alfalfa. These operations are subject to general seasonal trends that are characteristic of the agricultural industry.

Competition

We face competition in the acquisition, development and sale of water and land assets from a variety of parties. We also experience competition in the market for our water supply, storage and conveyance solutions and agriculture products associated with our water and land assets. Since California has scarce water resources and an increasing demand for available water, we believe that location, price and reliability of delivery are the principal competitive factors affecting agriculture and the demand for water supply and storage in California. We believe the Cadiz Ranch and Mojave Groundwater Bank projects are competitive with other sources of water and farmland.

In the groundwater treatment market, we compete with companies that offer products similar to ours. Some of these companies have greater financial resources, operational experience, and technical capabilities than we do. When bidding for groundwater treatment projects, however, our current experience suggests that the market opportunity is very large, our products and services are highly competitively, and there is no clear dominant or preferred competitor in the markets in which we compete.

Human Capital Resources

As of December 31, 2024, we employed 25 full-time employees (i.e. those individuals working more than 1,000 hours per year) including 16 full-time employees at ATEC. Our business operations also rely on third-party contracted seasonal and temporary workers, as well as consultants and other professional vendors to help augment specialized human capital and talent needs. Our full-time and third-party contracted workers, as well as consultants and vendors, must follow our code of conduct and ethics policy, as well as our whistleblower and information security policies.

We appreciate the importance of retention, growth and development of our employees. The average tenure of our full-time employees is approximately 6 years, reflecting our positive work environment that offers opportunities to develop new skills and advance to new positions. We believe we offer competitive compensation (including salary, incentive bonus, and equity) and benefits packages to our employees, including a 401(k) plan. Further, we urge professional development opportunities and mentorship to cultivate talent throughout our company.

As a small workforce, we focus on skill sharing and experience diversity in the workplace. Our full-time employees have regular opportunities to work with senior leadership and/or Board members in pursuit of business objectives. Management and Board leadership provide annual reviews of employee performance. Human capital is generally managed by our CEO and CFO, and employment policies are overseen by the Board, particularly the Compensation Committee. Our Board encourages diversity in the workforce. Approximately 55% of our senior executives are female.

We are focused on executing on our objectives of implementing our projects and realizing the cash flow potential of our assets, while also evaluating opportunities to ensure our workforce reflects the diversity of the communities in which we operate.

Regulation

Our operations are subject to various federal, state and local laws and regulations, as detailed throughout Item 1. In the normal course of developing our land, water and infrastructure assets, we are required to demonstrate to various regulatory authorities that we are in compliance with the laws, regulations and policies enforced by such authorities. Groundwater use and development, and the import and export of groundwater and surface supplies by public water agencies via conveyance pipelines, is subject to regulation by local, state and federal existing statutes pertaining to water supply and land use, but also general environmental statutes applicable to all forms of development. We have successfully obtained several approvals and permits from local, state and federal regulatory authorities with respect to our water supply, water storage and water conveyance assets over the last 25 years. Prior to the operation of the Northern and Southern Pipelines for water conveyance, we will obtain additional permits regulating the use of those pipelines and related facilities. Because of the discretionary nature of these approvals, our ability to secure these approvals and receive income from our water assets could be delayed, reduced or eliminated based on regulatory processes. See also more information in "Risk Factors".

Our agricultural operations are also generally subject to regulation by local agencies, such as county governments, as well as state environmental and water statutes. We are in compliance with all material applicable regulations.

Our water filtration products are manufactured to the specifications of our water provider customers in coordination with state and federal water quality and treatment regulatory approvals obtained by these providers in the ordinary course of permitting water treatment or groundwater well and pumping facilities. We are not directly impacted by these regulations.

Access to Our Information

Our annual, quarterly and current reports, proxy statements and other information are filed with the Securities and Exchange Commission ("SEC") and are available free of charge on the internet through our website, <http://www.cadizinc.com>, as soon as reasonably practical after electronic filing of such material with the SEC. Our website address provided in this Annual Report on Form 10-K is not intended to function as a hyperlink and the information on our website is not, nor should it be considered, part of this report or incorporated by reference into this report.

Our SEC filings are also available to the public on the internet at the SEC's website <http://www.sec.gov>.

ITEM 1A. Risk Factors

Our business is subject to a number of risks, including those described below.

Our Development Activities Have Not Generated Significant Revenues

At present, our asset development activities include water resource (supply, storage and conveyance) and land and agricultural development at our San Bernardino County properties. We have not received significant revenues from these development activities to date and we cannot predict with certainty when, if ever, we will receive operating revenues from these business segments sufficient to offset the costs of our development activities. As a result, we continue to incur a net loss from operations.

We May Never Become Profitable Unless We Are Able to Successfully Implement Programs to Develop Our Land Assets

Our water supply agreements are subject to financial and regulatory conditions precedent, which may not be satisfied. Further, the circumstances under which water supply, storage, conveyance, water filtration or sustainable agriculture can be developed and the profitability of any such project are subject to significant uncertainties, including the risk of variable water supplies and changing water allocation priorities, our ability to fulfill the required contractual conditions of any water supply agreements, and our ability to complete the needed construction for water delivery to occur. Additional risks include our ability to obtain all necessary regulatory approvals and permits, litigation by community, environmental or other groups, unforeseen technical difficulties, general market conditions and competition for agriculture, water filtration products and water supplies, and the time needed to generate significant operating revenues from such programs after contracts are secured or operations commence.

The Development of Our Properties Is Heavily Regulated, Requires Governmental Approvals and Permits That Could Be Denied, and May Have Competing Governmental Interests and Objectives

In developing our land assets and related water resources, we are subject to local, state, and federal statutes, ordinances, rules and regulations concerning zoning, resource protection, environmental impacts, infrastructure design, subdivision of land, construction and similar matters. Our development activities are subject to the risk of adverse interpretations of such U.S. federal, state and local laws, regulations and policies and/or the adoption of new and amended laws, regulations and policies that prohibits, restrict, modify or delay our development activities.

Further, our development activities require governmental approvals and permits. If such permits were to be denied or granted subject to unfavorable conditions or restrictions, our ability to successfully implement our development programs as planned would be adversely impacted and could delay returns on our investments in the development of our assets.

For example, while we presently hold agreements with multiple public water systems for their purchase of 21,275 AFY and are in discussions with additional public water agencies to enter agreements for the full supply capacity of our Mojave Groundwater Bank (50,000 AFY) any contracts will be subject to conditions precedent including standard environmental review and permitting. There is no assurance that we can meet the conditions precedent for any of these contracts and even if we do, there is no assurance that we can receive the needed permits in a timely manner.

We cannot predict the terms, if any, which may be imposed on our permits to proceed with our water and other development programs.

Current regulations that could impact our water resources development activities are generally related to water conveyance functions, particularly the conversion of existing pipelines and construction of new pipelines and related facilities necessary to move water to and from the Cadiz Property, or between points along these pipelines for the benefit of California water users. In this regard, we will need to obtain certain permits and approvals from public water agencies in California, the California State Lands Commission, and agencies of the federal government, such as the US Department of the Interior. Such regulatory requirements will be determined by any contractual obligation to transport water between parties via our pipeline infrastructure.

Generally, opposition from third parties with standing expressed to regulatory bodies with jurisdiction over our projects can cause delays and increase the costs of our development efforts or preclude such development entirely. While we have worked with representatives of various environmental and third-party stakeholders to address any concerns about our water development projects, certain groups may remain opposed to our development plans regardless of our engagement and pursue legal and other appeal actions.

Governmental approvals and permits granted authorizing our development activities may be challenged in court and such litigation could adversely impact our timelines, development plans, and ultimately the return on our investments.

We may not be able to execute our plans for the construction, ownership, and operation of our Mojave Groundwater Bank and obtain the requisite funding.

We have entered into letters of intent with a non-profit investment fund and Lytton Rancheria of California, a federally recognized Native American Tribe, as well as a letter of agreement with a publicly traded company, related to potential investments in MGSC by these entities to support the construction, ownership, and operation of the Mojave Groundwater Bank. The agreements announced with these potential investors are not binding and there is no guarantee that we will be able to enter into binding definitive agreements or that the proposed transactions pursuant to the letters of intent and letter of agreement will move forward based on the terms described in such agreements. Even if we do enter into definitive agreements for investments into the construction, ownership and operations of the Mojave Groundwater Bank, we may not be able to obtain the requisite total funding necessary for the construction of all facilities for the Mojave Groundwater Bank or such additional funding may not be available on terms satisfactory to the parties or in sufficient amounts, or the progress of the Mojave Groundwater Bank may not proceed as planned, or the definitive agreements entered into, if any, may not generate our anticipated benefits. These events could materially and adversely affect the success of the Mojave Groundwater Bank and, as a result, materially and adversely affect our business prospects.

A Portion of Our Total Assets Consists of Goodwill and Intangibles, Which Are Subject to a Periodic Impairment Analysis, and a Significant Impairment Determination in Any Future Period Could Have an Adverse Effect on Our Statement of Operations Even Without a Significant Loss of Revenue or Increase in Cash Expenses Attributable to such Period

We have goodwill of approximately \$5.7 million including \$1.9 million associated with the acquisition of assets of ATEC Systems, Inc. into ATEC Water Systems, LLC. We will be required to continue to evaluate this goodwill and intangibles for impairment based on the fair value of the operating business units to which the goodwill and intangible assets relate, at least once a year. These estimated fair values could change if we are unable to achieve revenue or operating results at the levels that have been forecasted, the market valuation of that business unit decreases based on transactions involving similar companies, or if there is a permanent, negative change in the market demand for the services offered by the business unit. These changes could result in further impairment of the existing goodwill and intangible balances and that could require a material non-cash charge to our results of operations.

Our Failure to Make Timely Payments of Principal and Interest on Our Indebtedness or To Obtain Additional Financing Will Impact our Ability to Implement Our Asset Development Programs

As of December 31, 2024, we had total indebtedness outstanding to our lenders of approximately \$60.6 million which is secured by our assets. On March 6, 2024, we entered into a Third Amendment to Credit Agreement which, among other things, provided for (a) a new tranche of senior secured convertible term loans in an aggregate principal amount of \$20,000,000 with a maturity date of June 30, 2027; (b) extension of the maturity date for the existing convertible loans (\$16.0 million in principal) and existing non-convertible loans (\$21.2 million in principal) to June 30, 2027; and (c) subordination of the existing convertible loans to the existing non-convertible loans and new convertible loans (see Note 7 to the Condensed Consolidated Financial Statements – "Long-Term Debt"). Interest is payable quarterly in cash at a 7% annual rate on the \$21.2 million of non-convertible loans with PIK interest accruing quarterly at a 7% annual rate on the \$16 million of then existing convertible loans and \$20 million of new convertible loans. To the extent that we do not make principal and interest payments on the indebtedness when due, or if we otherwise fail to comply with the terms of agreements governing our indebtedness, we may default on our obligations.

We will continue to require additional working capital to meet our cash resource needs until such time as our asset development programs, including the Mojave Groundwater Bank, and water filtration technology business produce revenues sufficient to fund operations or we receive reimbursement for costs advanced for development of the Mojave Groundwater Bank from MGSC and payment from MGSC of \$51 million among other considerations for our transfer of assets into MGSC. If we cannot raise funds if and when needed, we might be forced to make substantial reductions in our operating expenses, which could adversely affect our ability to implement our current business plan and ultimately our viability as a company. We cannot assure you that our current lenders, or any other lenders, will give us additional credit should we seek it. If we are unable to obtain additional credit, we may engage in further debt or equity financings. Our ability to obtain financing will depend, among other things, on the status of our asset development programs and water filtration technology business and general conditions in the capital markets at the time financing is sought. Any further equity or convertible debt financings would result in the dilution of ownership interests of our current stockholders.

The Issuance of Equity Securities and Management Equity Incentive Plans Will Cause Dilution

We have and may continue to issue equity securities pursuant to "at the market" issuance sales agreements or direct placements. Further, our compensation programs for management and consultants emphasize long-term incentives, primarily through the issuance of equity securities and options to purchase equity securities. It is expected that plans involving the issuance of shares, options, or both will be submitted from time to time to our stockholders for approval. In the event that any such plans are approved and implemented, the issuance of shares and options under such plans may result in the dilution of the ownership interest of other stockholders and will, under currently applicable accounting rules, result in a charge to earnings based on the value of our common stock at the time of issue and the fair value of options at the time of their award. The expense would be recorded over the vesting period of each stock and option grant.

The Volatility of the Stock Price of our Equity Securities Could Adversely Affect Current and Future Stockholders

The market price of our common stock and depositary shares is volatile and fluctuates in response to various factors which are beyond our control. Such fluctuations are particularly common in companies such as ours, which have not generated significant revenues. The following factors, in addition to other risk factors described in this section, could cause the market price of our common stock to fluctuate substantially:

- developments involving the execution of our business plan;
- disclosure of any adverse results in litigation;
- regulatory developments affecting our ability to develop our properties;
- the dilutive effect or perceived dilutive effect of additional debt or equity financings;
- perceptions in the marketplace of our company and the industry in which we operate; and
- general economic, political and market conditions.

In addition, the stock markets, from time to time, experience extreme price and volume fluctuations that may be unrelated or disproportionate to the operating performance of companies. These broad fluctuations may adversely affect the market price of our common stock. Price volatility could be worse if the trading volume of our common stock is low.

Information Technology Failures and Data Security Breaches Could Harm Our Business

We use information technology and other computer resources to carry out important operational and marketing activities and to maintain our business records. These information technology systems are dependent upon global communications providers, web browsers, telephone systems and other aspects of the Internet infrastructure that have experienced security breaches, cyber-attacks, significant systems failures and electrical outages in the past. A material network breach in the security of our information technology systems could include the theft of customer, employee or Company data. The release of confidential information as a result of a security breach may also lead to litigation or other proceedings against us by affected individuals or business partners, or by regulators, and the outcome of such proceedings, which could include penalties or fines, could have a significant negative impact on our business. We may also be required to incur significant costs to protect against damages caused by these information technology failures or security breaches in the future. However, we cannot provide assurance that a security breach, cyber-attack, data theft or other significant systems failure will not occur in the future, and such occurrences could have a material and adverse effect on our consolidated results of operations or financial position.

Increased Cybersecurity Requirements, Vulnerabilities, Threats and More Sophisticated and Targeted Computer Crime Could Pose a Risk to Our Systems, Networks, Products, Solutions, Services and Data

Increased global cybersecurity vulnerabilities, threats and more sophisticated and targeted cyber-related attacks pose a risk to our security and our customers', partners', suppliers' and third-party service providers' products, systems and networks and the confidentiality, availability and integrity of the data. We remain potentially vulnerable to additional known or unknown threats despite our attempts to mitigate these risks. We also may have access to sensitive, confidential or personal data or information that is subject to privacy and security laws, regulations or customer-imposed controls. Our efforts to protect sensitive, confidential or personal data or information, may nonetheless leave us vulnerable to material security breaches, theft, misplaced or lost data, programming errors, employee errors and/or malfeasance that could potentially lead to the compromising of sensitive, confidential or personal data or information, improper use of our systems, software solutions or networks, unauthorized access, use, disclosure, modification or destruction of information, production downtimes and operational disruptions. In addition, a cyber-related attack could result in other negative consequences, including damage to our reputation or competitiveness, remediation or increased protection costs, litigation or regulatory action. Additionally, violations of privacy or cybersecurity laws (including the California Consumer Privacy Act), regulations or standards increasingly lead to class-action and other types of litigation, which can result in substantial monetary judgments or settlements. Therefore, any such security breaches could have a material adverse effect on us.

ITEM 1B. Unresolved Staff Comments

Not applicable at this time.

ITEM 1C. Cybersecurity*Cybersecurity Risk Management and Strategy*

We have developed and implemented a cybersecurity risk management program intended to protect the confidentiality, integrity and availability of our critical systems and information from cybersecurity threats.

Our cybersecurity risk management program includes:

- risk assessments designed to help identify material cybersecurity risks to our critical systems, information, products, services, and our broader enterprise IT environment;
- offsite backup storage of critical systems and information;
- the use of external service providers to assess, test or otherwise assist with aspects of our security controls;
- cybersecurity awareness training;
- a cybersecurity incident response plan that includes procedures for responding to cybersecurity incidents; and
- a third-party risk management process to identify and mitigate risks from third parties, such as service providers, suppliers, and vendors.

We have not identified any risks from known cybersecurity threats, including as a result of any prior cybersecurity incidents, that have materially affected or are reasonably likely to materially affect us, including our operations, business strategy, results of operations, or financial condition. For additional information regarding risks from cybersecurity threats, see Item 1A, "Risk Factors", above.

Cybersecurity Governance

Our Board considers cybersecurity risk as part of its risk oversight function and has delegated to the Audit & Risk Committee (the "Committee") oversight of cybersecurity and other information technology risks. The Committee oversees management's implementation of our cybersecurity risk management program as part of our overall enterprise risk management program.

The Committee receives periodic reports from management on our cybersecurity risks. In addition, management promptly updates the Committee regarding any material cybersecurity incidents, and as necessary as to any incidents with lesser impact potential. The Committee reports to the full Board regarding its activities, including those related to cybersecurity.

Our management team, with the assistance of our external service providers, is responsible for assessing and managing our material risks from cybersecurity threats. The team has primary responsibility for our overall cybersecurity risk management program and supervises the cybersecurity activities of both our internal personnel and our retained external cybersecurity consultants.

ITEM 2. Properties

Following is a description of our 46,000 acres of landholdings in the Eastern Mojave Desert in Southern California.

The Cadiz Ranch Property

We own approximately 35,000 acres of largely contiguous desert land in the Cadiz and Fenner valleys of eastern San Bernardino County, California (the "Cadiz Ranch"). This area is located approximately 80 miles east of Barstow, California and 30 miles north of the Colorado River Aqueduct, and 110 miles north-east of Palm Springs. The Cadiz Ranch, which is at the base of a topographically diverse 2,000 square mile watershed, is the principal location of our business operations, including our agricultural operations and ongoing development of our water supply, storage and conveyance projects.

Independent geotechnical and engineering studies conducted since initial acquisition have confirmed that the Cadiz Ranch overlies a significant aquifer system from a watershed with an estimated 30-50 million acre-feet of groundwater that can support agricultural development, the conservation of groundwater for off-property uses the storage of imported water. Approximately 3,100 acres of the Cadiz Ranch are actively farmed by us or leased to third parties for farming activities and includes agriculture and water infrastructure including wells, wellfield manifold, pipelines, worker housing, and energy and transportation facilities (see Item 1. "Business", above).

Additional Eastern Mojave Properties

Piute: We own approximately 9,000 acres in the Piute Valley. This landholding is located 15 miles from the resort community of Laughlin, Nevada, and about 12 miles from the Colorado River town of Needles, California. Extensive hydrological studies, including the drilling and testing of a full-scale production well, have demonstrated that this landholding is underlain by high-quality groundwater and could be suitable for agricultural development or solar energy production. The Piute Valley properties include private inholdings in the Mojave Trails National Monument and are proximate to or border areas designated by the state and federal government as the Mojave National Preserve, Critical Desert Tortoise Habitat and/or Desert Wilderness Areas and are therefore ideally suited for preservation and conservation. Approximately 7,400 acres of our Piute Valley properties are reserved in our Fenner Valley Desert Tortoise Conservation Bank, which is the largest land bank in California dedicated to protecting the desert tortoise. The Bank offers credits that can be acquired by public and private entities required to mitigate or offset impacts to the desert tortoise linked to planned development. We are presently marketing these credits to a variety of planned developments in the region.

Danby: We own nearly 2,000 acres near Danby Dry Lake in Ward Valley, approximately 30 miles southeast of the Cadiz Ranch. Our Danby Dry Lake property is located approximately 10 miles north of the Colorado River Aqueduct. Initial hydrological studies indicate that it has excellent potential for a water supply project. Certain of the properties in this area may also be suitable for agricultural development, renewable energy and/or preservation and conservation lands. The Danby properties are currently managed for open space purposes.

Executive Offices

We lease approximately 4,500 square feet of office space in Los Angeles, California for our executive offices ("Executive Office Lease"). The Executive Office Lease terminates in May 2030. The current base rent under the Executive Office Lease is approximately \$10,000 per month. We lease a total of approximately 44,500 square feet of industrial space under two leases in Hollister, California for our water filtration technology operations ("Hollister Leases"). The Hollister Leases terminate in October 2026 and May 2029. The current base rent under the Hollister Leases is approximately \$35,500 per month.

Cadiz Real Estate

Title to substantially all of our real estate assets is held by Cadiz Real Estate LLC ("Cadiz Real Estate"), a wholly owned subsidiary of Cadiz Inc. The Board of Managers of Cadiz Real Estate currently consists of two managers appointed by the Company's Board of Directors. As the ownership of the real estate held by Cadiz Real Estate has no effect on our ultimate beneficial ownership of these assets, we refer throughout this Report to assets owned of record either by Cadiz Real Estate or by us as "our" properties.

Cadiz Real Estate is a co-obligor under our senior secured term loan, for which assets of Cadiz Real Estate have been pledged as security.

Debt Secured by Properties

Our assets have been pledged as collateral for \$60.6 million of senior secured debt outstanding as of December 31, 2024.

ITEM 3. Legal Proceedings

From time to time we are involved in various lawsuits and legal proceedings that arise in the ordinary course of business. At this time, we are not aware of any pending or threatened litigation that we expect will have a material effect on our business, financial condition, liquidity, or operating results. Legal claims are inherently uncertain, however, and it is possible that our business, financial condition, liquidity and/or operating results could be adversely affected in the future by legal proceedings.

ITEM 4. Mine Safety Disclosures

Not Applicable.

PART II**ITEM 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchase of Equity Securities**

Our common stock is currently traded on The NASDAQ Global Market ("NASDAQ") under the symbol "CDZI."

As of March 26, 2025, the number of stockholders of record of our common stock was 55.

To date, we have not paid a cash dividend on our common stock and do not anticipate paying any cash dividends on our common stock in the foreseeable future.

Holders of Series A Preferred Stock, when and as authorized by the Company's Board of Directors, are entitled to cumulative cash dividends at the rate of 8.875% of the \$25,000.00 (\$25.00 per Depositary Share) liquidation preference per year (equivalent to \$2,218.75 per share per year or \$2.21875 per Depositary Share per year). Dividends are payable quarterly in arrears, on or about the 15th of January, April, July and October, and began on or about October 15, 2021.

All securities sold by us during the three years ended December 31, 2024, which were not registered under the Securities Act of 1933, as amended, have been previously reported in accordance with the requirements of Rule 12b-2 of the Securities Exchange Act of 1934, as amended.

ITEM 6. [Reserved]

ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

In connection with the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, the following discussion contains trend analysis and other forward-looking statements. Forward-looking statements can be identified by the use of words such as "intends", "anticipates", "believes", "estimates", "projects", "forecasts", "expects", "plans" and "proposes". Although we believe that the expectations reflected in these forward-looking statements are based on reasonable assumptions, there are a number of risks and uncertainties that could cause actual results to differ materially from these forward-looking statements. These include, among others, our ability to maximize value from our portfolio of assets and our ability to obtain new financings as needed to meet our ongoing working capital needs. See additional discussion under the heading "Risk Factors" above. Our forward-looking statements are made only as of the date hereof. We assume no duty to update these forward-looking statements to reflect new, changed or unanticipated events or circumstances, other than as may be required by law.

We manage our landholdings, pipeline and water filtration technology assets to offer a suite of integrated products and services to public water systems, government agencies and commercial customers that include reliable water supply, groundwater storage, water conveyance and custom-designed water filtration technology systems.

Water Supply – We own vested water rights to withdraw 2.5 million acre-feet of groundwater for beneficial uses, including agricultural development on our property and export to serve communities across Southern California. Because all water in the aquifer system will eventually be lost to evaporation, surplus water that is captured and withdrawn before it evaporates is a new water supply (i.e. "conserved" water). We have completed environmental review in accordance with local, state and federal laws authorizing the management of the groundwater aquifer underlying the Cadiz Ranch which is expected to produce an average of 50,000 acre-feet of water per year for 50 years for beneficial use in Southern California communities.

Water Storage – The alluvium aquifer that lies beneath the Cadiz Ranch is also large enough for use as a water "banking" facility, capable of storing water "in-lieu" for supply customers and up to 1 million acre-feet of imported surplus water for return during drought periods. For comparison, MWD stores approximately 1.2 million acre-feet of water in the largest surface reservoir in the United States, Lake Mead.

Water Conveyance Infrastructure – We own the Northern Pipeline, an existing 220-mile 30-inch steel pipeline, that intersects several water storage and conveyance facilities in Southern California, including the California Aqueduct, the Los Angeles Aqueduct, and the Mojave River Pipeline. The capacity of the Northern Pipeline for water conveyance is 25,000 AFY. We also own a 99-year lease with the ARZC that will allow us to construct the Southern Pipeline within the existing, active railroad ROW that extends from the Cadiz Ranch to the Colorado River Aqueduct. We expect the capacity of the Southern Pipeline to be 150,000 AFY to accommodate imported water storage. We hold an option to purchase up to 180 miles of existing unused 36" steel pipeline that can be used in construction of the Southern Pipeline system or to replace certain components of the Northern Pipeline.

Water Filtration Technology – In 2022, we completed the acquisition of ATEC, which provides innovative water filtration solutions for impaired or contaminated groundwater sources. ATEC's specialized filtration media provide cost-effective, high-rate of removal for common groundwater impairments and contaminants that pose health risks in drinking water including iron, manganese, arsenic, Chromium-6, nitrates, PFAS and other constituents of concern.

Our addition of pipeline infrastructure and ATEC water filtration technology to our portfolio of land and water assets has enabled us to adjust our business model to begin offering integrated services and solutions to public water systems that address the urgent challenges of climate change and make significant progress in advancing contract negotiations for water supply with public water systems.

The combination of the water supply, water storage and water conveyance infrastructure described above constitutes the Mojave Groundwater Bank as discussed in more detail in Item 1. – Business, above.

In 2024, we entered into agreements with multiple public water systems for their purchase of 21,275 AFY of annual water supply from us to be delivered via the Northern Pipeline. These agreements cumulatively represent 85% of the full capacity (25,000 AFY) of the Northern Pipeline.

Through membership in FGMWC, a mutual water company to be owned by the participating water agencies, these agreements provide for delivery of purchased annual water supply over a 40-year term (take or pay), at an agreed upon market price estimated to start at approximately \$850/AFY and subject to annual adjustment. Participating public agencies are also expected to pay a portion of operating costs and the capital costs for construction of facilities.

