REFINITIV

DELTA REPORT

10-Q

CDZIP - CADIZ INC

10-Q - MARCH 31, 2024 COMPARED TO 10-Q - SEPTEMBER 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	1214
CHANGES	138
DELETIONS	618
ADDITIONS	458

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

FORM 10-Q

(Mark One)

☑ Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

for the quarterly period ended September 30, 2023

March 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)

charter)

DELAWARE	77-0313235
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
550 South Hope Street, Suite 2850 Los Angeles, California	90071
(Address of principal executive offices)	(Zip Code)

Registrant’s telephone number, including area code: **(213) 271-1600**

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
Depositary 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

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, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer" , "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act:

☐ Large accelerated filer **☐ Accelerated filer** **☑ Non-accelerated filer**

☑ Smaller Reporting Company **☐Emerging 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 is a shell company (as defined in Exchange Act Rule 12b-2). **Yes** ☐ **No** ☑

As of November 8, 2023 May 10, 2024, the Registrant had 66,710,795 67,793,609 shares of common stock, par value $0.01 per share, outstanding.

Cadiz Inc.

Condensed Consolidated Statements of Operations and Comprehensive Loss (Unaudited)

($ in thousands, except per share data)	**For the Three Months Ended September 30, 2023**	**For the Three Months Ended September 30, 2022**	For the Three Months Ended March 31, 2024	For the Three Months Ended March 31, 2023
Total revenues	$ 368	$ 599	$ 1,121	$ 130
Costs and expenses:				
Cost of sales	692	1,163	1,004	22
General and administrative	5,127	3,700	4,730	3,931
Depreciation	308	180	295	329
Total costs and expenses	6,127	5,043	6,029	4,282
Operating loss	(5,759)	(4,444)	(4,908)	(4,152)
Interest expense, net	(1,173)	(2,097)	(1,939)	(1,336)
Gain on derivative liability			-	130
Loss on early extinguishment of debt			-	(5,331)
Loss before income taxes	(6,932)	(6,541)	(6,847)	(10,689)
Income tax expense	(4)	(2)	(3)	(2)
Loss from equity-method investments	-	(2)	-	-
Net loss and comprehensive loss	$ (6,936)	$ (6,545)	$ (6,850)	$ (10,691)
Less: Preferred stock dividend	(1,265)	(1,265)	(1,265)	(1,265)
Net loss and comprehensive loss applicable to common stock	$ (8,201)	$ (7,810)	$ (8,115)	$ (11,956)

Basic and diluted net loss per common share	$ (0.12)	$ (0.15)	$ (0.12)	$ (0.19)
Basic and diluted weighted average shares outstanding	66,611	50,793	66,997	62,638

See accompanying notes to the unaudited condensed consolidated financial statements.

CADIZ INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS (UNAUDITED)

	For the Nine Months Ended September 30,	
($ in thousands, except per share data)	**2023**	**2022**
Total revenues	$ 1,307	$ 927
Costs and expenses:		
Cost of sales	1,482	1,163
General and administrative	14,378	10,911
Depreciation	942	473
Total costs and expenses	16,802	12,547
Operating loss	(15,495)	(11,620)
Interest expense, net	(3,637)	(6,144)
Loss on derivative liability	(220)	-
Loss on early extinguishment of debt	(5,331)	-
Loss before income taxes	(24,683)	(17,764)
Income tax expense	(8)	(5)
Loss from equity-method investments	-	(171)
Net loss and comprehensive loss	$ (24,691)	$ (17,940)
Less: Preferred stock dividend	(3,818)	(3,818)
Net loss and comprehensive loss applicable to common stock	$ (28,509)	$ (21,758)

Basic and diluted net loss per common share	$ (0.44)	$ (0.45)
Basic and diluted weighted average shares outstanding	65,299	48,689

See accompanying notes to the unaudited condensed consolidated financial statements.

CADIZ INC.

CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

($ in thousands, except per share data)	**September 30, 2023**	**December 31, 2022**
ASSETS		
Current assets:		
Cash and cash equivalents	$ 13,306	$ 9,997
Restricted cash	-	1,288
Accounts receivable	410	454
Inventories	2,128	316
Prepaid expenses and other current assets	782	380
Total current assets	16,626	12,435
Property, plant, equipment and water programs, net	85,536	84,138
Long-term deposit/prepaid expenses	420	420
Goodwill	5,714	5,714
Right-of-use asset	463	553
Long-term restricted cash	134	2,497
Other assets	5,562	5,030
Total assets	$ 114,455	$ 110,787
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 1,626	$ 1,107
Accrued liabilities	1,184	1,545

Current portion of long-term debt	193	140
Dividend payable	1,265	1,288
Contingent consideration liabilities	1,450	1,450
Short-term deferred revenue	93	-
Operating lease liabilities	119	109
Total current liabilities	5,930	5,639
Long-term debt, net	37,394	48,950
Long-term lease obligations with related party, net	22,333	20,745
Long-term operating lease liabilities	354	444
Deferred revenue	750	750
Other long-term liabilities	39	36
Total liabilities	66,800	76,564
Commitments and contingencies (Note 10)		
Stockholders' equity:		
Preferred stock - $.01 par value; 100,000 shares authorized at September 30, 2023 and December 31, 2022; shares issued and outstanding – 329 at September 30, 2023 and December 31, 2022	1	1
8.875% Series A cumulative, perpetual preferred stock - $.01 par value; 7,500 shares authorized at September 30, 2023 and December 31, 2022; shares issued and outstanding – 2,300 at September 30, 2023 and December 31, 2022	1	1
Common stock - $.01 par value; shares authorized – 85,000,000 at September 30, 2023 and 70,000,000 at December 31, 2022; shares issued and outstanding – 66,604,981 at September 30, 2023 and 55,823,810 at December 31, 2022	664	556
Additional paid-in capital	678,796	636,963
Accumulated deficit	(631,807)	(603,298)
Total stockholders' equity	47,655	34,223
Total liabilities and stockholders' deficit	$ 114,455	$ 110,787

CADIZ INC.

CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

($ in thousands, except per share data)	March 31, 2024	December 31, 2023

ASSETS		
Current assets:		
Cash and cash equivalents	$ 19,212	$ 4,502
Accounts receivable	1,581	904
Inventories	2,756	2,106
Prepaid expenses and other current assets	993	508
Total current assets	24,542	8,020
Property, plant, equipment and water programs, net	87,045	87,217
Long-term deposit/prepaid expenses	420	420
Goodwill	5,714	5,714
Right-of-use asset	2,254	431
Long-term restricted cash	134	134
Other assets	5,398	5,438
Total assets	$ 125,507	$ 107,374
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 2,700	$ 1,245
Accrued liabilities	2,108	1,170
Current portion of long-term debt	171	182
Dividend payable	1,265	1,288
Contingent consideration liabilities	1,450	1,450
Deferred revenue	723	373
Operating lease liabilities	157	127
Total current liabilities	8,574	5,835
Long-term debt, net	54,229	37,711
Long-term lease obligations with related party, net	23,452	22,877
Long-term operating lease liabilities	1,974	318
Deferred revenue	625	625
Other long-term liabilities	42	41
Total liabilities	88,896	67,407
Commitments and contingencies (Note 10)		

Stockholders’ equity:		
Preferred stock - $.01 par value; 100,000 shares authorized at March 31, 2024 and December 31, 2023; shares issued and outstanding – 329 at March 31, 2024 and December 31, 2023	1	1
8.875% Series A cumulative, perpetual preferred stock - $.01 par value; 7,500 shares authorized at March 31, 2024 and December 31, 2023; shares issued and outstanding – 2,300 at March 31, 2024 and December 31, 2023	1	1
Common stock - $.01 par value; 85,000,000 shares authorized at March 31, 2024 and December 31, 2023; shares issued and outstanding – 67,283,574 at March 31, 2024 and 66,710,795 at December 31, 2023	671	665
Additional paid-in capital	683,903	679,150
Accumulated deficit	(647,965)	(639,850)
Total stockholders’ equity	36,611	39,967
Total liabilities and stockholders’ deficit	$ 125,507	$ 107,374

See accompanying notes to the unaudited condensed consolidated financial statements.