In December 2024, we established a new business entity, Mojave Groundwater Storage Company LLC ("MGSC") for public and private investors to take an ownership interest in the facility assets in exchange for equity capital to finance the estimated \$800 million facility construction cost. As of March 2025, we have entered into letters of intent and a letter of agreement with potential MGSC investors for up to \$425 million. The letters of intent and letter of agreement are non-binding and subject to on-going due diligence. The parties will also coordinate with us to seek available infrastructure grants and/or other financing alternatives including potential bond issuances through a to-be-formed financing Joint Powers Authority.

ATEC and our agricultural operations provide our current principal source of revenue, although our working capital needs are not fully supported by these operations at this time. We believe that our water supply, storage, pipeline conveyance and treatment solutions will provide a significant source of future cash flow for the business and our stockholders. We presently rely upon debt and equity financing to support our working capital needs and development of our water solutions.

Our current and future operations also include activities that further our commitments to sustainable stewardship of our land, water, pipeline and water filtration technology assets, good governance and corporate social responsibility. We believe these commitments are important investments that will assist in maintenance of sustained stockholder value.

Results of Operations**Year Ended December 31, 2024 Compared to Year Ended December 31, 2023**

We currently operate in two reportable segments. Our largest segment is Land and Water Resources, which comprises all activities regarding our properties in the eastern Mojave Desert, pre-revenue development of the Mojave Groundwater Bank (supply, storage and conveyance), and agricultural operations. Our second operating segment is Water Filtration Technology comprised of ATEC which provides innovative water filtration technology solutions for impaired or contaminated groundwater sources.

We evaluate our performance based on segment operating income (loss). Interest expense, income tax expense and losses related to equity method investments are excluded from the computation of operating income (loss) for the segments. Segment net revenue, segment operating expenses and segment operating (loss)/income information consisted of the following for the years ended December 31, 2024 and 2023:

	Twelve Months Ended December 31, 2024		
	Land and Water Resources	Water Filtration Technology	Total
(in thousands)			
Revenues	\$ 1,708	\$ 7,900	\$ 9,608
Costs and expenses:			
Cost of sales	2,984	4,314	7,298
General and administrative	22,525	1,820	24,345
Depreciation	1,159	55	1,214
Total costs and expenses	26,668	6,189	32,857
Operating income (loss)	\$ (24,960)	\$ 1,711	\$ (23,249)
	Twelve Months Ended December 31, 2023		
	Land and Water Resources	Water Filtration Technology	Total
(in thousands)			
Revenues	\$ 1,251	\$ 740	\$ 1,991
Costs and expenses:			
Cost of sales	2,241	646	2,887
General and administrative	18,042	755	18,797
Depreciation	1,096	151	1,247
Total costs and expenses	21,379	1,552	22,931
Operating income (loss)	\$ (20,128)	\$ (812)	\$ (20,940)

We have not received significant revenues from our water supply, storage, or conveyance assets to date. Our revenues have been limited primarily to ATEC sales and sales from our alfalfa plantings and rental income from our agricultural leases. As a result, we have historically incurred a net loss from operations. We incurred a net loss of \$31.1 million for the year ended December 31, 2024, compared with a net loss of \$31.4 million for the year ended December 31, 2023.

Our primary expenses are our ongoing overhead costs associated with the development of our water supply, storage and conveyance assets (i.e., general and administrative expense), farming expenses at the Cadiz Ranch, manufacturing operations of ATEC and our interest expense. We will continue to incur non-cash expense in connection with our management and director equity incentive compensation plans.

Revenues. Revenue totaled \$9.6 million during the year ended December 31, 2024, primarily related to ATEC sales totaling \$7.9 million, sales from the harvest from our 760 acres of commercial alfalfa crop totaling \$1.3 million and rental income from agricultural leases totaling \$0.4 million. Revenue totaled \$2.0 million during the year ended December 31, 2023, primarily related to ATEC sales totaling \$0.8 million, sales from the harvest from our 760 acres of commercial alfalfa crop totaling \$0.8 million and rental income from our agricultural leases totaling \$0.4 million. The increase in ATEC sales primarily relates to revenues under a contract to deliver 320 filters for the Central Utah Water Conservancy District's Vineyard Wellfield Groundwater Polishing Project ("Utah Project") announced in 2023 and now being delivered.

Cost of Sales. Cost of sales totaled \$7.3 million during the year ended December 31, 2024, comprised of \$4.3 million related to ATEC (45.5% gross margin) and \$3.0 million related to our alfalfa crop harvest. The 2024 alfalfa crop harvest net operating loss of \$1.7 million primarily related to continued suppressed market conditions for alfalfa on the West Coast. Cost of sales totaled \$2.9 million during the year ended December 31, 2023, comprised of \$2.2 million related to our alfalfa crop harvest and \$0.7 million related to ATEC.

General and Administrative Expenses. General and administrative expenses during the year ended December 31, 2024, exclusive of stock-based compensation costs, totaled \$19.7 million compared with \$17.3 million for the year ended December 31, 2023. The increase in 2024 was primarily a result of increased professional fees incurred in advancing the development of the Mojave Groundwater Bank and increased marketing outreach campaign activity in 2024. General and administrative expense for ATEC totaled \$1.8 million for 2024 compared to \$0.8 million for 2023. The increase was primarily driven by the growth in the ATEC operations.

Compensation costs from stock and option awards for the year ended December 31, 2024, totaled \$4.6 million compared with \$1.5 million for the year ended December 31, 2023. The higher 2024 expense was primarily due to an increase in stock-based non-cash awards to employees and consultants in 2024 compared to 2023.

Depreciation. Depreciation expense totaled \$1.2 million during each the years ended December 31, 2024 and 2023.

Interest Expense, Net. Interest expense totaled \$7.9 million during the year ended December 31, 2024, compared to \$4.9 million during the year ended December 31, 2023. The following table summarizes the components of net interest expense for the two periods (in thousands):

	Year Ended December 31,	
	2024	2023
Cash interest on outstanding debt	\$ 1,530	\$ 1,639
PIK interest on outstanding debt	2,364	995
Interest added to lease obligation	2,794	2,527
Amortization of debt discount	1,316	414
Finance expense	307	-
Interest Income	(342)	(606)
Other Income	(89)	(25)
	<u>\$ 7,880</u>	<u>\$ 4,944</u>

Increased interest expense is primarily due to increased borrowing under the Third Amended Credit Agreement. Interest income primarily relates to interest on investments in short-term deposits which were lower in 2024.

Loss on Early Extinguishment of Debt. Loss on early extinguishment of debt totaled \$0 during the year ended December 31, 2024 compared to \$5.3 million in the year ended December 31, 2023. The 2023 loss on early extinguishment of debt was a result of a conversion instrument, a repayment fee and elimination of debt discount associated with the payoff of \$15 million of senior secured debt in February 2023.

Liquidity and Capital Resources

(a) Current Financing Arrangements

As we have not received significant revenues or gross profits from our water, agriculture or water filtration technology activities to date, we have been required to obtain financing to bridge the gap between the time water resource and other development expenses are incurred and the time that significant revenue will commence. Historically, we have addressed these needs primarily through secured debt financing arrangements and private equity placements.

Equity Offerings

In January 2023, we completed the sale and issuance of 10,500,000 shares of common stock to certain institutional investors in a registered direct offering ("January 2023 Direct Offering"). The shares of common stock were sold at a purchase price of \$3.84 per share, for aggregate gross proceeds of \$40.32 million and aggregate net proceeds of approximately \$38.5 million. A portion of the net proceeds were used to repay our debt in the principal amount of \$15 million, together with fees and interest required to be paid in connection with such repayment. The remaining proceeds from the January 2023 Direct Offering were used for capital expenditures to accelerate development of water supply, storage, conveyance and treatment assets, working capital, development of additional water resources to meet increase demand on an accelerated timetable, and general corporate purposes.

On November 5, 2024, we completed the sale and issuance of 7,000,000 shares of our common stock to certain institutional investors in a registered direct offering ("November 2024 Direct Offering"). The shares of common stock were sold at a purchase price of \$3.34 per share, for aggregate gross proceeds of \$23.4 million and aggregate net proceeds of approximately \$22.1 million.

On March 7, 2025, we completed the sale and issuance of 5,715,000 shares of our common stock to certain institutional investors in a registered direct offering ("March 2025 Direct Offering") (see Note 14 of the Condensed Consolidated Financial Statements – "Subsequent Events"). The shares of common stock were sold at a purchase price of \$3.50 per share, for aggregate gross proceeds of approximately \$20.0 million and aggregate net proceeds of approximately \$18.3 million.

\$5 million of the net proceeds from the November 2024 Direct Offering were paid in January 2025 to secure an exclusive option finalized in December 2024 to purchase up to 180 miles of steel pipe intended to be used for the development of the Mojave Groundwater Bank. The remaining proceeds from the November 2024 Direct Offering and the proceeds from the March 2025 Direct Offering are intended to be used for capital and other expenses related to the development and construction of the Mojave Groundwater Bank, which may include acquisition of equipment and materials intended to be used in construction of facilities related to our Northern and/or Southern Pipelines, which we expect to begin in 2025. Net proceeds from the offerings may also be used for the equipment and materials related to wellfield infrastructure on land owned by us and our subsidiaries, business development activities, other capital expenditures, working capital, the expansion of our business and general corporate purposes.

Debt Offerings

In July 2021, we entered into a \$50 million new credit agreement ("Credit Agreement") (see Note 7 to the Condensed Consolidated Financial Statements – "Long-Term Debt"). The proceeds of the Credit Agreement, together with the proceeds from the Depositary Share Offering, were used to (a) repay all our outstanding senior secured debt obligations in the amount of approximately \$77.6 million, (b) to deposit approximately \$10.2 million into a segregated account, representing an amount sufficient to pre-fund eight quarterly dividend payments on the Series A Preferred Stock underlying the Depositary Shares issued in the Depositary Share Offering, and (c) to pay transaction related expenses. The remaining proceeds were used for working capital needs and for general corporate purposes.

On February 2, 2023, we entered into a First Amendment to Credit Agreement to amend certain provisions of the Credit Agreement ("First Amended Credit Agreement"). Under the First Amended Credit Agreement, the lenders have a right to convert up to \$15 million of outstanding principal, plus any PIK interest and any accrued and unpaid interest (the "Convertible Loan") into shares of our common stock at a conversion price of \$4.80 per share (the "Conversion Price"). In addition, prior to the maturity of the Credit Agreement, we have the right to require that the lenders convert the outstanding principal amount, plus any PIK Interest and accrued and unpaid interest, of the Convertible Loan if the following conditions are met: (i) the average VWAP of the Company's common stock on The Nasdaq Stock Market, or such other national securities exchange on which the shares of common stock are listed for trading, over 30 consecutive trading dates exceeds 115% of the then Conversion Price and (ii) there is no event of default under certain provisions of the Credit Agreement.

Under the First Amended Credit Agreement, the maturity date of the Credit Agreement was extended from July 2, 2024 to June 30, 2026.

On March 6, 2024, we entered into a Third Amendment to Credit Agreement and First Amendment to Security Agreement ("Third Amended Credit Agreement") with HHC S Fund 2012 ("Heerema") (see Note 7 to the Condensed Consolidated Financial Statements – "Long-Term Debt"). Before entering into the Third Amended Credit Agreement, Heerema purchased the outstanding secured non-convertible term loans under the Credit Agreement ("Assignment"). In connection with the Assignment, the existing holders of both the Convertible Loan and non-convertible term loans consented to effectuate the Third Amended Credit Agreement in consideration of a consent fee in the aggregate amount of \$479,845 payable in the form of our common stock (valued at \$2.89 per share, or 166,036 shares), which was registered pursuant to an effective shelf registration statement on Form S-3 and a prospectus supplement thereunder. The Third Amended Credit Agreement provides, among other things, (a) a new tranche of senior secured convertible terms loans from Heerema in an aggregate principal amount of \$20 million, having a maturity date of June 30, 2027 ("New Secured Convertible Debt"); (b) the aggregate principal amount of the secured non-convertible term loans acquired by Heerema has been increased from \$20 million to \$21.2 million and the applicable repayment fee in respect thereof has been eliminated; (c) the Convertible Loan existing prior to the Third Amended Credit Agreement, in an aggregate principal amount of approximately \$16 million plus interest accruing thereon, has become unsecured; and (d) extension of the maturity date for the existing Convertible Loan and non-convertible loans to June 30, 2027.

The annual interest rate remains unchanged at 7.00%. Interest on \$21.2 million of the remaining principal amount will be paid in cash. Interest on the New Secured Convertible Debt and existing Convertible Loan is paid in kind on a quarterly basis.

Limitations on our liquidity and ability to raise capital may adversely affect us. Sufficient liquidity is critical to meet our resource development activities. To the extent additional capital is required, we may increase liquidity through a variety of means, including equity or debt placements, through the lease, sale or other disposition of assets or reductions in operating costs. If additional capital is required, no assurances can be given as to the availability and terms of any new financing.

As we continue to actively pursue our business strategy, additional financing will continue to be required (see "Outlook", below). The covenants in the Credit Agreement, as amended, do not prohibit our use of additional equity financing and allow us to retain 100% of the proceeds of any common equity financing. We do not expect the loan covenants to materially limit our ability to finance our water and agricultural development activities.

Cash Used for Operating Activities. Cash used for operating activities totaled \$21.5 million for the year ended December 31, 2024, and \$20.9 million for the year ended December 31, 2023. The cash was primarily used to fund general and administrative expenses related to our water development efforts, agricultural development efforts, and our ATEC business including increased working capital needs related to accounts receivable and inventory offset by increased accounts payable.

Cash Used for Investing Activities. Cash used for investing activities in the year ended December 31, 2024, was \$1.2 million, compared with \$5.8 million for the year ended December 31, 2023. The cash used in the 2024 period primarily related to development costs for the planting of 125 additional acres of alfalfa and the payment of a deferred portion of the purchase price related to the ATEC acquisition. The cash used in the 2023 period primarily related to the development of three new wells.

Cash Provided by Financing Activities. Cash provided by financing activities totaled \$35.5 million for the year ended December 31, 2024, compared with cash provided by financing activities of \$17.6 million for the year ended December 31, 2023. Proceeds from financing activities for the 2024 period primarily related to the issuance of long-term debt under the Third Amended Credit Agreement and to the issuance of shares under a direct offering. Proceeds from financing activities for the 2023 period primarily related to the issuance of shares under direct offerings, offset by the paydown of \$15 million of senior secured debt in February 2023.

(b) Outlook

Short-Term Outlook. The net proceeds of approximately \$18.3 million from the completion of the March 2025 Direct Offering, together with cash on hand, provide us with sufficient funds to meet our short-term working capital needs. Our ATEC operations are expected to be funded using existing capital and cash profits generated from operations during 2025.

Long-Term Outlook. In the longer term, we may need to raise additional capital to finance working capital needs and capital expenditures (see "Current Financing Arrangements", above). Our future working capital needs will depend upon the specific measures we pursue in the entitlement and development of our water supply, storage, conveyance resources and other developments. Future capital expenditures will depend on the progress of the Mojave Groundwater Bank, including the funding of MGSC, ATEC operational needs and any further expansion of our agricultural assets. Additionally, timing of reimbursement of development costs advanced related to the Mojave Groundwater Bank and the expected receipt of \$51 million for the transfer of assets will impact the need to raise additional capital.

We are evaluating the amount of cash needed, and the manner in which such cash will be raised, on an ongoing basis. We may meet any future cash requirements through a variety of means, including equity or debt placements, or through the sale or other disposition of assets. Equity placements would be undertaken only to the extent necessary, so as to minimize the dilution effect of any such placements upon our existing stockholders. No assurances can be given, however, as to the availability or terms of any new financing. Limitations on our liquidity and ability to raise capital may adversely affect us. Sufficient liquidity is critical to meet our resource development activities.

(c) Critical Accounting Estimates

As discussed in Note 2 to our Consolidated Financial Statements, "Summary of Significant Accounting Policies", the preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect amounts reported in the accompanying consolidated financial statements and related footnotes. In preparing these financial statements, management has made its best estimates and judgments of certain amounts included in the financial statements based on all relevant information available at the time and giving due consideration to materiality. However, application of these policies involves the exercise of judgment and use of assumptions as to future uncertainties and, as a result, actual results could differ from these estimates. Management has concluded that the following critical accounting policies described below affect the most significant judgments and estimates used in the preparation of the consolidated financial statements.

(1) Liquidity. Management assesses whether the Company has sufficient liquidity to fund its costs for the next twelve months from the financial statement issuance date. Management evaluates the Company's liquidity to determine if there is a substantial doubt about the Company's ability to continue as a going concern. In the preparation of this liquidity assessment, management applies judgement to estimate the significant assumptions related to the projected cash flows of the Company including the following: (i) projected cash outflows, (ii) projected cash inflows, (iii) categorization of expenditures as discretionary versus non-discretionary, and (iv) the ability to raise capital. The cash flow projections are based on known or planned cash requirements for operating costs as well as planned costs for project development.

Limitations on the Company's liquidity and ability to raise capital may adversely affect it. Sufficient liquidity is critical to meet the Company's activities. Although the Company currently expects its sources of capital to be sufficient to meet its near-term liquidity needs, there can be no assurance that its liquidity requirements will continue to be satisfied. If the Company cannot raise needed funds, it might be forced to make substantial reductions in its operating expenses, which could adversely affect its ability to implement its current business plan and ultimately impact its viability as a company.

(2) Goodwill. Business combinations are accounted for using the acquisition method, with the excess of the acquisition cost over the fair value of net tangible assets and identified intangible assets acquired considered goodwill. As a result, we disclose goodwill separately from other intangible assets. Our reporting units are composed of either a discrete business or an aggregation of businesses with similar economic characteristics.

We perform our annual impairment test of goodwill during the fourth quarter. Certain factors may cause us to perform an impairment test prior to the fourth quarter, including significant underperformance of a business relative to expected operating results, significant adverse economic and industry trends, significant decline in our market capitalization for an extended period of time relative to net book value, or a decision to divest a portion of a reporting unit. In performing impairment tests, we have the option to first assess qualitative factors to determine whether it is necessary to perform a quantitative assessment for goodwill impairment. If the qualitative assessment indicates that it is more-likely-than-not that the fair value of a reporting unit is less than its carrying value, we perform a quantitative assessment.

A quantitative assessment primarily consists of using the present value (discounted cash flow) method to determine the fair value of reporting units with goodwill. We compare the fair value of each reporting unit to its carrying amount, and, to the extent the carrying amount exceeds the unit's fair value, we recognize an impairment of goodwill for the excess up to the amount of goodwill of that reporting unit. In consultation with outside specialists, we estimate the fair value of our reporting units using various valuation techniques, with the primary technique being a discounted cash flow analysis. A discounted cash flow analysis requires us to make various assumptions about our reporting units, including their respective forecasted sales, operating margins and growth rates, as well as discount rates. Our assumptions about discount rates are based on the weighted average cost of capital for comparable companies. Our assumptions about sales, operating margins and growth rates are based on our forecasts, business plans, economic projections, anticipated future cash flows, and marketplace data. We also make assumptions for varying perpetual growth rates for periods beyond our long-term business plan period. We base our fair value estimates on projected financial information and assumptions that we believe are reasonable. However, actual future results may differ materially from these estimates and projections. The valuation methodology we use to estimate the fair value of reporting units requires inputs and assumptions that reflect current market conditions, as well as the impact of planned business and operational strategies that require management judgment. The estimated fair value could increase or decrease depending on changes in the inputs and assumptions.

In our annual impairment analysis in the fourth quarter of 2024, the goodwill of all reporting units in our water and land resources and water filtration technology reportable segments were tested utilizing a qualitative assessment. Based on this assessment, we determined that the fair values of these reporting units were more-likely-than-not greater than their respective carrying values. Therefore, the goodwill of our reporting units was not impaired.

(3) Long-Lived Assets. Property, plant and equipment, and water program assets are depreciated or amortized over their useful lives. Useful lives are based on management's estimates of the period over which the assets will generate revenue. Assets are placed into service when they are in a condition or state of readiness for a specifically assigned function on a regular and ongoing basis.

(d) New Accounting Pronouncements

See Note 2 to the Consolidated Financial Statements, "Summary of Significant Accounting Policies".

ITEM 7A. Quantitative and Qualitative Disclosures about Market Risk

We are a smaller reporting company as defined by Reg. 240.12b-2 of the Securities and Exchange Act of 1934 and are not required to provide the information under this item.

ITEM 8. Financial Statements and Supplementary Data

The information required by this item is submitted in response to Part IV below. See the Index to Consolidated Financial Statements.

ITEM 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

Not applicable.

ITEM 9A. Controls and Procedures**Disclosure Controls and Procedures**

We have established disclosure controls and procedures to ensure that material information related to the Company, including its consolidated entities, is accumulated and communicated to senior management, including Chief Executive Officer (the "Principal Executive Officer") and Chief Financial Officer (the "Principal Financial Officer") and to our Board of Directors. Based on their evaluation as of December 31, 2024, our Principal Executive Officer and Principal Financial Officer have concluded that the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) are effective to ensure that the information required to be disclosed by the Company in the reports that it files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms, and such information is accumulated and communicated to management, including the principal executive and principal financial officers as appropriate, to allow timely decisions regarding required disclosures.

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). Under the supervision and with the participation of our management, including our Principal Executive Officer and Principal Financial Officer, we evaluated the effectiveness of our internal control over financial reporting based on the criteria in the Internal Control-Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on our evaluation under that framework, our management concluded that our internal control over financial reporting was effective as of December 31, 2024.

Changes in Internal Control Over Financial Reporting

In connection with the evaluation required by paragraph (d) of Rule 13a-15 under the Exchange Act, there was no change identified in the Company's internal control over financial reporting that occurred during the last fiscal quarter ended December 31, 2024, that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

ITEM 9B. Other Information

Not applicable.

ITEM 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

None.

PART III

ITEM 10. Directors, Executive Officers and Corporate Governance

The information called for by this item is incorporated herein by reference to the definitive proxy statement involving the election of directors which we intend to file with the SEC pursuant to Regulation 14A under the Securities and Exchange Act of 1934 not later than 120 days after December 31, 2024.

ITEM 11. Executive Compensation

The information called for by this item is incorporated herein by reference to the definitive proxy statement involving the election of directors which we intend to file with the SEC pursuant to Regulation 14A under the Securities and Exchange Act of 1934 not later than 120 days after December 31, 2024.

ITEM 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information called for by this item is incorporated herein by reference to the definitive proxy statement involving the election of directors which we intend to file with the SEC pursuant to Regulation 14A under the Securities and Exchange Act of 1934 not later than 120 days after December 31, 2024.

ITEM 13. Certain Relationships and Related Transactions, and Director Independence

The information called for by this item is incorporated herein by reference to the definitive proxy statement involving the election of directors which we intend to file with the SEC pursuant to Regulation 14A under the Securities and Exchange Act of 1934 not later than 120 days after December 31, 2024.

ITEM 14. Principal Accounting Fees and Services

The information called for by this item is incorporated herein by reference to the definitive proxy statement involving the election of directors which we intend to file with the SEC pursuant to Regulation 14A under the Securities and Exchange Act of 1934 not later than 120 days after December 31, 2024.

PART IV**ITEM 15. Exhibits, Financial Statement Schedules**

1. Financial Statements. See Index to Consolidated Financial Statements.
2. Financial Statement Schedule. See Index to Consolidated Financial Statements. ***
3. Exhibits.

The following exhibits are filed or incorporated by reference as part of this Form 10-K.