CADIZ INC.

CADIZ INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

	For the Nine Months Ended September 30,	
($ in thousands)	**2023**	**2022**
Cash flows from operating activities:		
Net loss	$ (24,691)	(17,940)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	942	473
Amortization of debt discount and issuance costs	337	1,777
Amortization of right-of-use asset	90	18
Interest expense added to loan principal	711	-
Interest expense added to lease liability	1,570	1,390
Unrealized loss on derivative liability	220	-

Loss on early extinguishment of debt	5,331	-
Loss on equity method investments	-	171
Compensation charge for stock and share option awards	1,142	1,348
Changes in operating assets and liabilities:		
Accounts receivable	44	(276)
Inventories	(1,812)	(335)
Prepaid expenses and other current assets	(402)	(43)
Other assets	(532)	(214)
Accounts payable	1,312	253
Lease liabilities	(80)	(98)
Deferred revenue	93	
Other accrued liabilities	323	102
Net cash used in operating activities	(15,402)	(13,374)
Cash flows from investing activities:		
Additions to property, plant and equipment and water programs	(3,815)	(2,432)
Contributions to equity-method investments	-	(101)
Net cash used in investing activities	(3,815)	(2,533)
Cash flows from financing activities:		
Net proceeds from issuance of stock	38,490	11,741
Proceeds from the issuance of long-term debt	233	275
Dividend payments	(3,841)	(3,841)
Principal payments on long-term debt	(15,119)	(117)
Issuance costs of long-term debt	(27)	-
Costs for early extinguishment of debt	(600)	-
Taxes paid related to net share settlement of equity awards	(261)	-
Net cash provided by financing activities	18,875	8,058
Net decrease in cash, cash equivalents and restricted cash	(342)	(7,849)
Cash, cash equivalents and restricted cash, beginning of period	13,782	19,856

Cash, cash equivalents and restricted cash, end of period	$ 13,440	$ 12,007

See accompanying notes to the unaudited condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (UNAUDITED)

For the three and nine months ended September 30, 2023 (*$ in thousands, except share data)*

	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
Stock-based compensation expense	217,452	2	-	-	-	-	63	-	65
Issuance of shares pursuant to direct offerings	10,500,000	105	-	-	-	-	38,385	-	38,490
Dividends declared on 8.875% series A cumulative perpetual preferred shares ($550 per share)	-	-	-	-	-	-	-	(1,265)	(1,265)
Net loss and comprehensive loss	-	-	-	-	-	-	-	(10,691)	(10,691)
Balance as of March 31, 2023	66,541,262	663	329	$ 1	2,300	$ 1	675,411	(615,254)	60,822

Stock-based compensation expense	54,344	1	-	-	-	-	163	-	164
Dividends declared on 8.875% series A cumulative perpetual preferred shares ($560 per share)	-	-	-	-	-	-	-	(1,288)	(1,288)
Net loss and comprehensive loss	-	-	-	-	-	-	-	(7,064)	(7,064)
Balance as of June 30, 2023	66,595,606	664	329	$ 1	2,300	$ 1	675,574	(623,606)	52,634
Stock-based compensation expense	9,375	-	-	-	-	-	652	-	652
Reclassification of derivative liability	-	-	-	-	-	-	2,570	-	2,570
Dividends declared on 8.875% series A cumulative perpetual preferred shares ($550 per share)	-	-	-	-	-	-	-	(1,265)	(1,265)
Net loss and comprehensive loss	-	-	-	-	-	-	-	(6,936)	(6,936)

Balance as of September 30, 2023	66,604,981	$	644	329	$	1	2,300	$	1	678,796	(631,807)	47,655

($ in thousands)		For the Three Months Ended March 31, 2024	2023
Cash flows from operating activities:			
Net loss			
Adjustments to reconcile net loss to net cash used in operating activities:	$	(6,850)	(10,691)
Depreciation		295	329
Amortization of debt discount and issuance costs		269	194
Amortization of right-of-use asset		33	29
Interest expense added to loan principal		380	166
Interest expense added to lease liability		569	500
Finance expense		307	-
Unrealized gain on derivative liability		-	(130)
Loss on early extinguishment of debt		-	5,331
Compensation charge for stock and share option awards		1,259	326
Changes in operating assets and liabilities:			
Accounts receivable		(677)	229
Inventories		(650)	(582)
Prepaid expenses and other current assets		(485)	(412)
Other assets		40	29
Accounts payable		1,485	523
Lease liabilities		(170)	(26)
Deferred revenue		350	-
Other accrued liabilities		972	116
Net cash used in operating activities		(2,873)	(4,069)
Cash flows from investing activities:			
Additions to property, plant and equipment and water programs		(186)	(2,206)
Net cash used in investing activities		(186)	(2,206)

Cash flows from financing activities:		
Net proceeds from issuance of stock	-	38,490
Dividend payments	(1,288)	(1,288)
Proceeds from the issuance of long-term debt	20,000	-
Principal payments on long-term debt	(52)	(15,047)
Issuance costs long-term debt	(839)	(27)
Costs for early extinguishment of debt	-	(600)
Taxes paid related to net share settlement of equity awards	(52)	(261)
Net cash provided by financing activities	17,769	21,267
Net increase in cash, cash equivalents and restricted cash	14,710	14,992
Cash, cash equivalents and restricted cash, beginning of period	4,636	13,782
Cash, cash equivalents and restricted cash, end of period	$ 19,346	$ 28,774

See accompanying notes to the unaudited condensed consolidated financial statements.

Cadiz Inc.

Condensed Consolidated Statements of Stockholders' Equity (Unaudited)

Cadiz Inc.

Condensed Consolidated Statements of Stockholders' Equity (Unaudited)

For the three and nine months ended September 30, 2022 March 31, 2024 (*$ in thousands, except share data)*

	Common Stock		Preferred Stock		8.875% Series A Cumulative Perpetual Preferred Stock		Additional Paid-in	Accumulated	Total Stockholders'
	Shares	Amount	Shares	Amount	Shares	Amount	Capital	Deficit	Equity

Balance as of December 31, 2021	43,656,169	$ 435	329	$ 1	2,300	$ 1	$ 613,572	$ (573,400)	$ 40,609
Stock-based compensation expense	236,995	2	-	-	-	-	431	-	433
Issuance of shares pursuant to direct offerings	6,857,140	69	-	-	-	-	11,672	-	11,741
Dividends declared on 8.875% series A cumulative perpetual preferred shares ($550 per share)	-	-	-	-	-	-	-	(1,265)	(1,265)
Net loss and comprehensive loss	-	-	-	-	-	-	-	(5,912)	(5,912)
Balance as of March 31, 2022	50,750,304	506	329	$ 1	2,300	$ 1	625,675	(580,577)	45,606
Stock-based compensation expense	19,971	-	-	-	-	-	423	-	423

Dividends declared on 8.875% series A cumulative perpetual preferred shares ($560 per share)	-	-	-		-	-		-		-		(1,288)		(1,288)
Net loss and comprehensive loss	-	-	-		-	-		-		-		(5,483)		(5,483)
Balance as of June 30, 2022	50,770,275	506	329	$	1	2,300	$	1	$	626,098	$	(587,348)	$	39,258
Stock-based compensation Expense	23,292	-	-		-	-		-		491		-		491
Dividends declared on 8.875% series A cumulative perpetual preferred shares ($550 per share)	-	-	-		-	-		-		-		(1,265)		(1,265)
Net loss and comprehensive loss	-	-	-		-	-		-		-		(6,545)		(6,545)
Balance as of September 30, 2022	50,793,567	506	329	$	1	2,300	$	1	$	626,589	$	(595,158)	$	31,939