- **3.1 [Cadiz Certificate of Incorporation, as amended](#)
- **3.2 [Cadiz Bylaws, as amended](#)
- **3.3 [Certificate of Designation of Series 1 Preferred Stock of Cadiz Inc.](#)
- **3.4 [Certificate of Designation of 8.875% Series A Cumulative Perpetual Preferred Stock of Cadiz Inc.](#)
- **4.1 [Form of Senior Indenture](#)
- **4.2 [Form of Subordinated Indenture](#)
- **4.3 [Deposit Agreement, dated effective as of July 2, 2021, by and among the Company, Continental Stock Transfer & Trust Company, as depositary, and the holders of the depositary receipts issued thereunder](#)
- **4.4 [Description of Securities Registered Under Section 12 of the Securities Exchange Act of 1934](#)
- **4.5 [Common Stock Purchase Warrant dated as of March 6, 2024](#)
- **10.1 [Limited Liability Company Agreement of Cadiz Real Estate LLC dated December 11, 2003](#)
- **10.2 [Amendment No. 1, dated October 29, 2004, to Limited Liability Company Agreement of Cadiz Real Estate LLC](#)
- **10.3 [Amendment No. 2 dated March 5, 2013, to Limited Liability Company Agreement of Cadiz Real Estate LLC](#)

- **10.4 [Longitudinal Lease Agreement dated September 17, 2008, between Arizona & California Railroad Company and Cadiz Real Estate, LLC](#)
- †*10.5 [2019 Equity Incentive Plan, as amended](#)
- **10.6 [Form of Option Agreement with Santa Margarita Water District](#)
- **10.7 [Option Agreement with Golden State Water Company dated June 25, 2010](#)
- **10.8 [Key Terms for First Amendment to Option and Golden State Water Company's Conditional Exercise of its Option dated March 13, 2024](#)
- **10.9 [Option Agreement with Suburban Water Systems dated October 4, 2010](#)
- **10.10 [Option Agreement with California Water Service Company dated December 1, 2011](#)
- **10.11 [Form of Memorandum of Understanding by and among Cadiz Inc., County of San Bernardino and Santa Margarita Water District](#)
- **10.12 [First Amendment to the Memorandum of Understanding, dated November 2, 2023, by and among the Santa Margarita Water District, Cadiz Inc., Fenner Gap Mutual Water Company and San Bernardino County](#)
- **10.13 [Water Purchase and Sale Agreement among Cadiz Inc., Cadiz Real Estate LLC, Fenner Valley Mutual Water Company and Santa Margarita Water District dated July 31, 2012](#)
- **10.14 [Groundwater Management, Monitoring, and Mitigation Plan for the Cadiz Valley Groundwater Conservation, Recovery and Storage Project approved by the Santa Margarita Water District and the County of San Bernardino Board of Supervisors effective October 1, 2012](#)
- **10.15 [Summary of Key Terms Between Antelope Valley – East Kern Water Agency and Fenner Gap Mutual Water Company dated May 24, 2023](#)
- **10.16 [Agreement for the Delivery of Water Made Available by Cadiz Inc. and Fenner Gap Mutual Water Company to Public Water Systems, dated February 28, 2024, among Cadiz Inc., Cadiz Real Estate LLC, Fenner Gap Mutual Water Company and Fontana Water Company](#)
- **10.17 [Term Sheet for the Delivery of Water Made Available by Cadiz Inc. and Fenner Gap Mutual Water Company to Santa Margarita Water District in the Northern Pipeline, dated February 28, 2024, among Cadiz Inc., Fenner Gap Mutual Water Company and Santa Margarita Water District](#)
- **10.18 [Amendment for the Delivery of Water Made Available by Cadiz Inc. and Fenner Gap Mutual Water Company to Solomon Hills, dated April 18, 2024, among Cadiz Inc., Cadiz Real Estate LLC, Fenner Gap Mutual Water Company and Solstra Communities California LLC](#)
- **10.19 [Track Utilization Agreement dated September 16, 2013, between Arizona & California Railroad Company and Cadiz Real Estate LLC](#)

- †**10.20 [Amended and Restated Employment Agreement between Timothy J. Shaheen and Cadiz Inc. dated June 13, 2014](#)
- †**10.21 [Amendment No. 1 to Amended and Restated Employment Agreement between Timothy J. Shaheen and Cadiz Inc. dated March 10, 2020](#)
- †**10.22 [Amendment No. 2 to Amended and Restated Employment Agreement between Timothy J. Shaheen and Cadiz Inc. dated as of May 21, 2020](#)
- †**10.23 [Employment Agreement between Cadiz Inc. and Stanley E. Speer dated as of May 21, 2020](#)
- **10.24 [Form of Water Purchase and Sale Agreement, dated as of December 29, 2014, by and between Cadiz Inc. and San Luis Water District](#)
- **10.25 [Amended and Restated Lease Agreement, dated as of February 8, 2016, by and among Cadiz Real Estate LLC, Cadiz Inc. and Fenner Valley Farm, LLC](#)
- **10.26 [Purchase and Sale Agreement between El Paso Natural Gas Company, LLC, and Cadiz Inc. dated December 31, 2018](#)
- **10.27 [First Amendment to Purchase and Sale Agreement dated February 3, 2020, by and between El Paso Natural Gas Company, LLC, a Delaware limited liability company and Cadiz Inc., a Delaware corporation](#)
- **10.28 [Second Amendment to Purchase and Sale Agreement dated December 4, 2020, by and between El Paso Natural Gas Company, LLC, a Delaware limited liability company and Cadiz Inc., a Delaware corporation](#)
- **10.29 [Credit Agreement, dated as of July 2, 2021, by and among Cadiz Inc. and Cadiz Real Estate LLC as borrowers, the lenders from time-to-time party thereto, and B. Riley Securities, Inc., as administrative agent](#)
- **10.30 [First Amendment to Credit Agreement, dated as of February 2, 2023, by and among Cadiz Inc. and Cadiz Real Estate LLC as borrowers, the lenders from time-to-time party thereto, and B. Riley Securities, Inc. as administrative agent](#)
- **10.31 [Second Amendment to Credit Agreement, dated as of August 14, 2023, by and among Cadiz Inc. and Cadiz Real Estate LLC as borrowers, the lenders from time-to-time party thereto, and B. Riley Securities, Inc. as administrative agent](#)
- **10.32 [Third Amendment to Credit Agreement and First Amendment to Security Agreement, dated as of March 6, 2024, by and among Cadiz Inc., Cadiz Real Estate LLC, ATEC Water Systems, LLC and Octagon Partners LLC as borrowers, and the lenders party thereto](#)

**10.33	<u>Deed of Trust, Assignment of Leases and Rents, Security Agreement, Financing Statement and Fixture Filing, dated as of July 2, 2021</u>
**10.34	<u>First Amendment to Deed of Trust, Assignment of Leases and Rents, Securities Agreement, Financing Statement and Fixture Filing, dated as of February 2, 2023</u>
†**10.35	<u>Amended and Restated Employment Agreement between Cadiz Inc. and Susan P. Kennedy dated as of April 26, 2024</u>
**10.36	<u>Form of Board Observer and Nomination Right Agreement</u>
**10.37	<u>Amendment No. 1 to Board Observer and Nomination Right Agreement, dated as of March 6, 2024, by and between Cadiz Inc. and Heerema International Group Services S.A.</u>
**10.38	<u>Form of Underwriting Agreement</u>
**10.39	<u>Form of Registration Rights Agreement</u>
**10.40	<u>Form of Amendment No. 1 to Registration Rights Agreement</u>
**10.41	<u>Form of Amendment No. 2 to Registration Rights Agreement</u>
**10.42	<u>Amendment No. 3 to Registration Rights Agreement, dated as of March 6, 2024, by and between Cadiz Inc. and Heerema International Group Services S.A.</u>
**10.43	<u>Asset Purchase Agreement, dated as of October 21, 2022, between ATEC Systems, Inc., David Ketchum and Donna Ketchum and Cadiz Inc.</u>
**10.44	<u>Amended and Restated Limited Liability Company Agreement of ATEC Water Systems, LLC dated as of November 6, 2022</u>
**10.45	<u>Successor Agent and Amendment Agreement, dated as of July 23, 2024, by and among Cadiz Inc., Cadiz Real Estate LLC, ATEC Water Systems, LLC, Octagon Partners LLC, the other loan parties, the lenders thereto, B. Riley Securities, Inc and Alter Domus LLC</u>
**10.46	<u>Northern Pipeline Delivery Agreement, dated as of August 13, 2024, by and among Cadiz Inc., Cadiz Real Estate LLC, Fenner Gap Mutual Water Company and Cucamonga Valley Water District</u>
†**10.47	<u>Employment Agreement between Cadiz Inc. and Cathryn Rivera dated as of September 16, 2024</u>
**10.48	<u>Renewable Energy System Site Lease and Easement Agreement, dated October 21, 2024, between Cadiz Real Estate LLC and RIC Development, LLC</u>

**10.49	Placement Agent Agreement, dated as of November 4, 2024, by and between the Company and B. Riley Securities, Inc.
**10.50	Purchase Option Agreement, dated November 10, 2024, by and among GMHR Acquisitions Co., LLC, LKM Industries Inc., North West Iron & Metal LLC and Cadiz Inc.
**10.51	Letter of Intent, dated November 21, 2024, by and between Lytton Rancheria of California and Cadiz Inc.
**10.52	Placement Agent Agreement, dated as of March 7, 2025, by and between the Company and Roth Capital Partners, LLC
**19.1	Insider Trading Policy
*21.1	Subsidiaries of the Registrant
*23.1	Consent of Independent Registered Public Accounting Firm
*31.1	Certification of Susan Kennedy, Chief Executive Officer of Cadiz Inc. pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
*31.2	Certification of Stanley E. Speer, Chief Financial Officer and Secretary of Cadiz Inc. pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
*32.1	Certification of Susan Kennedy, Chief Executive Officer of Cadiz Inc. pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
*32.2	Certification of Stanley E. Speer, Chief Financial Officer and Secretary of Cadiz Inc. pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
*97.1	Cadiz Clawback and Forfeiture Policy
* 101.INS	Inline XBRL Instance Document
* 101.SCH	Inline XBRL Taxonomy Extension Schema
* 101.CAL	Inline XBRL Taxonomy Extension Calculation
* 101.DEF	Inline XBRL Extension Definition
* 101.LAB	Inline XBRL Taxonomy Extension Label
* 101.PRE	Inline XBRL Taxonomy Extension Presentation

† Management contract or compensatory plan or agreement.

* Filed herewith.

** Previously filed.

*** All financial statement schedules are omitted since the required information is not present or is not present in amounts sufficient to require submission of the schedule, or because the information required is included in the consolidated financial statements and notes thereto.

ITEM 16. Form 10-K Summary

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereto duly authorized.

CADIZ INC.

By: /s/ Susan P. Kennedy
Susan P. Kennedy,
Chief Executive Officer

Date: March 28, 2025

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons in the capacities and on the dates indicated.

<u>Name and Position</u>	<u>Date</u>
<u>/s/ Susan P. Kennedy</u> Susan Kennedy, Chair and Chief Executive Officer (Principal Executive Officer)	<u>March 28, 2025</u>
<u>/s/ Stanley E. Speer</u> Stanley E. Speer, Chief Financial Officer (Principal Financial and Accounting Officer)	<u>March 28, 2025</u>
<u>/s/ Stephen E. Courter</u> Stephen E. Courter, Director	<u>March 28, 2025</u>
<u>/s/ Maria Dreyfus</u> Maria Dreyfus, Director	<u>March 28, 2025</u>
<u>/s/ Maria Echaveste</u> Maria Echaveste, Director	<u>March 28, 2025</u>
<u>/s/ Winston H. Hickox</u> Winston H. Hickox, Director	<u>March 28, 2025</u>
<u>/s/ Barbara Lloyd</u> Barbara Lloyd, Director	<u>March 28, 2025</u>
<u>/s/ Kenneth Lombard</u> Kenneth Lombard, Director	<u>March 28, 2025</u>
<u>/s/ Richard Polanco</u> Richard Polanco, Director	<u>March 28, 2025</u>
<u>/s/ Carolyn Webb de Macias</u> Carolyn Webb de Macias, Director	<u>March 28, 2025</u>

Cadiz Inc. Consolidated Financial Statements

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of Cadiz Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Cadiz Inc. and its subsidiaries (the "Company") as of December 31, 2024 and 2023, and the related consolidated statements of operations and comprehensive loss, of stockholders' equity and of cash flows for the years then ended, including the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

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

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

Critical Audit Matters

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

Liquidity Assessment

As described in Note 2 to the consolidated financial statements, management has prepared the Company's consolidated financial statements on a going concern basis, which contemplates the continuity of operations, the realization of assets and the satisfaction of liabilities in the normal course of business. The Company incurred a net loss and comprehensive loss of \$31.1 million for the year ended December 31, 2024. The Company had working capital of \$11.4 million as of December 31, 2024 and used cash in operating activities of \$21.5 million for the year ended December 31, 2024. Management assesses whether the Company has sufficient liquidity to fund its costs for the next twelve months from the financial statement issuance date. Management evaluates the Company's liquidity to determine if there is substantial doubt about the Company's ability to continue as a going concern. In the preparation of this liquidity assessment, management applies judgment to estimate the significant assumptions related to the projected cash flows of the Company including the following: (i) projected cash outflows, (ii) projected cash inflows, (iii) categorization of expenditures as discretionary versus non-discretionary, and (iv) the ability to raise capital. The cash flow projections are based on known or planned cash requirements for operating costs as well as planned costs for project development.

The principal considerations for our determination that performing procedures relating to the liquidity assessment is a critical audit matter are (i) the significant judgment by management when assessing whether the Company has sufficient liquidity and (ii) a high degree of auditor judgment, subjectivity, and effort in performing procedures and evaluating audit evidence related to management's liquidity assessment and the significant assumptions related to projected cash outflows, projected cash inflows, categorization of expenditures as discretionary versus non-discretionary, and the ability to raise capital (collectively, "management's significant assumptions").

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included, among others, testing management's process for estimating future liquidity requirements for the twelve months after the date the financial statements are issued and evaluating the sufficiency of the Company's disclosures about whether the Company has sufficient liquidity to fund its costs for the next twelve months from the financial statement issuance date. Testing management's process involved (i) evaluating the appropriateness of the projected cash flow model; (ii) testing the completeness and accuracy of the underlying data used in the projected cash flow model; and (iii) evaluating the reasonableness of management's significant assumptions. Evaluating management's significant assumptions involved evaluating whether the assumptions used were reasonable considering (i) current and past performance of the Company; (ii) management's historical forecasting accuracy; and (iii) whether these assumptions were consistent with evidence obtained in other areas of the audit.

/s/ PricewaterhouseCoopers LLP
Los Angeles, California
March 28, 2025

We have served as the Company's auditor since at least 1995. We have not been able to determine the specific year we began serving as auditor of the Company.

Consolidated Statements of Operations and Comprehensive Loss

<i>(In thousands, except per share data)</i>	December 31,	
	2024	2023
Total revenues	\$ 9,608	\$ 1,991
Costs and expenses:		
Cost of Sales	7,298	2,887
General and administrative	24,345	18,797
Depreciation	1,214	1,247
Total costs and expenses	32,857	22,931
Operating loss	(23,249)	(20,940)
Interest expense, net	(7,880)	(4,944)
Loss on derivative liability	-	(220)
Loss on early extinguishment of debt	-	(5,331)
Loss before income taxes	(31,129)	(31,435)
Income tax expense	(11)	(11)
Gain (loss) from equity-method investments	-	-
Net loss and comprehensive loss	\$ (31,140)	\$ (31,446)
Less: Preferred stock dividend requirements	\$ 5,106	5,106
Net loss and comprehensive loss applicable to common stock	\$ (36,246)	\$ (36,552)
Basic and diluted net loss per common share	\$ (0.53)	\$ (0.56)
Basic and diluted weighted-average shares outstanding	68,847	65,656

See accompanying notes to the consolidated financial statements.

Consolidated Balance Sheets

(\$ in thousands, except per share data)

	December 31,	
	2024	2023
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 17,292	\$ 4,502
Accounts receivable	4,586	904
Inventories	3,020	2,106
Prepaid expenses and other current assets	888	508
Total current assets	25,786	8,020
Property, plant, equipment and water programs, net	88,362	87,217
Long-term deposit/prepaid expenses	420	420
Goodwill	5,714	5,714
Right-of-use asset	3,746	431
Long-term restricted cash	134	134
Other assets	10,332	5,438
Total assets	\$ 134,494	\$ 107,374
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 2,261	\$ 1,245
Accrued liabilities	7,997	1,170
Current portion of long-term debt	120	182
Dividend payable	1,288	1,288
Contingent consideration liabilities	1,200	1,450
Short-term deferred revenue	1,226	373
Operating lease liabilities	314	127
Total current liabilities	14,406	5,835
Long-term debt, net	56,708	37,711
Long-term lease obligations with related party, net	25,275	22,877
Long-term operating lease liabilities	3,473	318
Long-term deferred revenue	625	625
Other long-term liabilities	46	41
Total liabilities	100,533	67,407
Stockholders' equity:		
Preferred stock - \$.01 par value, 100,000 shares authorized at December 31, 2024, and December 31, 2023; shares issued and outstanding – 329 at December 31, 2024 and December 31, 2023	1	1
8.875% Series A cumulative, perpetual preferred stock - \$.01 par value; 7,500 shares authorized at December 31, 2024, and December 31, 2023; shares issued and outstanding – 2,300 at December 31, 2024 and 2,300 at December 31, 2023	1	1
Common stock - \$.01 par value; 100,000,000 shares authorized at December 31, 2024, and 85,000,000 authorized at December 31, 2023; shares issued and outstanding: 75,353,889 at December 31, 2024, and 66,710,795 at December 31, 2023	752	665
Additional paid-in capital	709,303	679,150
Accumulated deficit	(676,096)	(639,850)
Total stockholders' equity	33,961	39,967
Total liabilities and stockholders' equity	\$ 134,494	\$ 107,374

See accompanying notes to the consolidated financial statements.

Consolidated Statements of Cash Flows

(\$ in thousands)	For the Year Ended December 31,	
	2024	2023
Cash flows from operating activities:		
Net loss	\$ (31,140)	\$ (31,446)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	1,214	1,247
Amortization of debt discount and issuance costs	1,316	414
Amortization of right-of-use asset	163	122
Interest expense added to loan principal	2,360	992
Interest expense added to lease liability	2,373	2,107
Finance Expense	307	-
Loss on early extinguishment of debt	-	5,331
Compensation charge for stock and share option awards	4,605	1,496
Unrealized loss on derivative liabilities	-	220
Changes in operating assets and liabilities:		
Accounts receivable	(3,682)	(450)
Inventories	(914)	(1,790)
Prepaid expenses and other current assets	(380)	(128)
Other assets	106	(408)
Accounts payable	(392)	937
Lease liabilities	(136)	(108)
Deferred revenue	853	248
Other accrued liabilities	1,815	292
Net cash used in operating activities	(21,532)	(20,924)
Cash flows from investing activities:		
Additions to property, plant and equipment and water programs	(934)	(5,787)
Payments for contingent consideration liabilities	(250)	-
Net cash used in investing activities	(1,184)	(5,787)
Cash flows from financing activities:		
Net proceeds from issuance of common stock	22,135	38,490
Dividend payment	(5,106)	(5,106)
Proceeds from the issuance of long-term debt	20,000	233
Issuance costs of long-term debt	(1,294)	(27)
Principal payments on long-term debt	(177)	(15,164)
Costs for extinguishment of debt	-	(600)
Taxes paid related to net share settlement of equity awards	(52)	(261)
Net cash provided by financing activities	35,506	17,565
Net (decrease) increase in cash, cash equivalents and restricted cash	12,790	(9,146)
Cash, cash equivalents and restricted cash, beginning of period	4,636	13,782
Cash, cash equivalents and restricted cash, end of period	<u>\$ 17,426</u>	<u>\$ 4,636</u>

See accompanying notes to the consolidated financial statements.

Consolidated Statements of Stockholders' Equity

See accompanying notes to the consolidated financial statements.

	Common Stock		Preferred Stock		8.875% Series A Cumulative Perpetual Preferred Stock		Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount	Shares	Amount	Shares	Amount			
Balance as of December 31, 2022	55,823,810	\$ 556	329	\$ 1	2,300	\$ 1	\$ 636,963	\$ (603,298)	\$ 34,223
Issuance of shares pursuant to direct offerings	10,500,000	105	-	-	-	-	38,385	-	38,490
Dividends paid and declared on 8.875% series A cumulative perpetual preferred shares (\$2,220 per share)	-	-	-	-	-	-	-	(5,106)	(5,106)
Reclassification of derivative liability	-	-	-	-	-	-	2,570	-	2,570
Stock-based compensation expense	386,985	4	-	-	-	-	1,232	-	1,236
Net loss and comprehensive loss	-	-	-	-	-	-	-	(31,446)	(31,446)
Balance as of December 31, 2023	66,710,795	\$ 665	329	\$ 1	2,300	\$ 1	\$ 679,150	\$ (639,850)	\$ 39,967
Issuance of shares pursuant to direct offerings	7,000,000	70	-	-	-	-	22,065	-	22,135
Dividends paid and declared on 8.875% series A cumulative perpetual preferred shares (\$2,220 per share)	-	-	-	-	-	-	-	(5,106)	(5,106)
Issuance of warrants	-	-	-	-	-	-	887	-	887
Issuance of shares to lenders	166,036	1	-	-	-	-	480	-	481
Issuance of shares to consultants	100,000	1	-	-	-	-	256	-	257
Capitalization of gain on extinguishment of debt	-	-	-	-	-	-	1,928	-	1,928
Stock-based compensation expense, net of taxes	1,377,058	15	-	-	-	-	4,537	-	4,552
Net loss and comprehensive loss	-	-	-	-	-	-	-	(31,140)	(31,140)
Balance as of December 31, 2024	75,353,889	\$ 752	329	\$ 1	2,300	\$ 1	\$ 709,303	\$ (676,096)	\$ 33,961

Notes To The Consolidated Financial Statements**NOTE 1 – BUSINESS**

Cadiz Inc. ("Cadiz or the "Company") is a water solutions provider with a unique combination of land, water, pipeline and water filtration technology assets strategically located in Southern California between major water systems serving population centers in the Southwestern United States. The Company's portfolio of assets includes 2.5 million acre-feet of permitted water supply, 220 miles of existing, buried pipeline, 1 million acre-feet of groundwater storage capacity, and versatile, scalable, and cost-effective water filtration technology. The Company provides products and services to public water systems, government agencies and commercial clients that address the emerging threat of water scarcity and affordability in a region of the world facing severe challenges from climate change.

The Company owns approximately 46,000 acres of land with high-quality, naturally-recharging groundwater resources in Southern California's Mojave Desert ("Cadiz Property"). Land holdings with vested water rights were assembled by the Company's founders in the early 1980s, relying on NASA imagery that identified a significant desert aquifer system at the base of a vast Southern California watershed.

Since its founding in 1983, the Company has developed its land assets in California for sustainable farming and groundwater management, and in recent years, has invested in wellfield and pipeline infrastructure as well as water filtration technology that will enable The Company to play a critical role in serving the needs of people and communities that lack access to clean, reliable and affordable water.

The Company's supply, storage and pipeline assets are located in a remote area of eastern San Bernardino County that sits at the crossroads of major highway, rail, energy, and water infrastructure between California's primary water supply systems, the Colorado River Basin and the State Water Project. As a result, the Mojave Groundwater Bank is well positioned to assist public water agencies in storing and managing unpredictable water supplies and provide reliable, affordable water supplies to chronically underserved areas of California.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES***Basis of Presentation***

The Consolidated Financial Statements of the Company have been prepared on a going concern basis, which contemplates the continuity of operations, the realization of assets and the satisfaction of liabilities in the normal course of business.

The Company incurred a net loss and comprehensive loss of \$31.1 million and \$31.4 million for the years ended December 31, 2024 and 2023, respectively. The Company had working capital of \$11.4 million at December 31, 2024 and used cash in operating activities of \$21.5 million for the year ended December 31, 2024. The lower loss in 2024 was primarily due to a 2023 loss on extinguishment of debt in the amount of \$5.3 million resulting from issuance of a conversion instrument, a repayment fee and elimination of debt discount associated with the paydown of \$15 million of senior secured debt in 2023, and improved operating results for the water filtration technology business segment offset by higher compensation costs related to stock based non-cash bonus awards and increased interest expense related to the Third Amended Credit Agreement in 2024.

Notes To The Consolidated Financial Statements

Cash requirements during the year ended December 31, 2024 primarily reflect certain operating and administrative costs related to development of the Company's land, water, infrastructure and technology assets for water solutions including the Mojave Groundwater Bank, agricultural operations and water filtration business. The Company's present activities are focused on the development of its assets in ways that meet an urgent need for groundwater storage capacity in Southern California and growing demand for affordable, reliable, long-term water supplies before the next drought strikes the Southwestern United States.

On January 30, 2023, the Company completed the sale and issuance of 10,500,000 shares of the Company's common stock to certain institutional investors in a registered direct offering ("January 2023 Direct Offering"). The shares of common stock were sold at a purchase price of \$3.84 per share, for aggregate gross proceeds of \$40.32 million and aggregate net proceeds of approximately \$38.5 million. A portion of the net proceeds were used to repay the Company's debt in the principal amount of \$15 million, together with fees and interest required to be paid in connection with such repayment.

On February 2, 2023, the Company and its wholly-owned subsidiary, Cadiz Real Estate LLC, as borrowers (collectively, the "Borrowers") entered into a First Amendment to Credit Agreement with BRF Finance Co., LLC ("Lenders") and B. Riley Securities, Inc., ("BRS") as administrative agent, to amend certain provisions of the Credit Agreement dated as of July 2, 2021 ("First Amended Credit Agreement"). Under the First Amended Credit Agreement, the lenders will have a right to convert up to \$15 million of outstanding principal, plus any PIK interest and any accrued and unpaid interest (the "Convertible Loan") into shares of the Company's common stock at a conversion price of \$4.80 per share (the "Conversion Price") (see Note 7 – "Long-Term Debt", below).

On March 6, 2024, the Company entered into a Third Amendment to Credit Agreement and First Amendment to Security Agreement ("Third Amended Credit Agreement") with HHC \$ Fund 2012 ("Heerema"). The Third Amended Credit Agreement provides, among other things, (a) a new tranche of senior secured convertible term loans from Heerema in an aggregate principal amount of \$20 million, having a maturity date of June 30, 2027 ("New Secured Convertible Debt"); (b) the aggregate principal amount of the secured non-convertible term loans acquired by Heerema has been increased from \$20 million to \$21.2 million and the applicable repayment fee in respect thereof has been eliminated; (c) the Convertible Loan existing prior to the Third Amended Credit Agreement, in an aggregate principal amount of approximately \$16 million plus interest accruing thereon, has become unsecured; and (d) extension of the maturity date for the existing Convertible Loan and non-convertible loans to June 30, 2027 (see Note 7 – "Long-Term Debt").

On November 5, 2024, the Company completed the sale and issuance of 7,000,000 shares of its common stock to certain institutional investors in a registered direct offering ("November 2024 Direct Offering"). The shares of common stock were sold at a purchase price of \$3.34 per share, for aggregate gross proceeds of \$23.4 million and aggregate net proceeds of approximately \$22.1 million.

Notes To The Consolidated Financial Statements

On March 7, 2025, the Company completed the sale and issuance of 5,715,000 shares of its common stock to certain institutional investors in a registered direct offering ("March 2025 Direct Offering") (see Note 14 - "Subsequent Events"). The shares of common stock were sold at a purchase price of \$3.50 per share, for aggregate gross proceeds of approximately \$20.0 million and aggregate net proceeds of approximately \$18.3 million.

The Company may meet its debt and working capital requirements through a variety of means, including extension, refinancing, equity placements, the sale or other disposition of assets, or reductions in operating costs. The covenants in the senior secured debt do not prohibit the Company's use of additional equity financing and allow the Company to retain 100% of the proceeds of any common equity financing. The Company does not expect the loan covenants to materially limit its ability to finance its water and agricultural development activities.

Management assesses whether the Company has sufficient liquidity to fund its costs for the next twelve months from the financial statement issuance date. Management evaluates the Company's liquidity to determine if there is a substantial doubt about the Company's ability to continue as a going concern. In the preparation of this liquidity assessment, management applies judgment to estimate the significant assumptions related to the projected cash flows of the Company including the following: (i) projected cash outflows, (ii) projected cash inflows, (iii) categorization of expenditures as discretionary versus non-discretionary and (iv) the ability to raise capital. The cash flow projections are based on known or planned cash requirements for operating costs as well as planned costs for project development.

Limitations on the Company's liquidity and ability to raise capital may adversely affect it. Sufficient liquidity is critical to meet the Company's resource development activities. Although the Company currently expects its sources of capital to be sufficient to meet its near-term liquidity needs, there can be no assurance that its liquidity requirements will continue to be satisfied. If the Company cannot raise needed funds, it might be forced to make substantial reductions in its operating expenses, which could adversely affect its ability to implement its current business plan and ultimately impact its viability as a company.

Principles of Consolidation

The consolidated financial statements include the accounts of Cadiz Inc. and all subsidiaries. All significant intercompany transactions and balances have been eliminated in consolidation.

Use of Estimates in Preparation of Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. In preparing these financial statements, management has made estimates with regard to goodwill and other long-lived assets, stock compensation and deferred tax assets. Actual results could differ from those estimates.