	Common Stock		Preferred Stock		8.875% Series A Cumulative Perpetual Preferred Stock		Additional Paid-in	Accumulated	Total Stockholders'
	Shares	Amount	Shares	Amount	Shares	Amount	Capital	Deficit	Equity
Balance as of December 31, 2023	66,710,795	$ 665	329	$ 1	2,300	$ 1	$ 679,150	$ (639,850)	$ 39,967
Stock-based compensation expense, net of taxes	472,779	5	-	-	-	-	1,202	-	1,207
Issuance of warrants	-	-	-	-	-	-	887	-	887
Shares to be issued to lenders	-	-	-	-	-	-	480	-	480
Issuance of shares pursuant to consultants	100,000	1	-	-	-	-	256	-	257
Capitalization of gain on extinguishment of debt	-	-	-	-	-	-	1,928	-	1,928
Dividends declared on 8.875% series A cumulative perpetual preferred shares ($550 per share)	-	-	-	-	-	-	-	(1,265)	(1,265)
Net loss and comprehensive loss	-	-	-	-	-	-	-	(6,850)	(6,850)
Balance as of March 31, 2024	67,283,574	671	329	$ 1	2,300	$ 1	683,903	(647,965)	36,611

See accompanying notes to the unaudited condensed consolidated financial statements.

CADIZ INC.

CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (UNAUDITED)

For the three months ended March 31, 2023 (*$ in thousands, except share data)*

	Common Stock		Preferred Stock		8.875% Series A Cumulative Perpetual Preferred Stock		Additional Paid-in	Accumulated	Total Stockholders'
	Shares	Amount	Shares	Amount	Shares	Amount	Capital	Deficit	Equity
Balance as of December 31, 2022	55,823,810	$ 556	329	$ 1	2,300	$ 1	$ 636,963	$ (603,298)	$ 34,223
Stock-based compensation expense	217,452	2	-	-	-	-	63	-	65
Issuance of shares pursuant to direct offerings	10,500,000	105	-	-	-	-	38,385	-	38,490
Dividends declared on 8.875% series A cumulative perpetual preferred shares ($550 per share)	-	-	-	-	-	-	-	(1,265)	(1,265)
Net loss and comprehensive loss	-	-	-	-	-	-	-	(10,691)	(10,691)
Balance as of March 31, 2023	66,541,262	663	329	$ 1	2,300	$ 1	675,411	(615,254)	60,822

See accompanying notes to the unaudited condensed consolidated financial statements.

CADIZ INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 – BASIS OF PRESENTATION

The Condensed Consolidated Financial Statements and notes have been prepared by Cadiz Inc., also referred to as "Cadiz" or "the Company", without audit and should be read in conjunction with the Consolidated Financial Statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2022. 2023.

The foregoing Condensed Consolidated Financial Statements include the accounts of the Company and contain all adjustments, consisting only of normal recurring adjustments, which management considers necessary for a fair statement of the Company's financial position, the results of its operations and its cash flows for the periods presented and have been prepared in accordance with generally accepted accounting principles.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes. Actual results could differ from those estimates and such differences may be material to the financial statements. The results of operations for the nine three months ended September 30, 2023, March 31, 2024, are not necessarily indicative of results for the entire fiscal year ending December 31, 2023. 2024.

Liquidity

The Condensed Consolidated Financial Statements of the Company have been prepared using accounting principles applicable to a going concern, which assumes realization of assets and settlement of liabilities in the normal course of business.

The Company incurred losses of $24.7 million $6.9 million for the nine three months ended September 30, 2023, March 31, 2024, compared to $17.9 million $10.7 million for the nine three months ended September 30, 2022. March 31, 2023. The Company had working capital of $10.7 million $16.0 million at September 30, 2023 March 31, 2024 and used cash in its operations of $15.4 million $2.9 million for the nine three months ended September 30, 2023. March 31, 2024. The higher lower loss in 2023 2024 was primarily due to a 2023loss on early extinguishment of debt recorded in the amount of $5.3 million resulting from issuance of a conversion instrument, a repayment fee and increased general and administrative expense related to community partnership and communications investments and corporate communications modernization expenses, elimination of debt discount associated with the paydown of $15 million of senior secured debt in 2023, offset by higher interest expense compensation costs related to stock based non-cash bonus awards in 2022. 2024.

Cash requirements during the nine three months ended September 30, 2023, March 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 Cadiz Water Conservation & Storage Project ("Water Project"), agricultural operations and water treatment filtration business. The Company's present activities are focused on the development of its assets in ways that meet an urgent a need for groundwater storage capacity in Southern California and growing demand demands for affordable, reliable, long-term water supplies before the next drought strikes in 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 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 under the Credit Agreement. The remaining proceeds are being used for capital expenditures to accelerate development of the Company's water supply project, working capital and development of additional water resources to meet increased demand on an accelerated timetable. 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").

On March 6, 2024, the Company entered into a Third Amendment to Credit Agreement and First Amendment to Security Agreement ("Third Amended Credit Agreement"). The Third Amended Credit Agreement provides, among other things, (a) a new tranche of senior secured convertible terms loans from HHC $ Fund 2012 ("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 from an existing lender 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 3 – Long-Term Debt", below). The proceeds from the Third Amended Credit Agreement will be used to fund expenditures associated with development of the Company's water supply projects, to fund working capital needs, to pay transaction related expenses and for general corporate purposes.

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 asset water solutions and agricultural development activities.

Management assesses whether the Company has sufficient liquidity to fund its costs for the next twelve months from each 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 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 its viability as a company.

Supplemental Cash Flow Information

During the nine three months ended September 30, 2023, March 31, 2024, approximately $1,248,000 $362,000 in interest payments on the Company's senior secured debt was paid in cash and approximately $711,000 $380,000 was recorded as interest payable in kind. There are no scheduled principal payments due on the senior secured debt prior to its maturity.

At September 30, 2023, March 31, 2024, accruals for cash dividends payable on the Series A Preferred Stock was $1.27 million (see Note 9 – "Common and Preferred Stock"). The cash dividends were paid on October 14, 2023. April 15, 2024.

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	**September 30, 2023**	**December 31, 2022**	**September 30, 2022**	March 31, 2024	December 31, 2023	March 31, 2023
(in thousands)						
Cash and Cash Equivalents	$ 13,306	$ 9,997	$ 6,957	$ 19,212	$ 4,502	$ 26,277
Restricted Cash	-	1,288	1,265	-	-	1,265
Long Term Restricted Cash	134	2,497	3,785	134	134	1,232

Cash, Cash Equivalents and Restricted Cash in the Consolidated Statement of Cash Flows	$ 13,440	$ 13,782	$ 12,007	$ 19,346	$ 4,636	$ 28,774

The restricted cash amounts primarily represented funds deposited into a segregated account, representing an amount sufficient to pre-fund quarterly dividend payments on Series A Preferred Stock underlying the Depositary Shares issued in the Depositary Share Offering through approximately July 2023.

ATEC Water Systems, LLCIn conjunction with the Third Amended Credit Agreement, the Company issued warrants to Heerema and paid a consent fee with common stock which are non-cash financing activities. See Note 3 – "Long Term Debt" for additional discussion of these non-cash financing activities.

On November 9, 2022, the Company completed the acquisition of the assets of ATEC Systems, Inc. into ATEC Water Systems, LLC ("ATEC"), a water filtration technology company, at a purchase price of up to $2.2 million ("ATEC Acquisition"). The final allocation of purchase consideration to assets and liabilities is ongoing as the Company continues to evaluate certain balances, estimates and assumptions during the measurement period. Consistent with the allowable time to complete the Company's assessment, the valuation of certain acquired assets and liabilities, including environmental liabilities and income taxes, is currently pending finalization.