Notes To The Consolidated Financial Statements**Segment Reporting**

The Company currently operates in two reportable segments based upon its organizational structure and the way in which its operations are managed and evaluated. The Company's largest segment is Land and Water Resources, which comprises all activities regarding its properties in the eastern Mojave Desert including pre-revenue development of the Mojave Groundwater Bank (supply, storage and conveyance), and agricultural operations. The Company's second operating segment is its Water Filtration Technology business, ATEC Water Systems LLC ("ATEC") which provides innovative water filtration solutions for impaired or contaminated groundwater sources. The Chief Operating Decision-Maker for our Land and Water Resources segment is the Chief Executive Officer of Cadiz Inc. and for the Water Filtration Technology segment is the Chief Executive Officer of ATEC.

There were no intersegment sales during the year ended December 31, 2024, and there were intersegment sales of \$311 thousand during the year ended December 31, 2023, which resulted in an intercompany elimination of profits in the amount of \$99 thousand.

Revenue Recognition

The Company's revenue is currently derived from sales of water filtration systems by ATEC, sales of farm crops, and rental revenue from its agricultural lease. The Company recognizes revenue by following the five-step model under ASC 606 to achieve the core principle that an entity recognizes revenue to depict the transfer of goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Sales of farm crops are recognized when product is shipped to customers at Cadiz Ranch, and sales at ATEC are recognized in accordance with the customer contract which generally occurs when filters are delivered to the customer.

Stock-Based Compensation

General and administrative expenses include \$4.6 million and \$1.5 million of stock-based compensation expenses in the years ended December 31, 2024 and 2023, respectively.

Stock-based compensation is generally based upon grants of stock awards, performance stock units ("PSU") and restricted stock units ("RSU") to its employees and consultants under the 2019 Equity Incentive Plan, as amended. For stock awards, PSUs or RSUs granted, the Company determines the fair value of the stock award, PSUs or RSU at the date of the grant and recognizes the compensation expense over the vesting period. For PSUs or RSUs which vest upon completion of certain milestones, the fair value of the PSU or RSU is recognized when it is probable that the milestone will be achieved.

Notes To The Consolidated Financial Statements**Net Loss Per Common Share**

Basic net loss per share is computed by dividing the net loss applicable to common stock by the weighted-average common shares outstanding. Restricted and performance stock units, convertible debt, convertible preferred shares and warrants were not considered in the computation of net loss per share because their inclusion would have been antidilutive. Had these instruments been included, the fully diluted weighted average shares outstanding would have increased by approximately 9,861,000 shares and 5,290,000 shares for the years ended December 31, 2024 and 2023, respectively.

Property, Plant, Equipment and Water Programs

Property, plant, equipment and water programs are stated at cost. Depreciation is provided using the straight-line method over the estimated useful lives of the assets, generally five to forty-five years for land improvements and buildings, and five to fifteen years for machinery and equipment. Leasehold improvements are amortized over the shorter of the term of the relevant lease agreement or the estimated useful life of the asset.

Water rights, storage and supply programs are stated at cost. Certain costs directly attributable to the development of such programs have been capitalized by the Company. These costs, which are expected to be recovered through future revenues, consist of direct labor, drilling costs, consulting fees for various engineering, hydrological, environmental and additional feasibility studies, and other professional and legal fees. The Company has not commenced depreciation of these assets as they are not yet in service as the Mojave Groundwater Bank is not operating. While interest on borrowed funds is currently expensed, interest costs related to the construction of water project facilities will be capitalized at the time construction of these facilities commences.

Goodwill and Other Intangibles Resulting from Business Acquisitions

As a result of a merger in May 1988 between two companies which eventually became known as Cadiz Inc., goodwill in the amount of \$7,006,000 was recorded. Approximately \$3,193,000 of this amount was amortized prior to the adoption of Accounting Standards Codification 350, "Intangibles – Goodwill and Other" ("ASC 350") on January 1, 2002. In addition, as a result of the ATEC Acquisition, tax deductible goodwill in the amount of \$1.9 million was recorded in November 2022. Since the adoption of ASC 350, there have been no goodwill impairments recorded. The reporting units to which \$5.7 million of goodwill is allocated had a positive carrying amount on December 31, 2024 and 2023.

The Company accounts for business combinations using the acquisition method, with the excess of the acquisition cost over the fair value of net tangible assets and identified intangible assets acquired considered goodwill. As a result, the Company discloses goodwill separately from other intangible assets. Other identifiable intangibles related to the ATEC acquisition included non-compete agreements. Contingent consideration arrangements are initially recorded based on management's best estimate of the amount of contingent consideration that will be realized. Changes in fair value of contingent consideration that are not measurement period adjustments are recognized in earnings.

Notes To The Consolidated Financial Statements**Impairment of Goodwill and Long-Lived Assets**

The Company assesses long-lived assets, excluding goodwill, for recoverability whenever events or changes in circumstances indicate that their carrying value may not be recoverable through the estimated undiscounted future cash flows resulting from the use of the assets. If it is determined that the carrying value of long-lived assets may not be recoverable, the potential impairment charge is measured by using the projected discounted cash-flow method. No impairment charge was recorded during the current fiscal year.

The Company performs an annual impairment test to identify potential goodwill impairment and measure the amount of a goodwill impairment loss to be recognized (if any). In performing the impairment test, the Company has the option to first assess qualitative factors to determine whether it is necessary to perform a quantitative assessment for goodwill impairment. If the qualitative assessment indicates that it is more-likely-than-not that the fair value of the reporting unit is less than its carrying value, the Company performs a quantitative assessment.

This impairment assessment is performed at least annually in the fourth quarter. An impairment loss will be recognized for the amount by which the reporting unit's carrying amount exceeds its fair value, not to exceed the carrying amount of goodwill in that reporting unit. The Company uses the market approach to assess impairment for the Land and Water Resources reporting unit, as its common stock price is an important component of the fair value calculation. If the Company's stock price experiences price declines, this will impact the fair value of the reporting unit and could lead to potential impairment charges in future periods. Accordingly, no assurances can be given that the Company will not record an impairment loss on goodwill in the future. The Company uses the income approach to assess impairment for the Water Filtration Technology reporting unit.

In the Company's annual impairment analysis for the fourth quarter 2023, the goodwill was evaluated utilizing a qualitative assessment. Based on this assessment, the Company determined that the fair value of the reporting units was more-likely-than-not greater than its respective carrying value; therefore, no impairment charge was recorded during the current fiscal year.

Debt Discount

Debt discount created upon the issuance of debt is deferred and amortized over the life of the related loan using the effective interest method and is presented as a reduction of long-term debt. The Company recorded \$4.7 million of debt discount for the year ended December 31, 2024, and \$0.7 million for the year ended December 31, 2023. Amortization of debt discounts is included in interest expense on the Consolidated Statement of Operations.

Notes To The Consolidated Financial Statements

Income Taxes

Income taxes are provided for using an asset and liability approach which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the financial statement and tax bases of assets and liabilities at the applicable enacted tax rates. A valuation allowance is provided when it is more likely than not that some portion or all of the deferred tax assets will not be realized.

Fair Value of Financial Instruments

Financial assets with carrying values approximating fair value include cash and cash equivalents and accounts receivable. Financial liabilities with carrying values approximating fair value include accounts payable and accrued liabilities due to their short-term nature. The carrying value of the Company's secured debt approximates fair value, based on interest rates available to the Company for debt with similar terms. See Note 7 – "Long-Term Debt", for discussion of fair value of debt.

Supplemental Cash Flow Information

During the year ended December 31, 2024, approximately \$1.5 million in interest payments on the Company's senior secured debt was paid in cash. There are no scheduled principal payments due on the Current Senior Secured Debt (see Note 7 - "Long-Term Debt") prior to its maturity.

At December 31, 2024, accruals for cash dividends payable on the Series A Preferred Stock was \$1.29 million (see Note 9 – "Common and Preferred Stock"). The cash dividends were paid on January 15, 2025.

At December 31, 2024, accruals for an exclusive three-year option to purchase up to 180 miles of steel pipe intended to be used for the development of the Mojave Groundwater Bank of \$5 million was recorded in other assets and accrued liabilities. The option payment was made in January 2025.

The balance of cash, cash equivalents, and restricted cash as shown in the condensed consolidated statements of cash flows is comprised of the following:

Cash, Cash Equivalents and Restricted Cash (in thousands)	December 31, 2024		December 31, 2023	
Cash and Cash Equivalents	\$	17,292	\$	4,502
Long-Term Restricted Cash		134		134
Cash, Cash Equivalents and Restricted Cash in the Consolidated Statement of Cash Flows	\$	17,426	\$	4,636

Cash payments for income taxes were \$11 thousand and \$11 thousand for the years ended December 31, 2024 and 2023, respectively.

Notes To The Consolidated Financial Statements**Recent Accounting Pronouncements***Accounting Guidance Not Yet Adopted*

In December 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2023-09, Income Taxes (Topic 740)("ASU 2023-09"). ASU 2023-09 expands disclosures in an entity's income tax rate reconciliation table and disclosures regarding cash tax paid in the U.S. and foreign jurisdictions. ASU 2023-09 is effective for fiscal years beginning after December 15, 2024. The Company is currently assessing this new guidance and expects this standard will not have a material impact on the consolidated financial statements.

In November 2024, the FASB issued ASU No. 2024-03, Disaggregation of Income Statement Expenses (Subtopic 220-40)("ASU 2024-03"). ASU 2024-03 which requires disaggregated disclosures of income statement expenses for public business entities. ASU 2024-03 is effective for fiscal years beginning after December 15, 2025, and for interim reporting periods that begin after December 15, 2027. The Company is currently assessing this new guidance and expect this standard will not have a material impact on the consolidated financial statements.

Accounting Guidance Adopted

In November 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. ASU 2023-07, Segment Reporting (Topic 280)("ASU 2023-07"). ASU 2023-07 modifies the disclosure and presentation requirements of reportable segments. ASU 2023-07 is effective for fiscal years beginning after December 15, 2023, and interim periods within those financial years beginning after December 15, 2024, with early adoption permitted. Adoption of the ASU should be applied retrospectively to all prior periods presented in the financial statements. The adoption of this new standard as of December 31, 2024 had no material impact on the Company's consolidated financial statements.

NOTE 3 – REPORTABLE SEGMENTS

We evaluate our performance based on segment operating (loss). Interest expense, income tax expense and losses related to equity method investments are excluded from the computation of operating (loss) for the segments. Segment net revenue, segment operating expenses and segment operating (loss) information consisted of the following for the years ended December 31, 2024 and 2023:

Notes To The Consolidated Financial Statements

	Twelve Months Ended December 31, 2024		
	Land and Water Resources	Water Filtration Technology	Total
(in thousands)			
Revenues	\$ 1,708	\$ 7,900	\$ 9,608
Costs and expenses:			
Cost of sales	2,984	4,314	7,298
General and administrative	22,525	1,820	24,345
Depreciation	1,159	55	1,214
Total costs and expenses	26,668	6,189	32,857
Operating income (loss)	\$ (24,960)	\$ 1,711	\$ (23,249)

	Twelve Months Ended December 31, 2023		
	Land and Water Resources	Water Filtration Technology	Total
(in thousands)			
Revenues	\$ 1,251	\$ 740	\$ 1,991
Costs and expenses:			
Cost of sales	2,241	646	2,887
General and administrative	18,042	755	18,797
Depreciation	1,096	151	1,247
Total costs and expenses	21,379	1,552	22,931
Operating income (loss)	\$ (20,128)	\$ (812)	\$ (20,940)

Assets by operating segment, inclusive of goodwill, are as follows (dollars in thousands):

	December 31, 2024	December 31, 2023
Operating Segment:		
Water and Land Resources	\$ 123,786	\$ 101,946
Water Filtration Technology	10,708	5,428
	<u>\$ 134,494</u>	<u>\$ 107,374</u>

Goodwill by operating segment is as follows (dollars in thousands):

	December 31, 2024	December 31, 2023
Operating Segment:		
Water and Land Resources	\$ 3,813	\$ 3,813
Water Filtration Technology	1,901	1,901
	<u>\$ 5,714</u>	<u>\$ 5,714</u>

Property, plant, equipment and water programs consist of the following (dollars in thousands):

Notes To The Consolidated Financial Statements

	December 31, 2024	
	Water and Land Resources	Water Filtration Technology
Land and land improvements	\$ 33,069	\$ -
Water programs	29,383	-
Pipeline	22,100	-
Buildings	1,805	-
Leasehold improvements, furniture and fixtures	1,605	4
Machinery and equipment	3,870	247
Construction in progress	6,851	6
	98,683	257
Less accumulated depreciation	(10,397)	(181)
	<u>\$ 88,286</u>	<u>\$ 76</u>

	December 31, 2023	
	Water and Land Resources	Water Filtration Technology
Land and land improvements	\$ 32,357	\$ -
Water programs	29,209	-
Pipeline	22,096	-
Buildings	1,730	-
Leasehold improvements, furniture and fixtures	1,605	4
Machinery and equipment	3,719	210
Construction in progress	5,664	-
	96,380	214
Less accumulated depreciation	(9,238)	(139)
	<u>\$ 87,142</u>	<u>\$ 75</u>

NOTE 4 – PROPERTY, PLANT, EQUIPMENT AND WATER PROGRAMS

Property, plant, equipment and water programs consist of the following (dollars in thousands):

	December 31,	
	2024	2023
Land and land improvements	\$ 33,069	\$ 32,357
Water programs	29,383	29,209
Pipeline	22,100	22,096
Buildings	1,805	1,730
Leasehold improvements, furniture and fixtures	1,609	1,609
Machinery and equipment	4,117	3,929
Construction in progress	6,857	5,664
	98,940	96,594
Less accumulated depreciation	(10,578)	(9,377)
	<u>\$ 88,362</u>	<u>\$ 87,217</u>

Land and land improvements primarily include land acquisitions, well development, irrigation systems and other related land infrastructure. Water programs primarily include costs directly attributable to the Company's water project development efforts, including consulting fees for various engineering, hydrological, environmental and additional feasibility studies, and other professional and legal fees.

Notes To The Consolidated Financial Statements

During the year ended December 31, 2024, \$646 thousand of construction in progress was placed into service, which included land development, irrigation systems and stand establishment related to the planting of 120 acres of alfalfa.

Depreciation expense on land improvements, buildings, leasehold improvements, machinery and equipment and furniture and fixtures was \$1.2 million for each of the twelve months ended December 31, 2024 and 2023.

NOTE 5 – OTHER ASSETS

Other assets include the following (dollars in thousands):

	December 31,	
	2024	2023
Prepaid rent	\$ 4,252	\$ 4,366
Pipeline purchase option	5,000	-
Deposits and other	1,080	1,072
	<u>\$ 10,332</u>	<u>\$ 5,438</u>

Prepaid rent primarily consists of fees incurred to obtain the rights-of-way for the Mojave Groundwater Bank. Amortization of prepaid rent was approximately \$115,000 for each of the years ended December 31, 2024 and 2023.

NOTE 6 – ACCRUED LIABILITIES

At December 31, 2024 and 2023, accrued liabilities consist of the following (dollars in thousands):

	December 31,	
	2024	2023
Payroll, bonus, and benefits	\$ 110	\$ 90
Legal and consulting	1,444	284
Water project, pipeline development and well development	559	146
Pipeline purchase option	5,000	-
Other accrued expenses	884	650
	<u>\$ 7,997</u>	<u>\$ 1,170</u>

Notes To The Consolidated Financial Statements**NOTE 7 – LONG-TERM DEBT**

At December 31, 2024 and 2023, the carrying amount of the Company's outstanding debt is summarized as follows (dollars in thousands):

	December 31,	
	2024	2023
Senior secured debt Interest rate of 7% per annum	\$ 21,200	\$ 21,200
Convertible note instrument Interest rate of 7% per annum	39,259	16,895
Other loans	171	352
Debt discount and debt issuance costs, net of accumulated accretion	(3,802)	(554)
Total outstanding long-term debt	56,828	37,893
Less current portion	120	182
Total outstanding debt	\$ 56,708	\$ 37,711

The carrying value of the Company's senior secured debt and the Company's convertible note instrument approximates fair value.

Pursuant to the Company's loan agreements, annual maturities of long-term debt outstanding on December 31, 2024, are as follows:

Year Ending December 31	(\$ in thousands)
2025	\$ 120
2026	51
2027	60,459
2028	-
2029+	-
Total	\$ 60,630

On July 2, 2021, the Company entered into a \$50 million senior secured credit agreement ("Credit Agreement") with Lenders and BRS, as administrative agent for the Lenders ("Current Senior Secured Debt"). Interest is paid quarterly at a rate of seven percent per annum. The obligations under the Current Senior Secured Debt are secured by substantially all of the Company's assets on a first-priority basis. In connection with any repayment or prepayment of the debt, the Company is required to pay a repayment fee equal to the principal amount being repaid or prepaid, multiplied by 6.0%. At any time, the Company will be permitted to prepay the principal of the debt, in whole or in part, provided that such prepayment is accompanied by any accrued interest on such principal amount being prepaid plus the applicable repayment fee described above.

In connection with entering into the Credit Agreement, on July 2, 2021 (the "Original Issue Date") the Company issued to the Lenders two warrants ("A Warrants" and "B Warrants"), each granting an option to purchase 500,000 shares of the Company's common stock (collectively, the "Warrants"). The A Warrants and B Warrants expired on July 2, 2024.

Notes To The Consolidated Financial Statements

As a result of the issuance of the A and B Warrants, which met the criteria for equity classification under applicable GAAP, the Company recorded additional paid-in capital in the amount of \$1.9 million which was the fair value of the Warrants on the issuance date. In addition, the fair value of the Warrants was recorded as debt discount and was amortized over the term of the related debt.

On February 2, 2023, the Company entered into a First Amendment to Credit Agreement to amend certain provisions of the Credit Agreement ("First Amended Credit Agreement"). In connection with the First Amended Credit Agreement, the Company repaid \$15 million of the Senior Secured Debt together with fees and interest required to be paid in connection with such repayment under the Credit Agreement. Under the First Amended Credit Agreement, the lenders have a right to convert up to \$15 million of outstanding principal, plus any PIK interest and any accrued and unpaid interest (the "Convertible Loan") into shares of the Company's common stock at a conversion price of \$4.80 per share (the "Conversion Price"). Additionally, the maturity date of the Credit Agreement was extended from July 2, 2024 to June 30, 2026. The annual interest rate remains unchanged at 7.00%. Interest on \$20 million of the principal amount will be paid in cash. Interest on the \$15 million principal amount of the Convertible Loan will be paid in kind on a quarterly basis by addition such amount to the outstanding principal amount of the outstanding Convertible Loan. The amendment was recorded as a debt extinguishment.

As a result of the First Amended Credit Agreement, the Company bifurcated the new conversion option from the debt and recorded a derivative liability. As of the effective date of the First Amended Credit Agreement, the derivative liability had a fair value of approximately \$2.4 million which was recorded as loss on early extinguishment of debt. In addition, the loss on early extinguishment of debt included \$2.0 million of repayment fees for both repaid and amended principal and \$980 thousand of unamortized debt issuance costs.

The fair value of the derivative liability was remeasured each reporting period using an option pricing model, and the change in fair value was recorded as an adjustment to the derivative liability with the change in fair value recorded as income or expense. On August 14, 2023, the Credit Agreement was further amended to remove a conversion exchange cap provision ("Second Amended Credit Agreement"). As a result of the Second Amended Credit Agreement, the Company reclassified the carrying value of the bifurcated conversion option at the time of the modification from a derivative liability in the amount of \$2.57 million to additional paid-in capital. Total unrealized losses of derivative liabilities accounted for as derivatives prior to the Second Amended Credit Agreement were \$220 thousand for the year ended December 31, 2023.

Notes To The Consolidated Financial Statements

On March 6, 2024, the Company entered into the Third Amended Credit Agreement. Before entering into the Third Amended Credit Agreement, Heerema purchased the outstanding secured non-convertible term loans under the Credit Agreement ("Assignment") at a discount on behalf of the Company. The Assignment was considered a debt extinguishment resulting in a gain of \$1.9 million recorded as additional paid-in-capital as Heerema is a significant shareholder of the Company. The acquired secured non-convertible term loans were issued to Heerema at a discount which is being amortized over the term of the non-convertible term loan. In connection with the Assignment, the existing holders of both the Convertible Loan and non-convertible term loans consented to effectuate the Third Amended Credit Agreement in consideration of a consent fee in the aggregate amount of \$479,845 payable in the form of the Company's registered common stock (valued at \$2.89 per share, or 166,036 shares). The consent fee was capitalized as an additional debt discount and is being amortized over the remaining term of the Convertible Loan.

The Third Amended Credit Agreement provides, among other things, (a) a new tranche of senior secured convertible terms loans from Heerema in an aggregate principal amount of \$20 million, having a maturity date of June 30, 2027 ("New Secured Convertible Debt"); (b) the aggregate principal amount of the secured non-convertible term loans acquired by Heerema has been increased from \$20 million to \$21.2 million and the applicable repayment fee in respect thereof has been eliminated; (c) the Convertible Loan existing prior to the Third Amended Credit Agreement, in an aggregate principal amount of approximately \$16 million plus interest accruing thereon, has become unsecured; and (d) extension of the maturity date for the existing Convertible Loan and non-convertible loans to June 30, 2027. The New Secured Convertible Debt will bear PIK interest at a rate of 7% per annum, payable quarterly in arrears. The initial conversion price of the New Secured Convertible Debt was \$5.30 per share and is subject to anti-dilution adjustments. As a result of a registered direct offering that was completed in November 2024, the conversion price of the New Secured Convertible Debt was reduced to \$5.14 per share.

In connection with the debt issued to Heerema, the Company issued a warrant to purchase 1,000,000 shares of our common stock (the "Heerema Warrant") to Heerema. The Heerema Warrant has an exercise price of \$5.00 per share, which will be subject to anti-dilution adjustments. The Heerema Warrant expires on June 30, 2027. The Company recorded the fair value of the Heerema Warrant on the issuance date in additional paid-in capital in the amount of \$0.9 million. In addition, the fair value of the Heerema Warrant was recorded as debt discount and is being amortized over the term of the secured debt issued to Heerema.

In the event of certain asset sales, the incurrence of indebtedness or a casualty or condemnation event, in each case, under certain circumstances as described in the Credit Agreement, the Company will be required to use a portion of the proceeds to prepay amounts under the debt. In the event of any additional issuance of depositary receipts ("Depositary Receipts") representing interests in shares of 8.875% Series A Cumulative Perpetual Preferred Stock ("Series A Preferred Stock") by the Company, the Company will be required to, within five business days after the receipt of the net cash proceeds, apply 75% of the net cash proceeds to prepay amounts due under the debt (including the applicable repayment fee described above).

The Credit Agreement includes customary affirmative and negative covenants, including delivery of financial statements and other reports. The negative covenants limit the ability of the Company to, among other things, incur debt, incur liens, make investments, sell assets, pay dividends and enter into transactions with affiliates. In addition, the Credit Agreement includes customary events of default and remedies. The Company was in compliance with all covenants under the Credit Agreement as of December 31, 2024.

Notes To The Consolidated Financial Statements**NOTE 8 – INCOME TAXES**

Deferred taxes are recorded based upon differences between the financial statement and tax basis of assets and liabilities and available carryforwards. Temporary differences and carryforwards which gave rise to a significant portion of deferred tax assets and liabilities as of December 31, 2024 and 2023 are as follows (dollars in thousands):

	December 31,	
	2024	2023
Deferred tax assets:		
Net operating losses	\$ 82,076	\$ 75,727
Fixed asset basis difference	4,839	4,738
Contributions carryover	43	29
Deferred compensation	332	157
Accrued liabilities and other	980	796
Total deferred tax assets	88,270	81,447
Valuation allowance for deferred tax assets	(88,270)	(81,447)
Net deferred tax asset	<u>\$ -</u>	<u>\$ -</u>

The change in deferred tax assets resulted from current year net operating losses and changes to future tax deductions resulting from expiring net operating losses, terms of stock compensation plans, fixed assets, and accrued liabilities. A full valuation allowance continues to be recorded given the Company continues to be incurring losses.

As of December 31, 2024, the Company had net operating loss (NOL) carryforwards of approximately \$356 million for federal income tax purposes and \$334 million for California income tax purposes. Such carryforwards expire in varying amounts through the year 2037 and 2044 for federal and California purposes, respectively. For federal losses arising in tax years ending after December 31, 2017, the NOL carryforwards are allowed indefinitely. Use of the carryforward amounts is subject to an annual limitation as a result of a previous ownership change and a tax ownership change that occurred in June of 2021.

The Company's tax years 2021 through 2024 remain subject to examination by the Internal Revenue Service, and tax years 2020 through 2024 remain subject to examination by California tax jurisdictions. In addition, the Company's loss carryforward amounts are generally subject to examination and adjustment for a period of three years for federal tax purposes and four years for California purposes, beginning when such carryovers are utilized to reduce taxes in a future tax year.

Notes To The Consolidated Financial Statements

A reconciliation of the income tax benefit to the statutory federal income tax rate is as follows (dollars in thousands):

	2024	2023
Expected federal income tax benefit at 21%	\$ (6,537)	\$ (6,602)
Increase (decrease) in valuation allowance	4,942	4,433
State income tax	11	11
Expiring carryforwards	716	933
Non-deductible expenses and other	879	1,236
Income tax expense	<u>\$ 11</u>	<u>\$ 11</u>

Because it is more likely than not that the Company will not realize its net deferred tax assets, it has recorded a full valuation allowance against these assets. Accordingly, no deferred tax asset has been recorded in the accompanying balance sheet.

NOTE 9 – COMMON AND PREFERRED STOCK**Common Stock**

The Company is authorized to issue 100 million shares of Common Stock at a \$0.01 par value. As of December 31, 2024, and December 31, 2023, the Company had 75,353,889 and 66,710,795 shares issued and outstanding, respectively.

During 2023, the Company completed the sale and issuance of 10,500,000 shares of its common stock to certain institutional investors in a registered direct offering with net proceeds totaling \$38.5 million. During 2024, the Company completed the sale and issuance of 7,000,000 shares of our common stock to certain institutional investors in a registered direct offering with net proceeds totaling \$22.1 million.

Series 1 Preferred Stock

The Company has issued a total of 10,000 shares of Series 1 Preferred Stock ("Series 1 Preferred Stock") to certain holders ("Holders") under certain conversion and exchange agreements entered into in March 2020. Each share of Series 1 Preferred Stock is convertible at any time at the option of the Holder into 405.05 shares of Common Stock. As of December 31, 2024, Holders of Series 1 Preferred Stock exercised their option to convert 9,671 shares of Series 1 Preferred Stock into 3,917,235 shares of Common Stock. The Company has 329 shares of Series 1 Preferred Stock issued and outstanding as of December 31, 2024.