Revenue Recognition

The Company's revenue is currently derived from rental revenue from its agricultural lease, sales of farm crops, and sales of water filtration systems by ATEC. 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. The five-step model requires that the Company (i) identifies the contract with the customer, (ii) identifies the performance obligations in the contract, (iii) determines the transaction price, including variable consideration to the extent that it is probable that a significant future reversal will not occur, (iv) allocates the transaction price to the respective performance obligations in the contract, and (v) recognizes revenue when (or as) the Company satisfies the performance obligation.

Recent Accounting Pronouncements

Accounting Guidance Not Yet Adopted

In June 2016, November 2023, the Financial Accounting Account Standards Board ("FASB") issued an accounting standards update which introduces new guidance for modifies the accounting for credit losses on certain financial instruments. disclosure and presentation requirements of reportable segments. This update is effective for fiscal years beginning after December 15, 2022, 2023, and for interim periods within those fiscal financial years beginning after December 15, 2024, with early adoption permitted. The adoption of Company is currently assessing this new guidance and expects this new standard on will January 1, 2023, nothad no have a material impact on the Company's consolidated financial statements.

In December 2023, the FASB issued an accounting standards update which expands disclosures in an entity's income tax rate reconciliation table and disclosures regarding cash tax paid in the U.S. and foreign jurisdictions. This update is effective for fiscal years beginning after December 15, 2024. The Company is currently assessing this new guidance and expects this new standard will not have a material impact on the consolidated financial statements.

NOTE 2 – REPORTABLE SEGMENTS

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 Water Project (supply, storage and conveyance), and agricultural operations. The Company's second operating segment is its water treatment Water Filtration Technology business, ATEC Water Systems LLC ("ATEC") which provides innovative water filtration solutions for impaired or contaminated groundwater sources. The Company acquired the assets of ATEC Systems, Inc. in November 2022 into its new subsidiary ATEC. There were nointersegment sales of $311 thousand during the nine months quarters ended September 30, 2023, March 31, 2024 which resulted in an intercompany elimination of profits in the amount of $102 thousand. or 2023.

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 three and ninemonths ended September 30, March 31, 2024 and 2023:

	Three Months Ended September 30, 2023			Three Months Ended March 31, 2024		
(in thousands)	**Land and Water Resources**	**Water Treatment**	**Total**	Land and Water Resources	Water Filtration Technology	Total
Revenues				$ 636	$ 485	$ 1,121
Total revenues	199	169	368	636	485	1,121
Costs and expenses:						
Cost of sales	513	179	692	660	344	1,004

General and administrative	4,927	200	5,127	4,480	250	4,730
Depreciation	277	31	308	282	13	295
Total costs and expenses	5,717	410	6,127	5,422	607	6,029
Operating loss	$ (5,518)	$ (241)	$ (5,759)	$ (4,786)	$ (122)	$ (4,908)

(in thousands)	Three Months Ended March 31, 2023 Land and Water Resources	Water Filtration Technology	Total
Revenues	$ 130	$ -	$ 130
Total revenues	130	-	130
Costs and expenses:			
Cost of sales	22	-	22
General and administrative	3,767	164	3,931
Depreciation	278	51	329
Total costs and expenses	4,067	215	4,282
Operating loss	$ (3,937)	$ (215)	$ (4,152)

CADIZ INC.

(in thousands)	**Nine Months Ended September 30, 2023** **Land and Water Resources**	**Water Treatment**	**Total**

Total revenues	708	599	1,307
Costs and expenses:			
Cost of sales	967	515	1,482
General and administrative	13,926	452	14,378
Depreciation	826	116	942
Total costs and expenses	15,719	1,083	16,802
Operating loss	$ (15,011)	$ (484)	$ (15,495)

The Company only operated in one segment during the nine months ended September 30, 2022, as the water treatment segment did not exist prior to the ATEC Acquisition in November 2022.