Notes To The Consolidated Financial Statements**Series A Preferred Stock**

On June 29, 2021, the Company entered into an Underwriting Agreement with BRS as representative of the several underwriters named there, to issue and sell an aggregate of 2,000,000 depositary shares (the "Depositary Shares"), as well as up to 300,000 Depositary Shares that may be sold pursuant to the exercise of an option to purchase additional Depositary Shares ("Depositary Share Offering"), each representing 1/1000th of a share of the 8.875% Series A Cumulative Perpetual Preferred Stock (the "Series A Preferred Stock"). The Depositary Share Offering was completed on July 2, 2021 for net proceeds of approximately \$54 million.

On July 1, 2021, the Company filed the Certificate of Designation ("Certificate of Designation") for the Series A Preferred Stock with the Secretary of State of the State of Delaware, which became effective upon acceptance for record. The Certificate of Designation classified a total of 7,500 shares of the Company's authorized shares of preferred stock, \$0.01 par value per share, as Series A Preferred Stock.

As set forth in the Certificate of Designation, the Series A Preferred Stock will rank, as to dividend rights and rights upon the Company's liquidation, dissolution or winding up: (i) senior to Common Stock of the Company; (ii) junior to the Series 1 Preferred Stock with respect to the distribution of assets upon the Company's voluntary or involuntary liquidation, dissolution or winding up; (iii) senior to the Series 1 Preferred Stock with respect to the payment of dividends and (iv) effectively junior to all the Company's existing and future indebtedness (including indebtedness convertible into Common Stock or preferred stock) and to the indebtedness and other liabilities of (as well as any preferred equity interests held by others in) the Company's existing or future subsidiaries.

Holders of Series A Preferred Stock, when and as authorized by the Company's Board of Directors, are entitled to cumulative cash dividends at the rate of 8.875% of the \$25,000.00 (\$25.00 per Depositary Share) liquidation preference per year (equivalent to \$2,218.75 per share per year or \$2.21875 per Depositary Share per year). Dividends will be payable quarterly in arrears, on or about the 15th of January, April, July and October, beginning on or about October 15, 2021. As of December 31, 2024, the Company has paid cash dividends in the amount of \$16,767,000. On December 21, 2024, the Company's Board of Directors declared that holders of Series A Preferred stock will receive a cash dividend equal to \$560.00 per whole share; therefore, holders of Depositary Shares will receive a cash dividend equal to \$0.56 per Depositary Share. The dividend was paid on January 15, 2025 to respective holders of record as of the close of business on January 4, 2025.

Dividends on the Series A Preferred Stock underlying the depositary shares will continue to accumulate whether or not (i) any of the Company's agreements prohibit the current payment of dividends, (ii) the Company has earnings or funds legally available to pay the dividends, or (iii) the Company's Board of Directors does not declare the payment of the dividends.

Notes To The Consolidated Financial Statements

Holders of depositary shares representing interests in the Series A Preferred Stock generally will have no voting rights. However, if the Company does not pay dividends on any outstanding shares of Series A Preferred Stock for six or more quarterly dividend periods (whether or not declared or consecutive), holders of the Series A Preferred Stock (voting separately as a class with all other outstanding series of preferred stock upon which like voting rights have been conferred and are exercisable) will be entitled to elect two additional directors to the Board of Directors to serve until all unpaid dividends have been fully paid or declared and set apart for payment.

On and after July 2, 2026, the shares of Series A Preferred Stock will be redeemable at the Company's option, in whole or in part, at a redemption price equal to \$25,000.00 per share (\$25.00 per Depositary Share), plus any accrued and unpaid dividends. Furthermore, upon a change of control or delisting event (each as defined in the Certificate of Designation), the Company will have a special option to redeem the Series A Preferred Stock at \$25,000.00 per share (\$25.00 per Depositary Share), plus any accrued and unpaid dividends.

Shares of Series A Preferred Stock are convertible into shares of Common Stock if, and only if, a change of control or delisting event (each as defined in the Certificate of Designation) has occurred, and the Company has not elected to redeem the Series A Preferred Stock prior to the applicable conversion date. Upon any conversion, each share of Series A Preferred Stock will be converted into that number of shares of Common Stock equal to the lesser of (i) the quotient obtained by dividing (A) the sum of (x) the \$25,000 liquidation preference per share plus (y) the amount of an accrued and unpaid dividends to, but not including, the conversion date by (B) the Common Stock Purchase Price (as defined in the Certificate of Designation), and (ii) 3,748.13 (the "Share Cap"), subject to certain adjustments.

The Company has 2,300 shares of Series A Preferred Stock issued and outstanding as of December 31, 2024.

NOTE 10 – STOCK-BASED COMPENSATION PLANS

The Company has issued options and has granted stock awards pursuant to its 2019 Equity Incentive Plan, as described below.

2019 Equity Incentive Plan

The 2019 Equity Incentive Plan (as amended, the "2019 EIP") was originally approved by stockholders at the July 10, 2019 Annual Meeting, with amendments to the plan approved by stockholders at the July 12, 2022 Annual Meeting and the June 11, 2024 Annual Meeting. The plan, as amended, provides for the grant and issuance of up to 5,200,000 shares and options to the Company's employees, directors and consultants.

Effective July 1, 2021, under the 2019 EIP, each outside director receives \$75,000 of cash compensation and receives a deferred stock award consisting of shares of the Company's common stock with a value equal to \$25,000 on June 30 of each year. The award accrues on a quarterly basis, with \$18,750 of cash compensation and \$6,250 of stock earned for each fiscal quarter in which a director serves. The deferred stock award vests automatically on the January 31 that first follows the award date.

Notes To The Consolidated Financial Statements**Stock Awards to Directors, Officers, Consultants and Employees**

The Company has granted stock awards pursuant to its 2019 EIP.

Of the total 5,200,000 shares reserved under the 2019 EIP, 4,761,792 shares and restricted stock units ("RSUs") have been awarded to the Company's directors, employees and consultants as of December 31, 2024.

825,000 RSUs were granted to employees in April 2021 as long-term equity incentive awards ("April 2021 RSU Grant"). Of the 825,000 RSUs granted under the April 2021 RSU Grant, 510,000 RSUs were scheduled to vest upon completion of certain milestones, including (a) 255,000 RSUs which vested in July 2021 upon completion of refinancing of the Company's then existing senior secured debt and funding to complete the purchase of the Northern Pipeline ("Northern Pipeline Vesting Event"), and (b) 255,000 RSUs scheduled to vest upon completion of final binding water supply agreement(s) for the delivery of at least 9,500 acre-feet of water per annum to customers ("Supply Agreement Vesting Event"). 170,000 RSUs, including 85,000 related to the Supply Agreement Vesting Event, were accelerated and became fully vested as a result of an amended employee agreement entered into in February 2022 upon the change of the Executive Chair, 60,000 RSUs vested and were issued on January 3, 2023, and 170,000 RSUs vested and were issued on March 1, 2023. 85,000 of the RSUs related to the Supply Agreement Vesting Event were cancelled effective December 31, 2023 and the remaining 85,000 shares related to the Supply Agreement Vesting Event vested in March 2024.

Additionally, in July 2022, 60,000 RSUs were granted to employees as long-term equity incentive awards ("July 2022 RSU Grant"). The RSUs granted under the July 2022 RSU Grant vested on January 2, 2024. In January 2024, 60,000 additional RSUs were granted to employees which vested on January 2, 2025. The RSU incentive awards are subject in each case to continued employment with the Company through the vesting date.

Of the 255,000 RSUs earned and issued in July 2021 upon the Northern Pipeline Vesting Event, the Company issued 158,673 shares net of taxes withheld and paid in cash by the Company. Of the 170,000 RSUs issued on March 1, 2023, the Company issued 102,871 shares net of taxes withheld and paid in cash by the Company. Of the 85,000 RSUs earned and issued in March 2024 upon the Supply Agreement Vesting Event, the Company issued 62,624 shares net of taxes withheld and paid in cash by the Company.

Additionally, in April 2022 the Company issued 450,000 performance stock units ("PSUs") upon achievement of certain performance events. The PSUs were to vest upon the Company's common stock achieving price hurdles ("Price Hurdles") but not sooner than three years from date of grant date. These PSUs were cancelled in April 2024 in conjunction with entering into an amended and restated employment agreement with the Company's Chief Executive Officer which provided a grant of 1.6 million RSUs and PSUs with (a) 700,000 RSUs that vest over a three-year period from 2024 to 2026; (b) 600,000 RSUs that will vest upon achievement of milestones related to completion of certain permits, entering into binding contracts for water delivery or storage, and delivery of water, and (c) 300,000 PSUs that will vest upon a Price Hurdle of \$15 per share for 20 consecutive days.

Notes To The Consolidated Financial Statements

In September 2024, the Company granted 275,000 RSUs in conjunction with entering into an employment agreement with the Company's Chief Operating Officer. 137,500 of these RSUs vest over a three-year period from September 2024 to September 2027 and the remaining 137,500 RSUs will vest upon achievement of milestones related to completion of certain permits, entering into binding contracts for water delivery or storage, and delivery of water.

400,000 RSUs were granted to a consultant on July 1, 2023 ("July 2023 RSU Grant"). Of the 400,000 RSUs granted under the July 2023 RSU Grant, 100,000 RSUs vested and were issued in October 2023, 200,000 RSUs vested and were issued in February 2024 and 100,000 RSUs vested and were issued in March 2024.

Additionally, 300,000 RSUs were granted to a consultant in January 2024 to vest upon achieving certain milestones. As of September 30, 2024, all 300,000 of these RSUs vested and were issued upon entering into binding supply agreements for the Mojave Groundwater Bank.

A summary of RSU activity under the plans during the years ended December 31, 2024 and 2023 is presented below:

	Shares	Weighted- Average Grant-date Fair Value
Nonvested at December 31, 2022	543,624	\$ 8.90
Granted	603,884	\$ 3.85
Forfeited or canceled	(90,315)	\$ 10.75
Vested	(468,116)	\$ 7.19
Nonvested at December 31, 2023	589,077	\$ 4.80
Granted	2,533,053	\$ 2.54
Forfeited or canceled	-	\$ -
Vested	(1,627,216)	\$ 3.74
Nonvested at December 31, 2024	1,494,914	\$ 2.49

As of December 31, 2024, the Company had approximately \$0.9 million of unrecognized stock compensation expense related to nonvested PSUs and RSUs.

NOTE 11 – COMMITMENTS AND CONTINGENCIES

In the normal course of its agricultural operations, the Company handles, stores, transports and dispenses products identified as hazardous materials. Regulatory agencies periodically conduct inspections and, currently, there are no pending claims with respect to hazardous materials.

Notes To The Consolidated Financial Statements

Pursuant to cost-sharing agreements that have been entered into by participants in the Company's Mojave Groundwater Bank, \$625,000 in funds have been received in order to offset costs incurred in the environmental analysis of the Mojave Groundwater Bank. These funds may either be reimbursed or credited to participants participation in the Mojave Groundwater Bank and, accordingly, are fully reflected as deferred revenue as of December 31, 2024 and December 31, 2023.

The Company recorded a contingent consideration liability in the amount of \$1.45 million related to the purchase price of the ATEC Acquisition for amounts payable upon the sale of a requisite number of water filtration units under an asset purchase agreement. \$250 thousand of this liability was paid during 2024.

The Company is from time to time involved in various lawsuits and legal proceedings that arise in the ordinary course of business. At this time, the Company is not aware of any other pending or threatened litigation that it expects will have a material adverse effect on its business, financial condition, liquidity, or operating results. Legal claims are inherently uncertain, however, and it is possible that the Company's business, financial condition, liquidity and/or operating results could be adversely affected in the future by legal proceedings.

NOTE 12 – LEASES

The Company has operating leases for its right-of-way agreements, corporate offices and office equipment.

Effective February 1, 2024, the Company entered into a 26-year right-of-way agreement with the United States Bureau of Land Management ("BLM") with respect to the Company's Northern Pipeline asset which resulted in recording right-of-use assets and lease liabilities in the amount of \$1.9 million resulting from \$4.8 million in future lease payments over the 26 years less imputed interest of \$2.9 million based upon a 10% weighted average discount rate. The right-of-way agreement has an annual rent expense of approximately \$185,000, with annual defined inflation increases.

In November and December 2024, the company entered into two new operating lease agreements for its corporate offices resulting in recording aggregate right-of-use assets and lease liabilities in the amount of \$1.6 million resulting from \$2.6 million in future lease payments over approximately 10 years less imputed interest of \$1.0 million based upon a 12% weighted average discount.

The Company's leases have remaining lease terms of 22 months to 25 years as of December 31, 2024, some of which include options to extend or terminate the lease. However, the Company is not reasonably certain to exercise options to renew or terminate, and therefore renewal and termination options are not included in the lease term.

The Company's lease population does not include any residual value guarantees, and therefore none were considered in the calculation of the lease balances. The Company has leases with variable payments, most commonly in the form of common area maintenance charges which are based on actual costs incurred. These variable payments were excluded from the right-of-use asset and lease liability balances since they are not fixed or in-substance fixed payments.

Notes To The Consolidated Financial Statements

The Company elected to utilize the practical expedients permitted within the leasing standard, including the practical expedient not to reassess existing land easements, which among other things, allows the Company to carryforward the historical lease classification. The Company has lease agreements with lease and non-lease components and has elected the practical expedient to account for lease and non-lease components as a single lease component for real-estate class of leases only. For leases with terms greater than 12 months, the Company records the related asset and lease liability at the present value of lease payments over the lease term. Leases with an initial term of 12 months or less with purchase options or extension options that are not reasonably certain to be exercised are not recorded on the Consolidated Balance Sheets; the Company recognizes lease expense for these leases on a straight-line basis over the term of the lease.

Lease balances. Amounts recognized in the accompanying consolidated balance sheet as of December 31, 2024 and 2023 are as follows (in thousands):

As of December 31, 2024		
Activity	Balance Sheet Location	Balance
ROU assets	Right-of-use asset	\$ 3,746
Short-term lease liability	Operating lease liabilities	\$ 314
Long-term lease liability	Long-term operating lease liabilities	\$ 3,473

As of December 31, 2023		
Activity	Balance Sheet Location	Balance
ROU assets	Right-of-use asset	\$ 431
Short-term lease liability	Operating lease liabilities	\$ 127
Long-term lease liability	Long-term operating lease liabilities	\$ 318

Lease cost. The Company's operating lease cost for the year ended December 31, 2024 was \$401 thousand.

Lease commitments. The table below summarizes the Company's scheduled future minimum lease payments under operating, recorded on the balance sheet as of December 31, 2024 (in thousands):

2025	\$ 683
2026	706
2027	550
2028	554
2029+	5,054
Total lease payments	7,547
Less: Imputed interest	(3,760)
Present value of lease payments	3,787
Less: current maturities of lease obligations	(314)
Long-term lease obligations	\$ 3,473

Notes To The Consolidated Financial Statements

Most of the Company's lease agreements do not provide a readily determinable implicit rate nor is it available to us from its lessors. Instead, the Company estimates its incremental borrowing rate based on information available at either the implementation date of Topic 842 or at lease commencement for leases entered into thereafter in order to discount lease payments to present value. The table below presents additional information related to the Company's leases as of December 31, 2024:

Weighted Average Remaining Lease Term Operating leases (in years)	16
Weighted Average Discount Rate Operating leases	11%

As a lessor, in February 2016, the Company entered into a lease agreement with Fenner Valley Farms LLC ("FVF") (the "lessee"), pursuant to which FVF is leasing, for a 99-year term, 2,100 acres owned by Cadiz in San Bernardino County, California, to be used to plant, grow and harvest agricultural crops ("FVF Lease Agreement"). As consideration for the lease, FVF paid the Company a one-time payment of \$12.0 million upon closing. The Company expects to record rental income of \$420 thousand annually over the next five years related to the FVF Lease Agreement.

NOTE 13 – FAIR VALUE MEASUREMENTS

Fair values determined by Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets or liabilities. The Company considers a security that trades at least weekly to have an active market. Fair values determined by Level 2 inputs utilize data points that are observable, such as quoted prices, interest rates and yield curves. Fair values determined by Level 3 inputs are unobservable data points for the asset or liability, and include situations where there is little, if any, market activity for the asset or liability.

In 2022, the Company recorded a contingent consideration liability in the amount of \$1.45 million related to the purchase price of the ATEC Acquisition for amounts payable upon the sale of a requisite number of water filtration units under an asset purchase agreement.

<i>(in thousands)</i>	Level 3 Liabilities	
Balance at December 31, 2023	\$	(1,450)
Payment of contingent consideration liabilities		250
Balance at December 31, 2024	\$	(1,200)

Notes To The Consolidated Financial Statements

(in thousands)	Investments at Fair Value as of December 31, 2024			
	Level 1	Level 2	Level 3	Total
Liabilities				
Contingent consideration liabilities	\$ -	\$ -	\$ 1,200	\$ 1,200
Total Liabilities	\$ -	\$ -	\$ 1,200	\$ 1,200

NOTE 14 – SUBSEQUENT EVENTS

On March 7, 2025, the Company completed the sale and issuance of 5,715,000 shares of its common stock to certain institutional investors in a registered direct offering (March 2025 Direct Offering). The shares of common stock were sold at a purchase price of \$3.50 per share, for aggregate gross proceeds of approximately \$20.0 million and aggregate net proceeds of approximately \$18.3 million.

The Company intends to use the proceeds from the March 2024 Direct Offering for capital and other expenses related to the development and construction of the Mojave Groundwater Bank, which may include acquisition of equipment and materials intended to be used in construction of facilities related to our northern and/or southern pipeline, which the Company expects to begin in 2025. Net proceeds from the offering may also be used for the equipment and materials related to wellfield infrastructure on land owned by the Company and its subsidiaries, business development activities, other capital expenditures, working capital, the expansion of the business and general corporate purposes.

CADIZ INC.

2019 EQUITY INCENTIVE PLAN, AS AMENDED

CADIZ INC.

2019 EQUITY INCENTIVE PLAN, AS AMENDED

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CADIZ INC.
2019 EQUITY INCENTIVE PLAN

1. Purpose

The purpose of this 2019 EQUITY INCENTIVE PLAN (as amended from time to time, the "**Plan**") is to assist Cadiz Inc., a Delaware corporation, and its Related Entities (as hereinafter defined) in attracting, motivating, retaining and rewarding high-quality executives and other employees, officers, directors, consultants and other persons who provide services to the Company or its Related Entities by enabling such persons to acquire or increase a proprietary interest in the Company in order to strengthen the mutuality of interests between such persons and the Company's stockholders, and providing such persons with performance incentives to expend their maximum efforts in the creation of stockholder value.

2. Definitions

For purposes of the Plan, the following terms shall be defined as set forth below, in addition to such terms defined in Section 1 hereof and elsewhere herein.

- "Award"** means any Option, Stock Appreciation Right, Restricted Stock Award, Restricted Stock Unit Award, Share granted as a bonus or in lieu of another Award, Dividend Equivalent, Other Stock-Based Award, Performance Award or any award to an Outside Director under Section 6(j), together with any other right or interest relating to Shares or other property (including cash), granted to a Participant under the Plan.
- b. **"Award Agreement"** means any written agreement, contract or other instrument or document evidencing any Award granted by the Committee hereunder.
- "Beneficiary"** means the person, persons, trust or trusts that have been designated by a Participant in his or her most recent written beneficiary designation filed with the Committee to receive the benefits specified under the Plan upon such Participant's death or to which Awards or other rights are transferred if and to the extent permitted under Section 9(b) hereof. If, upon a Participant's death, there is no designated Beneficiary or surviving designated Beneficiary, then the term Beneficiary means the Participant's estate.
- d. **"Beneficial Owner" and "Beneficial Ownership"** shall have the meaning ascribed to such term in Rule 13d-3 under the Exchange Act and any successor to such Rule.
- e. **"Board"** means the Company's Board of Directors.

"Cause" shall, with respect to any Participant, have the meaning specified in the Award Agreement. In the absence of any definition in the Award Agreement, "Cause" shall have the equivalent meaning or the same meaning as "cause" or "for cause" set forth in any employment, consulting, or other agreement for the performance of services between the Participant and the Company or a Related Entity or, in the absence of any such agreement or any such definition in such agreement, "Cause" shall mean (i) the failure by the Participant to perform, in a reasonable manner, his or her duties as assigned by the Company or a Related Entity, (ii) any violation or breach by the Participant of his or her employment, consulting or other similar agreement with the Company or a Related Entity, if any, (iii) any violation or breach by the Participant of any non-competition, non-solicitation, non-disclosure and/or other similar agreement with the Company or a Related Entity, (iv) any act by the Participant of dishonesty or bad faith with respect to the Company or a Related Entity, (v) use of alcohol, drugs or other similar substances in a manner that adversely affects the Participant's work performance, or (vi) the commission by the Participant of any act, misdemeanor, or crime reflecting unfavorably upon the Participant or the Company or any Related Entity. The good faith determination by the Committee of whether the Participant's Continuous Service was terminated by the Company for "Cause" shall be final and binding for all purposes hereunder.

g. **"Change in Control"** means a Change in Control as defined in Section 8(b) hereof.

h. **"Code"** means the Internal Revenue Code of 1986, as amended from time to time, including regulations thereunder and successor provisions and regulations thereto.

"Committee" means a committee of the Board designated and empowered by the Board to administer the Plan; provided, however, that if the Board fails to designate and empower such a committee or if there are no longer any members on the committee so designated and empowered by the Board, or for any other reason (or no reason) determined by the Board (which determination may be evidenced by the taking of any action to administer the Plan by the Board), then the Board shall serve as the Committee. While it is intended that the Committee shall consist of at least two (2) directors, each of whom shall be (i) a "non-employee director" within the meaning of Rule 16b-3 (or any successor rule) under the Exchange Act, unless administration of the Plan by "non-employee directors" is not then required in order for exemptions under Rule 16b-3 to apply to transactions under the Plan, and (ii) Independent, the failure of the Committee to be so comprised shall not invalidate any Award that otherwise satisfies the terms of the Plan.

j. **"Company"** means Cadiz Inc., a Delaware corporation, and any successor thereto.

"Consultant" means any consultant or advisor who provides services to the Company or any Related Entity, so long as (i) such Person renders bona fide services that are not in connection with the offer and sale of the Company's securities in a capital-raising transaction, (ii) such Person does not directly or indirectly promote or maintain a market for the Company's securities, and (iii) the identity of such Person would not preclude the Company from offering or selling securities to such Person pursuant to the Plan in reliance on either the exemption from registration provided by Rule 701 under the Securities Act or, if the Company is required to file reports pursuant to Section 13 or 15(d) of the Exchange Act, registration on a Form S-8 Registration Statement under the Securities Act.

"Continuous Service" means the uninterrupted provision of services to the Company or any Related Entity in any capacity of Employee, Director, Consultant or other service provider. Continuous Service shall not be considered to be interrupted in the case of (i) any approved leave of absence, (ii) transfers among the Company, any Related Entities or any successor entities in any capacity of Employee, Director, Consultant or other service provider, or (iii) any change in status as long as the individual remains in the service of the Company or a Related Entity in any capacity of Employee, Director, Consultant or other service provider (except as otherwise provided in the Award Agreement). An approved leave of absence shall include sick leave, military leave, or any other authorized personal leave.

m. **"Director"** means a member of the Board or the board of directors of any Related Entity.

n. **"Disability"** means a permanent and total disability (within the meaning of Section 22(e) of the Code), as determined by a medical doctor satisfactory to the Committee.

o. **"Dividend Equivalent"** means a right, granted to a Participant under Section 6(g) hereof, to receive cash, Shares, other Awards or other property equal in value to dividends paid with respect to a specified number of Shares, or other periodic payments.

p. **"Effective Date"** means the effective date of the Plan, which shall be April 12, 2019.

q. **"Eligible Person"** means each officer, Director, Employee, Consultant and other Person who provides services to the Company or any Related Entity. The foregoing notwithstanding, only Employees of the Company, or any parent corporation or subsidiary corporation of the Company (as those terms are defined in Sections 424(e) and (f) of the Code, respectively), shall be Eligible Persons for purposes of receiving any Incentive Stock Options. An Employee on leave of absence may, in the discretion of the Committee, be considered as still in the employ of the Company or a Related Entity for purposes of eligibility for participation in the Plan.

r. **"Employee"** means any individual, including an officer or Director, who is an employee of the Company or any Related Entity, or is a prospective employee of the Company or any Related Entity (conditioned upon and effective not earlier than, such individual becoming an employee of the Company or any Related Entity). The payment of a director's fee by the Company or a Related Entity shall not be sufficient to constitute "employment" by the Company.

s. **"Exchange Act"** means the Securities Exchange Act of 1934, as amended from time to time, including rules thereunder and successor provisions and rules thereto.

t. **"Fair Market Value"** means the fair market value of Shares, Awards or other property on the date as of which the value is being determined, as determined by the Committee, or under procedures established by the Committee, subject to the following:

(i) If, on such date, the Shares are listed on a national or regional securities exchange or market system, the Fair Market Value of a Share shall be the closing price of a Share (or the mean of the closing bid and asked prices of a Share if the Share is so quoted instead) as quoted on the Nasdaq Capital Market, the Nasdaq Global Market, the Nasdaq Global Select Market or such other national or regional securities exchange or market system constituting the primary market for the Share, as reported on the website Nasdaq.com (if applicable), by Bloomberg LP or such other source as the Committee deems reliable. If the relevant date does not fall on a day on which the Share has traded on such securities exchange or market system, the date on which the Fair Market Value shall be established shall be the last day on which the Share was so traded prior to the relevant date, or such other appropriate day as shall be determined by the Committee, in its discretion.

(ii) If, on such date, the Share are not listed on a national or regional securities exchange or market system, the Fair Market Value of a Share shall be as determined by the Committee in good faith without regard to any restriction other than a restriction which, by its terms, will never lapse.

"Good Reason" shall, with respect to any Participant, have the meaning specified in the Award Agreement. In the absence of any definition in the Award Agreement, "Good Reason" shall have the equivalent meaning or the same meaning as "good reason" or "for good reason" set forth in any employment, consulting or other agreement for the performance of services between the Participant and the Company or a Related Entity or, in the absence of any such agreement or any such definition in such agreement, such term shall mean (i) the assignment to the Participant of any duties or responsibilities inconsistent in any material respect with the Participant's duties or responsibilities as assigned by the Company or a Related Entity, or any other action by the Company or a Related Entity which results in a material diminution in such duties or responsibilities, excluding for this purpose an action which is remedied by the Company or a Related Entity promptly after receipt of notice thereof given by the Participant; (ii) any material failure by the Company or a Related Entity to comply with its obligations to the Participant as agreed upon, other than a failure which is remedied by the Company or a Related Entity promptly after receipt of notice thereof given by the Participant; or (iii) a material breach by the Company or any Related Entity of any employment, consulting or other agreement under which the Participant provides services to the Company or any Related Entity. For purposes of the Plan, upon termination of a Participant's Continuous Service, Good Reason shall not be deemed to exist unless the Participant's termination of Continuous Service for Good Reason occurs within sixty (60) days following the initial existence of one of the conditions specified in clauses (i) through (iii) above, the Participant provides the Company or the Related Entity for which the Participant provides services with written notice of the existence of such condition with thirty (30) days after the initial existence of the condition, and the Company fails to remedy the condition within thirty (30) days after its receipt of notice.

v. **"Incentive Stock Option"** means any Option intended to be designated as an incentive stock option within the meaning of Section 422 of the Code or any successor provision thereto.

w. **"Independent"**, when referring to either the members of the Board or the members of the Committee, shall have the same meaning as used in the rules of the Listing Market.

x. **"Incumbent Board"** means the Incumbent Board as defined in Section 8(b)(ii) hereof.

y. **"Listing Market"** means the national securities exchange on which any securities of the Company are listed for trading, and if not listed for trading, by the rules of the Nasdaq Stock Market.

z. **"Option"** means a right granted to a Participant under Section 6(b) hereof, to purchase Shares or other Awards at a specified price during specified time periods.

aa. **"Optionee"** means a person to whom an Option is granted under the Plan or any person who succeeds to the rights of such person under the Plan.

bb. **"Other Stock-Based Awards"** means Awards granted to a Participant under Section 6(i) hereof.

cc. **"Outside Director"** means a Director that is not an Employee.

dd. **"Parent"** means any corporation or other entity (other than the Company), whether now or hereafter existing, in an unbroken chain of corporations or other entities ending with the Company, if each of the corporations or other entities in the chain (other than the Company) owns stock or other form of equity possessing 50% or more of the combined voting power of all classes of stock in one of the other corporations or other entities in the chain.

ee. **"Participant"** means a Person who has been granted an Award under the Plan which remains outstanding, including a Person who is no longer an Eligible Person.

ff. **"Performance Award"** means any Award granted pursuant to Section 6(h) hereof.

gg. **"Performance Period"** means that period established by the Committee at the time any Performance Award is granted or at any time thereafter during which any performance goals specified by the Committee with respect to such Award are to be measured.

hh. **"Person"** shall have the meaning ascribed to such term in Section 3(a)(9) of the Exchange Act and used in Sections 13(d) and 14(d) thereof, and shall include a "group" as defined in Section 13(d) thereof.

ii. **"Prior Plan"** means the Cadiz Inc. 2014 Equity Incentive Plan.

jj. **"Related Entity"** means any Parent or Subsidiary, and any business, corporation, partnership, limited liability company or other entity designated by the Committee in which the Company, a Parent or a Subsidiary holds a substantial ownership interest, directly or indirectly, and with respect to which the Company may offer or sell securities pursuant to the Plan in reliance upon either Rule 701 under the Securities Act or, if the Company is required to file reports pursuant to Section 13 or 15(d) of the Exchange Act, registration on a Form S-8 Registration Statement under the Securities Act.

kk. **"Restricted Stock"** means any Share issued with such risks of forfeiture and other lawful restrictions as the Committee, in its sole discretion, may impose in the Award Agreement (including any restriction on the right to vote such Share and restrictions on the right to receive dividends), which restrictions may lapse separately or in combination at such time or times, in installments or otherwise, as the Committee may deem appropriate.

ll. **"Restricted Stock Award"** means an Award granted to a Participant under Section 6(d) hereof.

mm. **"Restricted Stock Unit"** means a right to receive Shares, including Restricted Stock, cash measured based upon the value of Shares, or a combination thereof, at the end of a specified deferral period.

nn. **"Restricted Stock Unit Award"** means an Award of a Restricted Stock Unit granted to a Participant under Section 6(e) hereof.

oo. **"Restriction Period"** means the period of time specified by the Committee that Restricted Stock Awards shall be subject to such restrictions on transferability, risk of forfeiture and other lawful restrictions, if any, as the Committee may impose.

pp. **"Rule 16b-3"** means Rule 16b-3, as from time to time in effect and applicable to the Plan and Participants, promulgated by the Securities and Exchange Commission under Section 16 of the Exchange Act.

qq. **"Securities Act"** means the Securities Act of 1933, as amended from time to time, including rules thereunder and successor provisions and rules thereto.

rr. **"Shares"** means the shares of common stock of the Company, par value \$0.01 per share, and such other securities as may be substituted (or resubstituted) for Shares pursuant to Section 9(c) hereof.

ss. **"Stock Appreciation Right"** means a right granted to a Participant under Section 6(c) hereof.

tt. **"Subsidiary"** means any corporation or other entity in which the Company has a direct or indirect ownership interest of 50% or more of the total combined voting power of the then outstanding securities or interests of such corporation or other entity entitled to vote generally in the election of directors or in which the Company has the right to receive 50% or more of the distribution of profits or 50% or more of the assets on liquidation or dissolution.

uu. **"Substitute Awards"** means Awards granted or Shares issued by the Company in assumption of, or in substitution or exchange for, awards previously granted, or the right or obligation to make future awards, by a company (i) acquired by the Company or any Related Entity, (ii) which becomes a Related Entity after the date hereof, or (iii) with which the Company or any Related Entity combines.

3. Administration

Authority of the Committee. The Plan shall be administered by the Committee. The Committee shall have full and final authority, subject to and consistent with the provisions of the Plan, to select Eligible Persons to become Participants, grant Awards, determine the type, number and other terms and conditions of, and all other matters relating to, Awards, prescribe Award Agreements (which need not be identical for each Participant) and rules and regulations for the administration of the Plan, construe and interpret the Plan and Award Agreements and correct defects, supply omissions or reconcile inconsistencies therein, and to make all other decisions and determinations as the Committee may deem necessary or advisable for the administration of the Plan. In exercising any discretion granted to the Committee under the Plan or pursuant to any Award, the Committee shall not be required to follow past practices, act in a manner consistent with past practices, or treat any Eligible Person or Participant in a manner consistent with the treatment of any other Eligible Persons or Participants. Decisions of the Committee shall be final, conclusive and binding on all Persons, including the Company, any Related Entity or any Participant or Beneficiary, or any transferee under Section 9(b) hereof or any other person claiming rights from or through any of the foregoing persons or entities.

Manner of Exercise of Committee Authority. The Committee, and, notwithstanding anything contained in the Plan to the contrary, not the Board, shall exercise sole and exclusive discretion (i) on any matter relating to a Participant then subject to Section 16 of the Exchange Act with respect to the Company to the extent necessary in order that transactions by such Participant shall be exempt under Rule 16b-3 under the Exchange Act, and (ii) with respect to any Award to an Independent Director. The express grant of any specific power to the Committee, and the taking of any action by the Committee, shall not be construed as limiting any power or authority of the Committee. Subject to applicable law, the Committee may delegate to a subcommittee of the Committee, or officers or managers of the Company or any Related Entity, or a committee of the governing body of any Related Entity, the authority, subject to such terms and limitations as the Committee shall determine, to perform such functions, including administrative functions as the Committee may determine to the extent that such delegation will not result in the loss of an exemption under Rule 16b-3(d)(1) for Awards granted to Participants subject to Section 16 of the Exchange Act in respect of the Company. The Committee may appoint agents to assist it in administering the Plan.

Limitation of Liability. The Committee and the Board, and each member thereof, shall, in the performance of their, his or her duties under the Plan, including, without limitation, in the administration of the Plan, be fully protected in relying in good faith upon the records of the Company and upon such information, opinions, reports or statements presented to the Company by any of the Company's officers or employees, or by any other Person as to matters the Committee or the Board or such member thereof, as applicable, reasonably believes are within such other Person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Company. To the fullest extent permitted by applicable law, members of the Committee and members of the Board, and any officer or Employee acting at the direction or on behalf of the Committee or the Board, shall not be personally liable for any action or determination taken or made in good faith with respect to the Plan, and shall be fully indemnified and protected by the Company with respect to any such action or determination.

4. Shares Subject to Plan

Limitation on Overall Number of Shares Available for Delivery Under Plan. Subject to adjustment as provided in Section 9(c) hereof, the total number of Shares reserved and available for delivery under the Plan shall be 5,200,000, plus any Shares remaining available for delivery under the Prior Plan on the Effective Date. Any Shares delivered under the Plan may consist, in whole or in part, of authorized and unissued shares or treasury shares.

Application of Limitation to Grants of Awards. No Award may be granted if the number of Shares to be delivered in connection with such an Award exceeds the number of

b. Shares remaining available for delivery under the Plan, minus the number of Shares deliverable upon settlement of then outstanding Awards. The Committee may adopt reasonable counting procedures to ensure appropriate counting, avoid double counting (as, for example, in the case of tandem or substitute awards) and make adjustments if the number of Shares actually delivered differs from the number of Shares previously counted in connection with an Award.

c. ***Availability of Shares Not Delivered under Awards and Adjustments to Limits.***

If any Shares subject to an Award, or after the Effective Date, any Shares subject to any awards granted under the Prior Plan, are forfeited, expire or otherwise terminate without issuance of such Shares, or any Award, or after the Effective Date, any Shares subject to any award granted under the Prior Plan, is settled for cash or otherwise does not result in the issuance of all or a portion of the Shares subject to such Award, or award under the Prior Plan, the Shares to which those Awards, or awards under the Prior Plan, were subject, shall, to the extent of such forfeiture, expiration, termination, non-issuance or cash settlement, again be available for delivery with respect to Awards under the Plan.

The full number of Shares subject to an Option granted under the Plan shall count against the number of Shares remaining available for issuance pursuant to Awards granted under the Plan, even if the exercise price of the Option is satisfied through net-settlement or by delivering Shares to the Company (by either actual delivery or attestation). Upon exercise of Stock Appreciation Rights granted under the Plan that are settled in Shares, the full number of Stock Appreciation Rights (rather than the net number of Shares actually delivered upon exercise) shall count against the maximum number of Shares remaining available for issuance pursuant to Awards granted under the Plan.

Shares withheld from an Award granted under the Plan to satisfy tax withholding requirements shall count against the maximum number of Shares remaining available for issuance pursuant to Awards granted under the Plan, and Shares delivered by a participant to satisfy tax withholding requirements shall not be added back to the Plan's Share pool.

Substitute Awards shall not reduce the Shares authorized for delivery under the Plan or authorized for delivery to a Participant in any period. Additionally, in the event that an entity acquired by the Company or any Related Entity or with which the Company or any Related Entity combines has shares available under a pre-existing plan approved by its stockholders and not adopted in contemplation of such acquisition or combination, the shares available for delivery pursuant to the terms of such pre-existing plan (as adjusted, to the extent appropriate, using the exchange ratio or other adjustment or valuation ratio or formula used in such acquisition or combination to determine the consideration payable to the holders of common stock of the entities party to such acquisition or combination) may be used for Awards under the Plan and shall not reduce the Shares authorized for delivery under the Plan if and to the extent that the use of such Shares would not require approval of the Company's stockholders under the rules of the Listing Market. Awards using such available shares shall not be made after the date awards or grants could have been made under the terms of the pre-existing plan, absent the acquisition or combination, and shall only be made to individuals who were not Employees or Directors prior to such acquisition or combination.

v. Any Share that again becomes available for delivery pursuant to this Section 4(c) shall be added back as one (1) Share.

Notwithstanding anything in this Section 4(c) to the contrary but subject to adjustment as provided in Section 9(c) hereof, the maximum aggregate number of Shares that may be delivered under the Plan as a result of the exercise of Incentive Stock Options shall be 5,200,000 Shares. In no event shall any Incentive Stock Options be granted under the Plan after the tenth (10th) anniversary of the date on which the Board adopts the Plan.

Notwithstanding anything in this Section 4 to the contrary, but subject to adjustment as provided in Section 9(c) hereof, in any fiscal year of the Company during any part of which the Plan is in effect, no Participant who is a Director but is not also an Employee or Consultant may be granted any Awards that have a "fair value" as of the date of grant, as determined in accordance with FASB ASC Topic 718 (or any other applicable accounting guidance), that exceeds \$100,000 in the aggregate.

d. ***No Further Awards Under Prior Plan.*** In light of the adoption of the Plan, no further awards shall be made under the Prior Plan after the Effective Date.

5. ***Eligibility; Per-Participant Limitations.***

Awards may be granted under the Plan only to Eligible Persons.

6. ***Specific Terms of Awards***

General. Awards may be granted on the terms and conditions set forth in this Section 6. In addition, the Committee may impose on any Award or the exercise thereof, at the date of grant or thereafter (subject to Section 9(e) hereof), such additional terms and conditions, not inconsistent with the provisions of the Plan or applicable law, as the Committee shall determine, including terms requiring forfeiture of Awards in the event of termination of the Participant's Continuous Service and terms permitting a Participant to make elections relating to his or her Award. Except as otherwise expressly provided herein, the Committee shall retain full power and discretion to accelerate, waive or modify, at any time, any term or condition of an Award that is not mandatory under the Plan. Except in cases in which the Committee is authorized to require other forms of consideration under the Plan, or to the extent other forms of consideration must be paid to satisfy the requirements of California or other applicable law, no consideration other than services may be required for the grant (as opposed to the exercise) of any Award.

b. ***Options.*** The Committee is authorized to grant Options to any Eligible Person on the following terms and conditions:

Exercise Price. Other than in connection with Substitute Awards, the exercise price per Share purchasable under an Option shall be determined by the Committee, provided that such exercise price shall not be less than 100% of the Fair Market Value of a Share on the date of grant of the Option and shall not, in any event, be less than the par value of a Share. If an Employee owns or is deemed to own (by reason of the attribution rules applicable under Section 424(d) of the Code) more than 10% of the combined voting power of all classes of stock of the Company (or any parent corporation or subsidiary corporation of the Company, as those terms are defined in Sections 424(e) and (f) of the Code, respectively) and an Incentive Stock Option is granted to such Employee, the exercise price of such Incentive Stock Option (to the extent required by the Code at the time of grant) shall be no less than 110% of the Fair Market Value of a Share on the date such Incentive Stock Option is granted. Other than pursuant to Section 9(c)(i) and (ii) of the Plan, the Committee shall not be permitted to (A) lower the exercise price per Share of an Option after it is granted, (B) cancel an Option when the exercise price per Share exceeds the Fair Market Value of the underlying Shares in exchange for cash or another Award (other than in connection with Substitute Awards), (C) cancel an outstanding Option in exchange for an Option with an exercise price that is less than the exercise price of the original Options or (D) take any other action with respect to an Option that may be treated as a repricing pursuant to the applicable rules of the Listing Market, without approval of the Company's stockholders.

Time and Method of Exercise. The Committee shall determine and shall state in a resolution adopted by the Committee providing for the creation and issuance of such Option, the terms upon which, including the time or times, at or within which, and the consideration (including a formula by which such consideration may be determined) for which Shares may be acquired from the Company upon the exercise of any Option, which consideration, to the fullest extent permitted by applicable law, may be cash, shares (including, without limitation, the withholding of Shares otherwise deliverable pursuant to the Award), other Awards or awards granted under other plans of the Company or a Related Entity, or other property (including notes or other contractual obligations of Participants to make payment on a deferred basis provided that such deferred payments are not in violation of Section 13(k) of the Exchange Act, or any rule or regulation adopted thereunder or any other applicable law), and which shall be set forth or incorporated by reference in the Award Agreement evidencing such Option to which the relevant Participant is a party. The Committee shall also determine the methods by or forms in which Shares will be delivered or deemed to be delivered to Participants, subject to the requirements of applicable law.

Form of Settlement. The Committee may, in its sole discretion, provide that the Shares to be issued upon exercise of an Option shall be in the form of Restricted Stock or other similar securities.

Incentive Stock Options. The terms of any Incentive Stock Option granted under the Plan shall comply in all respects with the provisions of Section 422 of the Code. Anything in the Plan to the contrary notwithstanding, no term of the Plan relating to Incentive Stock Options (including any Stock Appreciation Right issued in tandem therewith) shall be interpreted, amended or altered, nor shall any discretion or authority granted under the Plan be exercised, so as to disqualify either the Plan or any Incentive Stock Option under Section 422 of the Code, unless the Participant has first requested, or consents to, the change that will result in such disqualification. Thus, if and to the extent required to comply

with Section 422 of the Code, Options granted as Incentive Stock Options shall be subject to the following special terms and conditions:

A. the Option shall not be exercisable for more than ten (10) years after the date such Incentive Stock Option is granted; provided, however, that if a Participant owns or is deemed to own (by reason of the attribution rules of Section 424(d) of the Code) more than 10% of the combined voting power of all classes of stock of the Company (or any parent corporation or subsidiary corporation of the Company, as those terms are defined in Sections 424(e) and (f) of the Code, respectively) and the Incentive Stock Option is granted to such Participant, the term of the Incentive Stock Option shall be (to the extent required by the Code at the time of the grant) for no more than five (5) years from the date of grant;

B. the aggregate Fair Market Value (determined as of the date the Incentive Stock Option is granted) of the Shares with respect to which Incentive Stock Options granted under the Plan and all other option plans of the Company (and any parent corporation or subsidiary corporation of the Company, as those terms are defined in Sections 424(e) and (f) of the Code, respectively) that become exercisable for the first time by the Participant during any calendar year shall not (to the extent required by the Code at the time of the grant) exceed \$100,000; and

C. if Shares acquired by exercise of an Incentive Stock Option are disposed of within two (2) years following the date the Incentive Stock Option is granted or one (1) year following the issuance of such Shares to the Participant upon exercise, the Participant shall, promptly following such disposition, notify the Company in writing of the date and terms of such disposition and provide such other information regarding the disposition as the Committee may reasonably require.

Stock Appreciation Rights. The Committee may grant Stock Appreciation Rights to any Eligible Person in conjunction with all or part of any Option granted under the Plan or at any subsequent time during the term of such Option (a "**Tandem Stock Appreciation Right**"), or without regard to any Option (a "**Freestanding Stock Appreciation Right**"), in each case upon such terms and conditions as the Committee may establish in its sole discretion, not inconsistent with the provisions of the Plan, including the following:

Right to Payment. A Stock Appreciation Right shall confer on the Participant to whom it is granted a right to receive, upon exercise thereof, the excess of (A) the Fair Market Value of one (1) Share on the date of exercise over (B) the grant price of the Stock Appreciation Right as determined by the Committee. The grant price of a Stock Appreciation Right shall not be less than 100% of the Fair Market Value of a Share on the date of grant, in the case of a Freestanding Stock Appreciation Right, or less than the associated Option exercise price, in the case of a Tandem Stock Appreciation Right. Other than pursuant to Section 9(c)(i) and (ii) of the Plan, the Committee shall not be permitted to (A) lower the grant price per Share of a Stock Appreciation Right after it is granted, (B) cancel a Stock Appreciation Right when the grant price per Share exceeds the Fair Market Value of the underlying Shares in exchange for another Award (other than in connection with Substitute Awards), (C) cancel an outstanding Stock Appreciation Right in exchange for a Stock Appreciation Right with a grant price that is less than the grant price of the original Stock Appreciation Right, or (D) take any other action with respect to a Stock Appreciation Right that may be treated as a repricing pursuant to the applicable rules of the Listing Market, without approval of the Company's stockholders.

Other Terms. The Committee shall determine at the date of grant or thereafter, the time or times at which and the circumstances under which a Stock Appreciation Right may be exercised in whole or in part (including based on achievement of performance goals and/or future service requirements), the time or times at which Stock Appreciation Rights shall cease to be or become exercisable following termination of Continuous Service or upon other conditions, the method of exercise, method of settlement, form of consideration payable in settlement, method by or forms in which Shares will be delivered or deemed to be delivered to Participants, whether or not a Stock Appreciation Right shall be in tandem or in combination with any other Award, and any other terms and conditions of any Stock Appreciation Right.

Tandem Stock Appreciation Rights. Any Tandem Stock Appreciation Right may be granted at the same time as the related Option is granted or, for Options that are not Incentive Stock Options, at any time thereafter before exercise or expiration of such Option. Any Tandem Stock Appreciation Right related to an Option may be exercised only when the related Option would be exercisable and the Fair Market Value of the Shares subject to the related Option exceeds the exercise price at which Shares can be acquired pursuant to the Option. In addition, if a Tandem Stock Appreciation Right exists with respect to less than the full number of Shares covered by a related Option, then an exercise or termination of such Option shall not reduce the number of Shares to which the Tandem Stock Appreciation Right applies until the number of Shares then exercisable under such Option equals the number of Shares to which the Tandem Stock Appreciation Right applies. Any Option related to a Tandem Stock Appreciation Right shall no longer be exercisable to the extent the Tandem Stock Appreciation Right has been exercised, and any Tandem Stock Appreciation Right shall no longer be exercisable to the extent the related Option has been exercised.

d. **Restricted Stock Awards.** The Committee is authorized to grant Restricted Stock Awards to any Eligible Person on the following terms and conditions:

Grant and Restrictions. Restricted Stock Awards shall be subject to such restrictions on transferability, risk of forfeiture and other lawful restrictions, if any, as the Committee may impose, or as otherwise provided in the Plan, during the Restriction Period. The restrictions may lapse separately or in combination at such times, under such circumstances (including based on achievement of performance goals and/or future service requirements), in such installments or otherwise, as the Committee may determine at the date of grant or, subject to applicable law, thereafter. Except to the extent restricted as permitted by applicable law under the terms of the Plan and any Award Agreement relating to a Restricted Stock Award, a Participant granted Restricted Stock shall have all of the rights of a stockholder, including the right to vote the Restricted Stock and the right to receive dividends thereon (subject to any lawful requirement imposed by the Committee). During the period that the Restricted Stock Award is subject to a risk of forfeiture, subject to Section 9(b) below and except as otherwise provided in the Award Agreement, the Restricted Stock may not be sold, transferred, pledged, hypothecated, margined or otherwise encumbered by the Participant or Beneficiary. The terms of any Restricted Stock Award granted under the Plan shall be set forth in a written Award Agreement evidencing such Restricted Stock Award to which the relevant Participant is a party, which Award Agreement shall contain provisions determined by the Committee and not inconsistent with the Plan.

Forfeiture. Except as otherwise determined by the Committee, upon termination of a Participant's Continuous Service during the applicable Restriction Period, the Participant's Restricted Stock that is at that time subject to a risk of forfeiture that has not lapsed or otherwise been satisfied shall, to the fullest extent permitted by applicable law, be forfeited and reacquired by the Company; provided that, subject to the limitations set forth in Section 6(j) hereof, the Committee may provide, by resolution or other action or in any Award Agreement, or may determine in any individual case, that forfeiture conditions relating to Restricted Stock Awards shall be waived in whole or in part in the event of terminations resulting from specified causes, and the Committee may in other cases waive in whole or in part the forfeiture of Restricted Stock.

Certificates for Stock. Subject to applicable law, Restricted Stock granted under the Plan may be evidenced in such manner as the Committee shall determine. If certificates representing Restricted Stock are registered in the name of the Participant, the Committee may require that such certificates bear an appropriate legend referring to the terms, conditions and restrictions applicable to such Restricted Stock, that the Company retain physical possession of the certificates, and that the Participant deliver a stock power to the Company, endorsed in blank, relating to the Restricted Stock.

Dividends and Splits. As a condition to the grant of a Restricted Stock Award, the Committee shall require that any cash dividends paid on a Share of Restricted Stock be delayed (with or without interest at such rate, if any, as the Committee shall determine) and remain subject to restrictions and a risk of forfeiture to the same extent as the Restricted Stock with respect to which such cash dividend is payable, in a manner that does not violate the requirements of Section 409A of the Code or other applicable law. In addition, the Committee shall require that Shares distributed in connection with a stock split or stock dividend, and other property distributed as a dividend, shall be subject to restrictions on transfer and a risk of forfeiture and any other lawful restrictions to the same extent as the Restricted Stock with respect to which such Shares or other property have been distributed.

e. **Restricted Stock Unit Award.** The Committee is authorized to grant Restricted Stock Unit Awards to any Eligible Person on the following terms and conditions:

Award and Restrictions. Satisfaction of a Restricted Stock Unit Award shall occur upon expiration of the deferral period specified for such Restricted Stock Unit Award by the Committee (or, if permitted by the Committee, as elected by the Participant in a manner that does not violate the requirements of Section 409A of the Code). In addition, a Restricted Stock Unit Award shall be subject to such lawful restrictions (which may include a risk of forfeiture) as the Committee may impose, if any, which restrictions may lapse at the expiration of the deferral period or at earlier specified times (including based on achievement of performance goals and/or future service requirements), separately or in combination, in installments or otherwise, as the Committee may determine. A Restricted Stock Unit Award may be satisfied by delivery of Shares, cash equal to the Fair Market Value of the specified number of Shares covered by the Restricted Stock Units, or a combination thereof, as determined by the Committee at the date of grant or, subject to applicable law, thereafter. Prior to satisfaction of a Restricted Stock Unit Award satisfied by the delivery of Shares, such Restricted Stock Unit Award carries no voting or dividend or other rights associated with Share ownership. Prior to satisfaction of a Restricted Stock Unit Award, except as otherwise provided in an Award Agreement and as permitted under Section 409A of the Code, a Restricted Stock Unit Award may not be sold, transferred, pledged, hypothecated, margined or otherwise encumbered by the Participant or any Beneficiary. The

terms of any Restricted Stock Unit Award granted under the Plan shall be set forth in a written Award Agreement evidencing such Restricted Stock Unit Award to which the relevant Participant is a party, which Award Agreement shall contain provisions determined by the Committee and not inconsistent with the Plan.

Forfeiture. Except as otherwise determined by the Committee, upon termination of a Participant's Continuous Service during the applicable deferral period or portion thereof to which forfeiture conditions apply (as provided in the Award Agreement evidencing the Restricted Stock Unit Award), the Participant's Restricted Stock Unit Award that is at that time subject to a risk of forfeiture that has not lapsed or otherwise been satisfied shall, to the fullest extent permitted by applicable law, be forfeited; provided that, subject to the limitations set forth in Section 6(j) hereof, the Committee may provide, by resolution or other action or in any Award Agreement, or may determine in any individual case, that forfeiture conditions relating to a Restricted Stock Unit Award shall be waived in whole or in part in the event of terminations resulting from specified causes, and the Committee may in other cases waive in whole or in part the forfeiture of any Restricted Stock Unit Award.

Dividend Equivalents. As a condition to the grant of a Restricted Stock Unit, the Committee shall require that any cash dividends paid on a Share attributable to such Restricted Stock Unit be delayed (with or without interest at such rate, if any, as the Committee shall determine) and remain subject to restrictions on transfer and a risk of forfeiture to the same extent as the Restricted Stock Unit with respect to which such cash dividend is payable, in a manner that does not violate the requirements of Section 409A of the Code or other applicable law. In addition, the Committee shall require that Shares distributed in connection with a stock split or stock dividend, and other property distributed as a dividend, shall be subject to restrictions on transfer and a risk of forfeiture to the same extent as the Restricted Stock Unit with respect to which such Shares or other property have been distributed.

Bonus Stock and Awards in Lieu of Obligations. The Committee is authorized to grant Shares to any Eligible Persons as a bonus, or to grant Shares or other Awards in lieu of obligations to pay cash or deliver other property under the Plan or under other plans or compensatory arrangements, provided that, in the case of Eligible Persons subject to Section 16 of the Exchange Act, the amount of such grants remains within the discretion of the Committee to the extent necessary to ensure that acquisitions of Shares or other Awards are exempt from liability under Section 16(b) of the Exchange Act. Shares or Awards granted hereunder shall be subject to such other lawful terms as shall be determined by the Committee.

Dividend Equivalents. Subject to the requirements of applicable law, the Committee is authorized to grant Dividend Equivalents to any Eligible Person entitling the Eligible Person to receive cash, Shares, other Awards, or other property equal in value to the dividends paid with respect to a specified number of Shares, or other periodic payments. Dividend Equivalents may be awarded on a free-standing basis or in connection with another Award. Subject to the requirements of applicable law, the Committee may provide that Dividend Equivalents shall be paid or distributed when accrued or at some later date, or whether such Dividend Equivalents shall be deemed to have been reinvested in additional Shares, Awards, or other investment vehicles, and subject to such lawful restrictions on transferability and risks of forfeiture, as the Committee may specify; provided, that in no event shall such Dividend Equivalents be paid out to Participants prior to vesting of the corresponding Shares underlying the Award. Any such determination by the Committee shall be made at the grant date of the applicable Award. Notwithstanding the foregoing, Dividend Equivalents credited in connection with an Award that vests based on the achievement of performance goals shall be subject to restrictions on transfer and risk of forfeiture to the same extent as the Award with respect to which such Dividend Equivalents have been credited.

Performance Awards. The Committee is authorized to grant Performance Awards to any Eligible Person payable in cash, Shares, or other Awards, on lawful terms and conditions established by the Committee. The performance criteria to be achieved during any Performance Period and the length of the Performance Period shall be determined by the Committee upon the grant of each Performance Award. Except as provided in Section 8 or as may be provided in an Award Agreement, Performance Awards will be distributed only after the end of the relevant Performance Period. The performance goals to be achieved for each Performance Period shall be conclusively determined by the Committee and may be based upon the criteria that the Committee, in its sole discretion, shall determine should be used for that purpose. The amount of the Award to be distributed shall be conclusively determined by the Committee. Performance Awards may be paid in a lump sum or in installments following the close of the Performance Period or, in accordance with procedures established by the Committee, on a deferred basis in a manner that does not violate the requirements of Section 409A of the Code.

Other Stock-Based Awards. The Committee is authorized, subject to limitations under applicable law, to grant to any Eligible Person such other Awards that may be denominated or payable in, valued in whole or in part by reference to, or otherwise based on, or related to, Shares, as deemed by the Committee to be consistent with the purposes of the Plan. Subject to any limitations imposed by applicable law, other Stock-Based Awards may be granted to Participants either alone or in addition to other Awards granted under the Plan, and such Other Stock-Based Awards shall also be available as a form of payment in the settlement of other Awards granted under the Plan. Except as otherwise provided in the last sentence of Section 6(h) hereof and subject to the requirements of applicable law, the Committee shall determine the terms and conditions of such Awards. Subject to any limitations imposed by applicable law, Shares delivered pursuant to an Award in the nature of a purchase right granted under this Section 6(i) shall be purchased for such consideration (including without limitation loans from the Company or a Related Entity; provided that such loans are not in violation of Section 13(k) of the Exchange Act or any rule or regulation adopted thereunder or any other applicable law) paid for at such times, by such methods, and in such forms, including, without limitation, cash, Shares, other Awards or other property, as the Committee shall determine. The terms of any other Award denominated or payable, or otherwise based on, or related to, Shares shall be set forth in a written Award Agreement evidencing such Award to which the relevant Participant is a party, which Award Agreement shall contain provisions determined by the Committee and not inconsistent with the Plan.

j. Automatic Awards of Cash, Restricted Unit Awards and Shares for Outside Directors.

i. Outside Directors shall automatically be granted cash compensation and Restricted Stock Unit Awards as follows:

Annual Awards. Each Outside Director who has served as a Director for the preceding twelve (12) months ending on June 30, 2020 or June 30th of any calendar year thereafter, shall, on June 30th of such year, receive payment of annual compensation consisting of (x) cash compensation of \$50,000 (which shall be paid in four (4) quarterly installments of \$12,500 over the succeeding twelve (12) months) and (y) Restricted Stock Unit Awards with a value equal to \$25,000 (calculated with reference to the average closing price of the Shares for the month preceding the annual June 30th payment date). Any Outside Director who has not served as a Director for the full twelve (12) months preceding June 30th of any calendar year shall be entitled to receive one-quarter (1/4) of the annual compensation award described in this Section 6(j)(i)(A) for each three (3) consecutive months (or portion thereof) served by any such Director, so that, by way of example, a Director whose service commenced on February 1 of a year would be entitled to \$25,000 in cash and \$12,500 in Restricted Stock Unit Awards as of June 30th, inasmuch as such Director will have served for one (1) full three (3) month period and one (1) partial three (3) month period as of June 30th.

Payment of Restricted Stock Unit Awards. Grants of Restricted Stock Unit Awards pursuant to this Section 6(j)(i) will vest and be delivered in Shares upon the January 31st which first follows the June 30th date with respect to which such Restricted Stock Unit Awards are granted (e.g., January 31, 2020 for Restricted Stock Unit Awards granted with respect to services provided for the twelve (12) months ended June 30, 2019).

Election to Receive Cash Compensation in Shares. Notwithstanding anything herein to the contrary, each Outside Director may elect to receive any or all of his or her cash compensation earned under Section 6(j)(i)(A) above in the form of Shares under this Section 6(j)(ii). Each such election shall be irrevocable, and must be in writing and filed with the Secretary of the Company by December 31st of the calendar year preceding the period in which such cash compensation is earned. An Outside Director may file a new election each calendar year applicable to cash compensation earned in the immediately succeeding calendar year, provided that a new election to receive benefits in the form of Shares shall not be effective until the period covered by the Outside Director's current election has ended. If no new election is received by December 31st of any calendar year, the election, if any, then in effect shall continue in effect until a new election is made and has become effective. If an Outside Director does not elect to receive his or her cash compensation in the form of Shares, the cash compensation due such Outside Director shall be paid as provided in Section 6(j)(i)(A) above. Each Share due to an Outside Director under this Section 6(j)(ii) pursuant to an election shall be granted on the date the Outside Director would have otherwise been paid a quarterly installment of his or her cash compensation. On each such grant date, an electing Outside Director shall receive a number of whole Shares with a Fair Market Value closest to, but not in excess of, the amount of cash compensation the Outside Director has elected to receive in the form of Shares.

7. Certain Provision Applicable to Awards

Stand-Alone, Additional, Tandem, and Substitute Awards. Awards granted under the Plan may, in the discretion of the Committee, be granted either alone or in addition to, in

tandem with, or in substitution or exchange for, any other Award or any award granted under another plan of the Company, any Related Entity, or any business entity to be acquired by the Company or a Related Entity, or any other right of a Participant to receive payment from the Company or any Related Entity. Such additional, tandem, and substitute or exchange Awards may be granted at any time. If an Award is granted in substitution or exchange for another Award or award, the Committee shall require the surrender of such other Award or award in consideration for the grant of the new Award. In addition, Awards may be granted in lieu of cash compensation, including in lieu of cash amounts payable under other plans of the Company or any Related Entity, in which the value of Shares subject to the Award is equivalent in value to the cash compensation (for example, Restricted Stock or Restricted Stock Units), or in which the exercise price, grant price or purchase price of the Award in the nature of a right that may be exercised is equal to the Fair Market Value of the underlying Shares minus the value of the cash compensation surrendered (for example, Options or Stock Appreciation Right granted with an exercise price or grant price "discounted" by the amount of the cash compensation surrendered), provided that any such determination to grant an Award in lieu of cash compensation must be made in a manner intended to be exempt from or comply with Section 409A of the Code or other applicable law.

Term of Awards. The term of each Award shall be for such period as may be determined by the Committee; provided that in no event shall the term of any Option or Stock Appreciation Right exceed a period of ten (10) years (or in the case of an Incentive Stock Option such shorter terms may be required under Section 422 of the Code); provided, however, that in the event that on the last day of the term of an Option or a Stock Appreciation Right, other than an Incentive Stock Option, (i) the exercise of the Option or Stock Appreciation Right is prohibited by applicable law, or (ii) Shares may not be purchased, or sold by certain employees or directors of the Company due to the "black-out period" of a Company policy or a "lock-up" agreement undertaken in connection with an issuance of securities by the Company, the term of the Option or Stock Appreciation Right may be extended by the Committee for a period of up to thirty (30) days following the end of the legal prohibition, black-out period or lock-up agreement, provided that such extension of the term of the Option or Stock Appreciation Right would not cause the Option or Stock Appreciation Right to violate the requirements of Section 409A of the Code.

Form and Timing of Payment Under Awards; Deferrals. Subject to the terms of the Plan and any applicable Award Agreement, payments to be made by the Company or a Related Entity upon the exercise of an Option or other Award or settlement of an Award may be made in such forms as the Committee shall determine, including, without limitation, cash, Shares, other Awards or other property, and may be made in a single payment or transfer, in installments, or on a deferred basis, provided that any determination to pay in installments or on a deferred basis shall be made by the Committee at the date of grant. Any installment or deferral provided for in the preceding sentence shall, however, subject to the terms of the Plan, be subject to the Company's compliance with the provisions of the Sarbanes-Oxley Act of 2002, as amended, the rules and regulations adopted by the Securities and Exchange Commission thereunder, all applicable rules of the Listing Market and any other applicable law, and in a manner intended to be exempt from or otherwise satisfy the requirements of Section 409A of the Code. Subject to Section 7(e) of the Plan, the settlement of any Award may be accelerated, and cash paid in lieu of Shares in connection with such settlement, in the sole discretion of the Committee or upon occurrence of one or more specified events (in addition to a Change in Control). Any such settlement shall be at a value determined by the Committee in its sole discretion, which, without limitation, may in the case of an Option or Stock Appreciation Right be limited to the amount if any by which the Fair Market Value of a Share on the settlement date exceeds the exercise or grant price. Installment or deferred payments may be required by the Committee (subject to Section 7(e) of the Plan, including the consent provisions thereof in the case of any deferral of an outstanding Award not provided for in the original Award Agreement) or permitted at the election of the Participant on terms and conditions established by the Committee. The acceleration of the settlement of any Award, and the payment of any Award in installments or on a deferred basis, all shall be done in a manner that is intended to be exempt from or otherwise satisfy the requirements of Section 409A of the Code. The Committee may, without limitation, make provision for the payment or crediting of a reasonable interest rate on installment or deferred payments or the grant or crediting of Dividend Equivalents or other amounts in respect of installment or deferred payments denominated in Shares.

Exemptions from Section 16(b) Liability. It is the intent of the Company that the grant of any Awards to or other transaction by a Participant who is subject to Section 16 of the Exchange Act shall be exempt from Section 16 of the Exchange Act pursuant to an applicable exemption (except for transactions acknowledged in writing to be non-exempt by such Participant). Accordingly, if any provision of the Plan or any Award Agreement does not comply with the requirements of Rule 16b-3 then applicable to any such transaction, such provision shall, to the fullest extent permitted by applicable law, be construed or deemed amended to the extent necessary to conform to the applicable requirements of Rule 16b-3 so that such Participant shall avoid liability under Section 16(b) of the Exchange Act.

e. **Code Section 409A.**

i. The Award Agreement for any Award that the Committee reasonably determines to constitute a "nonqualified deferred compensation plan" under Section 409A of the Code (a "**Section 409A Plan**"), and the provisions of the Section 409A Plan applicable to that Award, shall be construed in a manner consistent with the applicable requirements of Section 409A of the Code, and the Committee, in its sole discretion and without the consent of any Participant, may amend any Award Agreement (and the provisions of the Plan applicable thereto) if and to the extent that the Committee determines that such amendment is necessary or appropriate to comply with the requirements of Section 409A of the Code.

ii. If any Award constitutes a Section 409A Plan, then the Award shall be subject to the following additional requirements, if and to the extent required to comply with Section 409A of the Code:

A. Payments under the Section 409A Plan may be made only upon (u) the Participant's "separation from service", (v) the date the Participant becomes "disabled", (w) the Participant's death, (x) a "specified time (or pursuant to a fixed schedule)" specified in the Award Agreement at the date of the deferral of such compensation, (y) a "change in the ownership or effective control of the corporation, or in the ownership of a substantial portion of the assets" of the Company, or (z) the occurrence of an "unforeseeable emergency";

B. The time or schedule for any payment of the deferred compensation may not be accelerated, except to the extent provided in applicable Treasury Regulations or other applicable guidance issued by the Internal Revenue Service;

C. Any elections with respect to the deferral of such compensation or the time and form of distribution of such deferred compensation shall comply with the requirements of Section 409A(a)(4) of the Code; and

D. In the case of any Participant who is "specified employee", a distribution on account of a "separation from service" may not be made before the date which is six (6) months after the date of the Participant's "separation from service" (or, if earlier, the date of the Participant's death).

For purposes of the foregoing, the terms in quotations shall have the same meanings as those terms have for purposes of Section 409A of the Code, and the limitations set forth herein shall be applied in such manner (and only to the extent) as shall be necessary to comply with any requirements of Section 409A of the Code that are applicable to the Award.

iii. Notwithstanding the foregoing, or any provision of the Plan or any Award Agreement, the Company does not make any representation to any Participant or Beneficiary that any Awards made pursuant to the Plan are exempt from, or satisfy the requirements of, Section 409A of the Code, and the Company shall have no liability or other obligation to indemnify or hold harmless the Participant or any Beneficiary for any tax, additional tax, interest or penalties that the Participant or any Beneficiary may incur in the event that any provision of the Plan, or any Award Agreement, or any amendment or modification thereof, or any other action taken with respect thereto, is deemed to violate any of the requirements of Section 409A of the Code.

8. Change in Control

Effect of "Change in Control." If and only to the extent provided in any employment or other agreement between the Participant and the Company or any Related Entity, or in any Award Agreement, or to the extent otherwise determined by the Committee in its sole discretion and without any requirement that each Participant be treated consistently, and except as otherwise provided in Section 8(a)(iv) hereof, upon the occurrence of a Change in Control:

i. Any Option or Stock Appreciation Right that was not previously vested and exercisable as of the time of the Change in Control, shall become immediately vested and exercisable, subject to applicable restrictions set forth in Section 9(a) hereof.

Any restrictions, deferral of settlement, and forfeiture conditions applicable to a Restricted Stock Award, Restricted Stock Unit Award or an Other Stock-Based Award subject only to future service requirements granted under the Plan shall lapse and such Awards shall be deemed fully vested as of the time of the Change in Control, except to the extent of any

waiver by the Participant and subject to applicable restrictions set forth in Section 9(a) hereof.

With respect to any outstanding Award subject to achievement of performance goals and conditions under the Plan, the Committee may, in its discretion, deem such Awards to have been earned and payable based on the deemed achievement of performance goals or based upon target performance (either in full or pro-rata based on the portion of the Performance Period completed as of the Change in Control), except to the extent of any waiver by the Participant and subject to applicable restrictions set forth in Section 9(a).

Except as otherwise provided in any employment or other agreement for services between the Participant and the Company or any Subsidiary, and unless the Committee otherwise determines in a specific instance, each outstanding Option, Stock Appreciation Right, Restricted Stock Award, Restricted Stock Unit Award or Other Stock-Based Award shall not be accelerated as described in Sections 9(a)(i), (ii) and (iii), if either (A) the Company is the surviving entity in the Change in Control and the Option, Stock Appreciation Right, Restricted Stock Award, Restricted Stock Unit Award or Other Stock-Based Award continues to be outstanding immediately after the Change in Control on substantially the same terms and conditions as were applicable immediately prior to the Change in Control or (B) the successor company or its parent company assumes or substitutes for the applicable Award, as determined in accordance with Section 9(c)(ii) hereof.

Definition of "Change in Control". Unless otherwise specified in any employment or other agreement for services between the Participant and the Company or any Related Entity, or in an Award Agreement, a "**Change in Control**" shall mean the occurrence of any of the following:

The acquisition by any Person of Beneficial Ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of more than fifty percent (50%) of the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the "**Outstanding Company Voting Securities**") (the foregoing Beneficial Ownership hereinafter being referred to as a "**Controlling Interest**"); provided, however, that for purposes of this Section 8(b), the following acquisitions shall not constitute or result in a Change in Control: (v) any acquisition directly from the Company; (w) any acquisition by the Company; (x) any acquisition by any Person that as of the Effective Date owns Beneficial Ownership of a Controlling Interest; (y) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any Related Entity; or (z) any acquisition by any entity pursuant to a transaction which complies with clauses (1), (2) and (3) of subsection (iii) below; or

During any period of twelve (12) consecutive months (not including any period prior to the Effective Date) individuals who constitute the Board on the Effective Date (the "**Incumbent Board**") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the Effective Date whose election, or nomination for election by the Company's stockholders, was recommended or approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board; or

Consummation of (A) a reorganization, merger, statutory share exchange or consolidation or similar transaction involving (x) the Company or (y) any one or more Subsidiaries whose combined revenues for the prior fiscal year represented more than 50% of the consolidated revenues of the Company and its Subsidiaries for the prior fiscal year (the "**Major Subsidiaries**"), or (B) a sale or other disposition of all or substantially all of the assets of the Company or the Major Subsidiaries, or the acquisition of assets or equity of another entity by the Company or any of its Subsidiaries (each of the events referred to in clauses (A) and (B) sometimes hereinafter being referred to as a "**Business Combination**"), unless, following such Business Combination, (1) all or substantially all of the Persons who were the Beneficial Owners, respectively, of the Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than fifty percent (50%) of the combined voting power of the then outstanding voting securities entitled to vote generally in the election of members of the board of directors (or comparable governing body of an entity that does not have a board of directors), as the case may be, of the entity resulting from such Business Combination (including, without limitation, an entity which as a result of such transaction owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries) (the "**Continuing Entity**") in substantially the same proportions as their ownership, immediately prior to such Business Combination, of the Outstanding Company Voting Securities (excluding any outstanding voting securities of the Continuing Entity that such Beneficial Owners hold immediately following the consummation of the Business Combination as a result of their ownership, prior to such consummation, of voting securities of any company or other entity involved in or forming part of such Business Combination other than the Company), (2) no Person (excluding any employee benefit plan (or related trust) of the Company or any Continuing Entity or any entity controlled by the Continuing Entity or any Person that as of the Effective Date owns Beneficial Ownership of a Controlling Interest) beneficially owns, directly or indirectly, fifty percent (50%) or more of the combined voting power of the then outstanding voting securities of the Continuing Entity except to the extent that such ownership existed prior to the Business Combination and (3) at least a majority of the members of the board of directors or other governing body of the Continuing Entity were members of the Incumbent Board at the time of the execution of the initial agreement or of the action of the Board providing for such Business Combination; or

iv. Approval by the stockholders of the Company of the dissolution of the Company.

9. General Provisions

Compliance With Legal and Other Requirements. The Company may, to the extent deemed necessary or advisable by the Committee, postpone the issuance or delivery of Shares or payment of other benefits under any Award until completion of such registration or qualification of such Shares or other required action under any federal or state law, rule or regulation, listing or other required action with respect to the Listing Market, or compliance with any other obligation of the Company, as the Committee may consider appropriate, and may require any Participant to make such representations, furnish such information and comply with or be subject to such other conditions as it may consider appropriate in connection with the issuance or delivery of Shares or payment of other benefits in compliance with applicable laws, rules, and regulations, listing requirements, or other obligations.

Limits on Transferability; Beneficiaries. No Award or other right or interest granted under the Plan that is not a Share, and without the prior written consent of the Company, no Share, shall be pledged, hypothecated or otherwise encumbered or subject to any lien, obligation or liability of such Participant to any party, or assigned or transferred by such Participant otherwise than by will or the laws of descent and distribution or to a Beneficiary upon the death of a Participant, and such Awards or rights that may be exercisable shall be exercised during the lifetime of the Participant only by the Participant or his or her guardian or legal representative, except that Awards and other rights (other than Incentive Stock Options and Stock Appreciation Rights in tandem therewith) may be transferred to one or more Beneficiaries or other transferees during the lifetime of the Participant, and may be exercised by such transferees in accordance with the terms of such Award, but only if and to the extent such transfers are permitted by the Committee pursuant to the express terms of an Award Agreement (subject to any lawful terms and conditions which the Committee may impose thereon), are by gift or pursuant to a domestic relations order, and are to a Permitted Assignee (as defined below) that is a permissible transferee under the applicable rules of the Securities and Exchange Commission for registration of securities on a Form S-8 registration statement. For this purpose, a "**Permitted Assignee**" shall mean (i) the Participant's spouse, children or grandchildren (including any adopted and step children or grandchildren), parents, grandparents or siblings, (ii) a trust for the benefit of one or more of the Participant or the natural persons referred to in clause (i), (iii) a partnership, limited liability company or corporation in which the Participant or the natural persons referred to in clauses (i) and (ii) are the only partners, members or stockholders, or (iv) a foundation in which any Person designated in clauses (i), (ii) or (iii) above control the management of assets. A Beneficiary, transferee, or other Person claiming any rights under the Plan from or through any Participant shall be subject to all terms and conditions of the Plan and any Award Agreement applicable to such Participant, except as otherwise determined by the Committee, and to any additional lawful terms and conditions deemed necessary or appropriate by the Committee.

c. **Adjustments.**

Adjustments to Awards. In the event that any extraordinary dividend or other distribution (whether in the form of cash, Shares, or other property), recapitalization, forward or reverse split, reorganization, merger, consolidation, spin-off, combination, repurchase, share exchange, liquidation, dissolution or other similar corporate transaction or event affects the Shares and/or such other securities of the Company or any other issuer, then the Committee shall, in such manner as it may deem appropriate and equitable, and subject to and in compliance with applicable law, substitute, exchange or adjust any or all of (A) the number and kind of Shares which may be delivered in connection with Awards granted thereafter, (B) the number and kind of Shares by which annual per-person Award limitations are measured under Section 4 hereof, (C) the number and kind of Shares subject to or deliverable in respect of outstanding Awards, (D) the exercise price, grant price or purchase price relating to any Award and/or make provision for payment of cash or other

property in respect of any outstanding Award, and (E) any other aspect of any Award that the Committee determines to be appropriate in order to prevent the reduction or enlargement of benefits under any Award.

Adjustments in Case of Certain Transactions. In the event of any merger, consolidation or other reorganization in which the Company does not survive, or in the event of any Change in Control (and subject to the provisions of Section 8 of the Plan relating to the vesting of Awards in the event of any Change in Control), any outstanding Awards may be dealt with in accordance with any of the following approaches, without the requirement of obtaining any consent or agreement of a Participant as such, as determined by the agreement effectuating the transaction or, if and to the extent not so determined, as determined by the Committee: (A) the continuation of the outstanding Awards by the Company, if the Company is a surviving entity, (B) the assumption or substitution for, as those terms are defined below, the outstanding Awards by the surviving entity or its parent or subsidiary, (C) full exercisability or vesting and accelerated expiration of the outstanding Awards, or (D) settlement of the value of the outstanding Awards in cash or cash equivalents or other property followed by cancellation of such Awards (which value, in the case of Options or Stock Appreciation Rights, shall be measured by the amount, if any, by which the Fair Market Value of a Share exceeds the exercise or grant price of the Option or Stock Appreciation Right as of the effective date of the transaction). For the purposes of the Plan, an Option, Stock Appreciation Right, Restricted Stock Award, Restricted Stock Unit Award, Performance Award or Other Stock-Based Award shall be considered assumed or substituted for if immediately following the effectiveness of the applicable transaction the Award confers the right to purchase or receive, for each Share subject to the Option, Stock Appreciation Right, Restricted Stock Award, Restricted Stock Unit Award, Performance Award or Other Stock-Based Award immediately prior to the effectiveness of the applicable transaction, on substantially the same vesting and other terms and conditions as were applicable to the Award immediately prior to the applicable transaction, the consideration (whether stock, cash or other securities or property) received in the applicable transaction by holders of Shares for each Share held immediately prior to the effectiveness of such transaction (and if holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding Shares); provided, however, that if such consideration received in the applicable transaction is not solely common stock of the successor company or its parent or subsidiary, the Committee may, with the consent of the successor company or its parent or subsidiary, provide that the consideration to be received upon the exercise or vesting of an Option, Stock Appreciation Right, Restricted Stock Award, Restricted Stock Unit Award, Performance Award or Other Stock-Based Award, for each Share subject thereto, will be solely common stock of the successor company or its parent or subsidiary substantially equal in fair market value to the per share consideration received by holders of Shares in the applicable transaction. The determination of such substantial equality of value of consideration shall be made by the Committee in its sole discretion and its determination shall be conclusive and binding. The Committee shall give written notice of any proposed transaction referred to in this Section 9(c)(ii) a reasonable period of time prior to the closing date for such transaction (which notice may be given either before or after the approval of such transaction), in order that Participants may have a reasonable period of time prior to the closing date of such transaction within which to exercise any Awards that are then exercisable (including any Awards that may become exercisable upon the closing date of such transaction). A Participant may condition his or her exercise of any Awards upon the consummation of the transaction.

Other Adjustments. The Committee is authorized to make adjustments in the terms and conditions of, and the criteria included in, Awards (including Performance Awards subject to satisfaction of performance goals and conditions relating thereto) in recognition of unusual or nonrecurring events (including, without limitation, acquisitions and dispositions of businesses and assets) affecting the Company, any Related Entity or any business unit, or the financial statements of the Company or any Related Entity, or in response to changes in applicable laws, regulations, accounting principles, tax rates and regulations or business conditions or in view of the Committee's assessment of the business strategy of the Company, any Related Entity or business unit thereof, performance of comparable organizations, economic and business conditions, personal performance of a Participant, and any other circumstances deemed relevant.

Award Agreements. Subject to the requirements of applicable law, each Award Agreement shall either be (a) in writing in a form approved by the Committee and executed by the Company by an officer duly authorized to act on its behalf, or (b) an electronic notice in a form approved by the Committee and recorded by the Company (or its designee) in an electronic recordkeeping system used for the purpose of tracking one or more types of Awards as the Committee may provide; in each case and if required by the Committee, the Award Agreement shall be executed or otherwise electronically accepted by the recipient of the Award in such form and manner as the Committee may require. The Committee may authorize any officer of the Company to execute any or all Award Agreements on behalf of the Company. The Award Agreement shall set forth the material terms and conditions of the Award as established by the Committee consistent with the provisions of the Plan and applicable law.

Taxes. The Company and any Related Entity are authorized to withhold from any Award granted, any payment relating to an Award under the Plan, including from a distribution of Shares, or any payroll or other payment to a Participant, amounts of withholding and other taxes due or potentially payable in connection with any transaction involving an Award, and to take such other action as the Committee may deem advisable to enable the Company or any Related Entity and Participants to satisfy obligations for the payment of withholding taxes and other tax obligations relating to any Award. This authority shall include authority to withhold or receive Shares or other property and to make cash payments in respect thereof in satisfaction of a Participant's tax obligations, either on a mandatory or elective basis in the discretion of the Committee. The amount of withholding tax paid with respect to an Award by the withholding of Shares otherwise deliverable pursuant to such Award or by delivering Shares already owned shall not exceed the maximum statutory withholding required with respect to such Award (or such other limit as the Committee shall impose, including without limitation, any limit imposed to avoid or limit any financial accounting expense relating to such Award).

Changes to the Plan and Awards. The Board may amend, alter, suspend, discontinue or terminate the Plan, or the Committee's authority to grant Awards under the Plan, without the consent of the Company's stockholders or the Participants, except that any amendment or alteration to the Plan shall be subject to the approval of the Company's stockholders not later than the annual meeting next following such Board action if such stockholder approval is required by any federal or state law or regulation (including, without limitation, Rule 16b-3) or the rules of the Listing Market, and the Board may otherwise, in its discretion, determine to submit other such changes to the Plan to the Company's stockholders for approval; provided that, except as otherwise permitted by the Plan or Award Agreement, without the consent of an affected Participant, no such Board action may materially and adversely affect the rights of such Participant under the terms of any previously granted and outstanding Award. The Committee may waive any conditions or rights under, or amend, alter, suspend, discontinue or terminate any Award theretofore granted and any Award Agreement relating thereto, except as otherwise provided in the Plan; provided that, except as otherwise permitted by the Plan or Award Agreement, without the consent of an affected Participant, no such Committee or the Board action may materially and adversely affect the rights of such Participant under terms of such Award.

g. **Clawback Policy.**

The Committee may, to the fullest extent permitted by applicable law, (A) cause the cancellation or forfeiture of any Award, (B) require reimbursement of any Award by a Participant or Beneficiary, and (C) effect any other right of recoupment of equity or other compensation provided under this Plan or otherwise in accordance with any Company policies that currently exist or that may from time to time be adopted in the future by the Company to comply with Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act and/or applicable stock exchange requirements (each, a "**Clawback Policy**"). By accepting an Award, a Participant is also agreeing to be bound by any Clawback Policy (including any Clawback Policy amendment as necessary to comply with applicable laws or stock exchange requirements).

If the Participant, without the consent of the Company, while employed by or providing services to the Company or any Related Entity or after termination of such employment or service, violates a non-competition, non-solicitation or non-disclosure covenant or agreement or otherwise engages in activity that is in conflict with or adverse to the interest of the Company or any Related Entity, as determined by the Committee in its sole discretion, then, to the fullest extent permitted by applicable law, (i) any outstanding, vested or unvested, earned or unearned portion of the Award may, at the Committee's discretion, be canceled and (ii) the Committee, in its discretion, may require the Participant or other person to whom any payment has been made or Shares or other property have been transferred in connection with the Award to forfeit and pay over to the Company, on demand, all or any portion of the gain (whether or not taxable) realized upon the exercise of any Option or Stock Appreciation Right and the value realized (whether or not taxable) on the vesting or payment of any other Award during the time period specified in the Award Agreement or otherwise specified by the Committee.

Arbitration. Any dispute or claim concerning any Awards granted (or not granted) pursuant to the Plan or any disputes or claims relating to or arising out of the Plan shall be fully, finally and exclusively resolved by binding and confidential arbitration conducted pursuant to the rules of Judicial Arbitration and Mediation Services, Inc. in Los Angeles, California. The Company shall pay all arbitration fees. In addition to any other relief, the arbitrator may award to the prevailing party recovery of its attorneys' fees and costs. By accepting an Award, Participants and the Company waive their respective rights to have any such disputes or claims tried by a judge or jury to the fullest extent permitted by applicable law.

Limitation on Rights Conferred Under Plan. Neither the Plan nor any action taken hereunder or under any Award or Award Agreement shall be construed as (i) giving any Eligible Person or Participant the right to continue as an Eligible Person or Participant or in the employ or service of the Company or a Related Entity, (ii) interfering in any way with the right of the Company or a Related Entity to terminate any Eligible Person's or Participant's Continuous Service at any time, (iii) giving an Eligible Person or Participant any claim

to be granted any Award under the Plan or to be treated uniformly with other Participants and Employees, or (iv) conferring on a Participant any of the rights of a stockholder of the Company or any Related Entity including, without limitation, any right to receive dividends or distributions, any right to vote or act by written consent, any right to attend meetings of stockholders or any right to receive any information concerning the Company's or any Related Entity's business, financial condition, results of operation or prospects, unless and until such time as the Participant is duly issued Shares on the stock ledger of the Company or any Related Entity in accordance with the terms of an Award. None of the Company, its officers or its directors shall have any fiduciary obligation to the Participant with respect to any Awards unless and until the Participant is duly issued Shares pursuant to the Award on the stock ledger of the Company in accordance with the terms of an Award and applicable law. Neither the Company, nor any Related Entity, nor any of their respective officers, directors, representatives or agents is granting any rights under the Plan to the Participant whatsoever, oral or written, express or implied, other than those rights expressly set forth in the Plan or the Award Agreement.

Unfunded Status of Awards; Creation of Trusts. The Plan is intended to constitute an "unfunded" plan for incentive and deferred compensation. With respect to any payments not yet made to a Participant or obligation to deliver Shares pursuant to an Award, nothing contained in the Plan or any Award Agreement shall give any such Participant any rights that are greater than those of a general creditor of the Company or Related Entity that issues the Award; provided that the Committee may authorize the creation of trusts and deposit therein cash, Shares, other Awards or other property, or make other arrangements to meet the obligations of the Company or Related Entity under the Plan. Such trusts or other arrangements shall be consistent with the "unfunded" status of the Plan unless the Committee otherwise determines with the consent of each affected Participant. The trustee of such trusts may be authorized to dispose of trust assets and reinvest the proceeds in alternative investments, subject to such terms and conditions as the Committee may specify and in accordance with applicable law.

Nonexclusivity of the Plan. Neither the adoption of the Plan by the Board nor its submission to the stockholders of the Company for approval shall be construed as creating any limitations on the power of the Board or a committee thereof to adopt such other incentive arrangements as it may deem desirable.

Payments in the Event of Forfeitures; Fractional Shares. Unless otherwise determined by the Committee or otherwise required by applicable law, in the event of a forfeiture of an Award with respect to which a Participant paid cash or other consideration, the Participant shall be repaid the amount of such cash or other consideration. No fractional Shares shall be issued or delivered pursuant to the Plan or any Award. The Committee shall determine to arrange for the disposition of fractions of a Share by those entitled thereto or pay in cash the fair value of fractions of a Share as of the time when those entitled to receive such fractions are determined.

Governing Law. Except as otherwise provided in any Award Agreement or required by the laws of the State of Delaware, the validity, construction and effect of the Plan, any rules and regulations under the Plan, and any Award Agreement shall be determined in accordance with the laws of the State of California without giving effect to principles of conflict of laws, and applicable federal law.

Non-U.S. Laws. The Committee shall have the authority to adopt such modifications, procedures, and subplans as may be necessary or desirable to comply with provisions of the laws of foreign countries in which the Company or its Related Entities may operate to assure the viability of the benefits from Awards granted to Participants performing services in such countries and to meet the objectives of the Plan.

Plan Effective Date and Stockholder Approval; Termination of Plan. The Plan shall become effective on the Effective Date, subject to subsequent approval, within twelve (12) months of its adoption by the Board, by stockholders of the Company eligible to vote in the election of directors, by a vote sufficient to meet the requirements of Code Section 422, Rule 16b-3 (if applicable), applicable requirements under the rules of any stock exchange or automated quotation system on which the Shares may be listed or quoted, and other laws, regulations, and obligations of the Company applicable to the Plan. Awards may be granted subject to stockholder approval, but may not be exercised or otherwise settled in the event the stockholder approval is not obtained. The Plan shall terminate at the earliest of (a) such time as no Shares remain available for issuance under the Plan, (b) termination of the Plan by the Board, or (c) the tenth (10th) anniversary of the Effective Date. Awards outstanding upon expiration of the Plan shall remain in effect until they have been exercised or terminated, or have expired.

Construction and Interpretation. Whenever used herein, nouns in the singular shall include the plural, and the masculine pronoun shall include the feminine gender. Headings of Articles and Sections hereof are inserted for convenience and reference and constitute no part of the Plan.

Severability. If any provision of the Plan or any Award Agreement shall be determined to be illegal or unenforceable by any court of law in any jurisdiction, the remaining provisions hereof and thereof shall be severable and enforceable in accordance with their terms, and all provisions shall remain enforceable in any other jurisdiction.

**POLICY STATEMENT
OF
CADIZ INC.
REGARDING INSIDER TRADING, CONFIDENTIALITY
AND EXTERNAL COMMUNICATIONS**

1. Purposes of Statement of Policy

This Policy Statement is being distributed to officers, employees, directors and consultants of Cadiz Inc. and its subsidiaries (collectively, the "Company") in order to set forth for each of you of the Company's policies concerning insider trading, confidentiality and external communications. The Policy Statement sets forth a prohibition on insider trading, the controls and procedures we have established to prevent such insider trading, and the consequences of insider trading. You are responsible for ensuring that you do not violate this policy or federal or state securities laws regarding insider trading. The Policy Statement also sets forth the Company's policies regarding how Company representatives may communicate with outside third parties. We designed this Policy Statement to promote compliance with the federal securities laws and to protect the Company and you from the serious liabilities and penalties that can result from violations of these laws. We will expect the strictest compliance with these procedures by all personnel at every level. Failure to observe them may result in serious legal difficulties for you as well as the Company, and may result in the termination of your employment with the Company. You should keep a copy of this Policy Statement and refer to it whenever you have questions regarding insider trading, the use of confidential information, or communications with outside third parties. From time to time the Company will recirculate this Policy Statement and advise you of any changes thereto. In the future, the Company may also ask you to acknowledge that you have not violated the policies described in this Statement.

2. Confidentiality and Material Nonpublic Information

As an officer, employee, director or consultant of the Company, you have a duty to avoid unauthorized disclosures of internal information about the Company or about any other corporation which you may have obtained during the course of your employment at or engagement with the Company. This prohibition applies to unauthorized disclosures of information to anyone, including, without limitation, other officers, employees, directors or consultants of the Company and members of your family. This prohibition applies whether or not the disclosure is for the purpose of facilitating the improper trading of stock and applies specifically, but not exclusively, to "material nonpublic" information. Material nonpublic information is information which has not yet been made available to the public for at least two full days, and with respect to which, under all the circumstances, there is a substantial likelihood that disclosure of the information would affect a reasonable investor's decision to buy, sell or hold securities or would affect the market value of the securities. Any information that could be expected to affect the Company's stock price, whether it is positive or negative, should be considered material.

While the determination of whether information is material is always a matter of judgment and depends upon the particular facts and circumstances, the following is an illustrative list of information that the Company would consider to be material nonpublic information:

- a. financial results, profits, earnings, etc.;
- b. significant changes in FOB pricing or yields from plan or period year;
- c. stock splits and stock or cash dividends;
- d. public offerings or private sales of debt or equity securities;
- e. puts, calls, redemptions or purchases of the Company's own debt or equity securities;
- f. management or control changes;
- g. bankruptcy or corporate reorganization proceedings or any plans related thereto;
- h. events requiring the filing of a current report with the Securities and Exchange Commission;
- i. acquisitions or sales of assets, mergers and tender offers;
- j. joint ventures;
- k. business plans or budgets;
- l. adoption of stock option plans or grants of options;
- m. financial forecasts or goals, guidance or projections;
- n. research and development efforts and significant new products, services or discoveries;
- o. expansion or reduction of areas of business of the Company or other changes in operations;
- p. significant borrowings;
- q. contract awards or cancellations;
- r. defaults on debts or contracts and write-offs;
- s. changes in accounting methods or restatements;
- t. changes in independent auditors, or notification that the Company may no longer rely on an audit report;
- u. significant disputes with suppliers or customers;
- v. labor negotiations, contracts or disputes; and

- w. significant litigation or governmental or administrative investigations, whether actual or threatened.

3. Restricting Access to and Disclosure of Material Nonpublic Information

As a general rule, you shall not disclose material nonpublic information to any person (including other Company officers, employees, directors or consultants) except as necessary in the course of their employment. Federal securities laws prohibit the trading of securities based on material nonpublic information, as well as the disclosure (or "tipping") of such information to someone else who subsequently uses the information to trade. Therefore, not only are you prohibited from trading in securities based on material nonpublic information, but you are also prohibited from disclosing such information to others or recommending or expressing an opinion as to trading in the Company's securities when you possess such information. This same prohibition applies to the securities of another corporation with respect to which you may have obtained material nonpublic information during the course of your employment with the Company.

In addition, Regulation FD of the federal securities laws requires the Company in particular to avoid selective disclosure of material nonpublic information. It is the Company's policy that all of its communications with third parties comply with applicable law, including Regulation FD.

To prevent the unauthorized disclosure of material nonpublic information, the Company has instituted the following procedures which shall be adhered to by officers, employees, directors or consultants of the Company at all levels:

- a. Any inquiries from the press, securities analysts or other outsiders (which are not in the ordinary course of business) should be referred to the head of Corporate Communications who will determine the appropriate person(s) to respond (the "Spokesperson"). No other person will be authorized to speak on behalf of the Company. No one other than a Spokesperson may communicate any information that could be considered material nonpublic information to a third party.
- b. Press releases will be prepared and reviewed in accordance with the Company's established practices. All press releases must be approved by and issued by a Spokesperson.
- c. Each department head or corporate officer shall ensure that material nonpublic information which is in the possession, or is the responsibility, of his or her department or office, is identified by labeling it "CONFIDENTIAL". Any such information should normally be stored in a locked safe, cabinet or desk.
- d. Due care should be used by anyone making copies of material nonpublic information to make sure that all pages of all copies are accounted for and no copies are left behind on the photocopy machine or in the photocopy room.
- e. Corporate officers and managers shall ensure that material nonpublic information is handled by as few people as possible and received by the addressee within a reasonable amount of time. Telecopier or facsimile transmissions into the office shall be promptly retrieved and delivered to the addressee without any copies thereof being made, unless requested by the addressee.
- f. All confidential documents transported shall be carried in file folders or envelopes.
- g. Department heads and/or officers should consider using code names in place of actual names when referring to particularly sensitive business information or transactions.
- h. Access to accounting, customer and other files, word processing, computer terminals and computer disks and tapes shall be restricted to those employees whose job descriptions require that they have access to such information. In no event shall a non-employee have direct access to such information, except as specifically authorized and controlled by the department head or corporate officer responsible for such information.
- i. If material nonpublic information is stored on computers, access to it should be restricted through log-in procedures which are disclosed to only a limited and defined group of people, as determined by the department head or corporate officer responsible for the information. Specific identification of the person seeking access should be included in the log-in procedures.
- j. Extra caution should be exercised in speaking on the telephone about sensitive corporate matters to avoid being overheard, especially when using cordless phones or analog cell phones.
- k. No one shall comment on possible changes in the Company's stock price or make recommendations to third parties concerning the purchase or sale of the Company's stock;
- l. There should be no discussion of the Company or the Company's business in an Internet "chat room" or similar Internet-based forum or instant messaging service.
- m. There should be no commenting on rumors about the Company.
- n. Superfluous drafts, spoiled photocopies and other unwanted materials should be promptly shredded (manually or mechanically) and discarded.
- o. The legal notice added as a footer to all employee signature blocks should not be altered or deleted when sending or replying to external e-mails.

4. Prohibition Against Trading on Material Nonpublic Information

Since the federal securities laws governing insider trading make it unlawful for a corporate insider (including but not limited to, all corporate employees, officers, directors and major stockholders) to trade or facilitate the trading of securities on the basis of material nonpublic information, the Company has instituted certain procedural safeguards to prevent the trading of securities on the basis of such information. As such, trading in the securities of the Company by members of the Core Group of insiders (as defined herein) will be allowed only when a Core Group member has obtained prior clearance from a designated official of the Company, the Chief Executive Officer or Chief Financial Officer (defined, for purposes of this Section, as the "Designated Person"). Core Group members must also notify the General Counsel prior to any trading of securities in order to prepare and submit the required Securities and Exchange Commission filings in a timely manner. Further, Core Group members must disclose to the General Counsel in advance all proposed transactions where any third party is granted an interest in Company securities held by the member as well as submit for approval all written agreements related to such proposed transactions (and all related amendments and modifications). Any such agreement must include terms which require reasonable advance notice to the Company of any potential sale of the member's securities. The "Core Group" shall be deemed to include (i) each member of the Company's Board of Directors, (ii) each of the Company's executive officers, and (iii) certain other individuals designated by the Board of Directors from time to time as persons who are likely to possess or become aware of material inside information in the ordinary course of their employment.

All transactions in the Company's securities by Core Group members (other than purchases of stock by the exercise of outstanding options and trades pursuant to a pre-approved trading plan that complies with Rule 10b5-1 of the federal securities laws) will normally be cleared by the Designated Person only during four quarterly "window" periods following the Company's filing of quarterly and annual reports with the Securities and Exchange Commission ("SEC reports") and publication of corresponding quarterly and annual financial results ("press releases"). Each such window period generally begins on the third business day after a periodic SEC report has been filed or an earnings release has been issued for the applicable quarter or year and extends to the end of the third week after the end of Q1, Q2 or Q3, and in respect of Q4, to the end of the fourth week after year end. The chart below is provided for illustrative purposes only and is subject to modification by the Board or designated officer of the Company responsible for administering this policy.

Non-Accelerated Filer Filing Deadline	Cadiz Trading Window*
March 31	April 3 to April 21

Q1 10-Q	May 15	May 18 to July 22
Q2 10-Q	August 15	August 18 to October 21
Q3 10-Q	November 14	November 17 to January 31

* If the Company files an annual or quarterly report prior to the applicable deadline, the applicable trading window will open earlier than shown in the chart

Even during a specified window period, trading in the Company's securities (other than trades pursuant to a pre-approved trading plan that complies with Rule 10b5-1 of the federal securities laws) is not permitted when the Company is in possession of material nonpublic information or when a material development is anticipated. Thus, a window period is merely a time when trading will be permitted absent other factors. In the event the Board or an officer designated by the Board determines that a material development has occurred during a window period which must be publicly disclosed, the Designated Person or another authorized representative of the Company will advise Core Group members to cease all trading in the Company's securities until further advised that such information has been disseminated. In any event, none of the persons to whom this Policy Statement relates should ever trade in the Company's securities if personally aware of any material development regarding the Company that has not been publicly disclosed.

Judgment should be exercised in applying the foregoing guidelines. For example, when the information to be disseminated to the public is complex or contingent in nature, the public may need more time to thoroughly evaluate the information, and therefore any trading in the Company's securities should be delayed for a corresponding period.

Requests by Core Group members for waiver or variation from the provisions of this Section must be approved by the Board. Board approval will be granted only in extreme cases.

The Board may confer with management and with legal counsel before making any determination provided for by this Section.

The prohibitions and procedures outlined in this section for Core Group members and other employees or directors apply equally to members of their immediate families.

5. Additional Prohibited Transactions.

All persons covered by this Policy Statement are prohibited from hedging their ownership of Company stock, including trading in options, puts, calls, or other derivative instruments related to Company stock or debt which are designed to hedge or offset any potential decrease in market value. Such persons are prohibited from purchasing Company stock on margin, borrowing against Company stock held in a margin account, or pledging Company stock as collateral for a loan, unless approved by the Designated Person following consultation with the General Counsel.

6. Pre-arranged Trading Plans

Rule 10b5-1(c) of the federal securities laws provides a defense from insider trading liability if trades occur pursuant to a prearranged "trading plan" that meets specified conditions. Under this rule, if you enter into a binding contract, an instruction or a written plan that specifies the amount, price and date on which securities are to be purchased or sold and these arrangements are established at a time when you do not possess material nonpublic information, then you may claim a defense to insider trading liability if the transactions under the trading plan occur at a time when you have subsequently learned material nonpublic information. Arrangements under the rule may specify amount, price and date through a formula or may specify trading parameters which another person has discretion to administer, but you must not exercise any subsequent discretion affecting the transactions, and if your broker or any other person exercises discretion in implementing the trades, you must not influence his or her actions and he or she must not possess any material nonpublic information at the time of the trades. Trading plans can be established for a single trade or a series of trades.

All trading plans must be approved by the Company. In order for the Company to approve a trading plan, the plan must meet the requirements of Rule 10b5-1(c) described above and must also:

- a) be adopted during one of the Company's quarterly window periods;
- b) provide that no trade may be made under the plan for at least 30 days following the date of adoption of the plan;
- c) provide for suspension or termination of the plan if trading activity under the plan would cause a violation of any legal, regulatory or contractual restriction to which the seller or the securities to be sold may be subject; and
- d) be adopted at least 60 days after the termination by you of any previous plan, but in no event may plans be adopted by you more than once every 12 months.

Even though a trading plan may be approved by the Company, it is important for you to remember that you bear the ultimate responsibility for the trading plan and its proper establishment under Rule 10b5-1 of the federal securities laws.

7. Consequences of Insider Trading and Improper Disclosures

As an officer, employee, director or consultant of the Company, you owe a duty of loyalty or contractual duty to the Company which prohibits you from disclosing confidential information, including, without limitation, material nonpublic information and which prohibits you from trading in the securities of the Company based on such information or from trading in the securities of any other corporation with respect to which you have obtained material nonpublic information during the course of your employment or engagement. A breach of this duty might result in the termination of your employment or engagement with the Company.

In addition, as an insider of the Company, if you trade in securities of the Company based on material nonpublic information, you might be subject to a civil penalty of up to three times any profit gained or any loss avoided as a result of the trading activity, a criminal fine of up to \$1,000,000 and an injunction preventing you from trading in securities in the future. You may also have to serve a jail sentence of up to ten years. These same penalties might apply to you if you trade in securities of other corporations with respect to which you have material nonpublic information that you obtained during the course of your employment with the Company. Also, these penalties may apply to you if you disclose (or "tip") material nonpublic information to another person or if, while you possess material nonpublic information, you recommend that a person trade or not trade in securities of the Company even if you do not disclose the actual information or trade in securities of the Company yourself directly or indirectly.

8. Reporting Inadvertent Disclosures

What should be done if, despite all the measures taken to preserve confidentiality, there is a slip-up and an inadvertent disclosure occurs? It should be immediately reported to the General Counsel or Chief Financial Officer of the Company. This will make it possible for the Company to take immediate steps to avoid or limit any damage that might result. Please remember that it is essential to take prompt action once there has been a leak of material nonpublic information if the Company's reputation and best interests are to be fully protected and served.

CADIZ INC.
SUBSIDIARIES OF THE COMPANY

- Cadiz Real Estate LLC
- Rancho Cadiz Mutual Water Company
- SWI Estate, Inc.
- ATEC Water Systems, LLC
- East Mojave Water Company, LLC
- Mojave Groundwater Storage Company, LLC
- Cadiz Fire Response Fund, Inc.

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (Nos. 333-281507) and Form S-8 (No. 333-266504 and 333-280136) of Cadiz Inc. of our report dated March 28, 2025 relating to the financial statements which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP
Los Angeles, California
March 28, 2025

**CERTIFICATION PURSUANT TO SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002**

I, Susan Kennedy, certify that:

1. I have reviewed this annual report on Form 10-K of Cadiz Inc.;
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 reasonable likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: March 28, 2025

/s/ Susan Kennedy
Susan Kennedy
Chief Executive Officer

**CERTIFICATION PURSUANT TO SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002**

I, Stanley E. Speer, certify that:

1. I have reviewed this annual report on Form 10-K of Cadiz Inc.;
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 reasonable likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: March 28, 2025

/s/ Stanley E. Speer

Stanley E. Speer

Chief Financial Officer and Secretary

**STATEMENT PURSUANT TO SECTION 906 THE SARBANES-OXLEY ACT OF 2002
BY PRINCIPAL EXECUTIVE OFFICER AND PRINCIPAL FINANCIAL OFFICER**

I, Susan Kennedy, hereby certify, to my knowledge, that:

1. the accompanying Annual Report on Form 10-K of Cadiz Inc. for the year ended December 31, 2024 (the "Report") fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities and Exchange Act of 1934, as amended; and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Cadiz Inc.

IN WITNESS WHEREOF, the undersigned has executed this Statement as of the date first written above.

Dated: March 28, 2025

/s/ Susan Kennedy
Susan Kennedy
Chief Executive Officer

**STATEMENT PURSUANT TO SECTION 906 THE SARBANES-OXLEY ACT OF 2002
BY PRINCIPAL EXECUTIVE OFFICER AND PRINCIPAL FINANCIAL OFFICER**

I, Stanley E. Speer, hereby certify, to my knowledge, that:

1. the accompanying Annual Report on Form 10-K of Cadiz Inc. for the year ended December 31, 2024 (the "Report") fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities and Exchange Act of 1934, as amended; and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Cadiz Inc.

IN WITNESS WHEREOF, the undersigned has executed this Statement as of the date first written above.

Dated: March 28, 2025

/s/ Stanley E. Speer

Stanley E. Speer

Chief Financial Officer and Secretary