Assets by operating segment are as follows (dollars in thousands):

	September 30, 2023	December 31, 2022	March 31, 2024	December 31, 2023
Operating Segment:				
Water and Land Resources	$ 109,561	$ 107,439	$ 119,013	$ 101,946
Water Treatment	4,894	3,348		
Water Filtration Technology			6,494	5,428
	$ 114,455	$ 110,787	$ 125,507	$ 107,374

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

	September 30, 2023	December 31, 2022	March 31, 2024	December 31, 2023
Operating Segment:				
Water and Land Resources	$ 3,813	$ 3,813	$ 3,813	$ 3,813
Water Treatment	1,901	1,901		
Water Filtration Technology			1,901	1,901
	$ 5,714	$ 5,714	$ 5,714	$ 5,714

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

	September 30, 2023		March 31, 2024	
	Water and Land Resources	**Water Treatment**	Water and Land Resources	Water Filtration Technology
Land and land improvements	$ 32,357	$ -	$ 32,357	$ -
Water programs	29,563	-	29,242	-
Pipeline	22,094	-	22,097	-
Buildings	1,715	-	1,730	-
Leasehold improvements, furniture and fixtures	1,606	4	1,606	4
Machinery and equipment	3,719	176	3,737	210
Construction in progress	3,378	-	5,731	-
	94,432	180	96,500	214
Less accumulated depreciation	(8,967)	(109)	(9,520)	(149)
	$ 85,465	$ 71	$ 86,980	$ 65

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Cadiz Inc.

Notes to the Consolidated Financial Statements

Cadiz Inc.

	December 31, 2022		December 31, 2023	
	Water and Land Resources	**Water Treatment**	Water and Land Resources	Water Filtration Technology
Land and land improvements	$ 30,579	$ -	$ 32,357	$ -
Water programs	29,210	-	29,209	-
Pipeline	22,091	-	22,096	-
Buildings	1,715	-	1,730	-
Leasehold improvements, furniture and fixtures	1,606	3	1,605	4
Machinery and equipment	3,229	166	3,719	210
Construction in progress	3,680	-	5,664	-
	92,110	169	96,380	214

Less accumulated depreciation	(8,141)	-	(9,238)	(139)
	$ 83,969	$ 169	$ 87,142	$ 75

NOTE 3 – LONG-TERM DEBT

The carrying value of the Company's senior secured debtSenior Secured Debt and the Company's convertible note instrument approximates fair value. The fair value of the Company's senior secured debt (Level 2) is determined based on an estimation of discounted future cash flows of the debt at rates currently quoted or offered to the Company by its lenders for similar debt instruments of comparable maturities by its lenders.

On July 2, 2021, the Company entered into a new $50 million senior secured credit agreement ("Credit Agreement") with Lenders and BRS, as administrative agent for the Lenders ("Senior Secured Debt"). Interest is paid quarterly at a rate of seven percent per annum. The obligations under the Senior Secured DebtCredit Agreement are secured by substantially all of the Company's assets on a first-priority basis (except as otherwise provided in the Credit Agreement). 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 (i) 4.0%, if such repayment or prepayment is made on or after the eighteen-month anniversary of the closing of the debt and prior to the thirty-month anniversary of the closing of the debt, and (ii) 6.0%, if such repayment or prepayment is made at any time after the thirty-month anniversary of the closing of the debt.. 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 may be exercised any time prior to July 2, 2024 (the "Expiration Date") and have an exercise price of $17.38 equal to 120% of the closing price per share of the Company's common stock on the Original Issue Date. The B Warrants may be exercised in the period from 180 days after the Original Issue Date to the Expiration Date and have an exercise price of $21.72 equal to 150% of the closing price of the Company's common stock on the Original Issue Date.

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 is being 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 Debtsenior 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 ("Conversion Option Modification" Second Amended Credit Agreement"). As a result of the Conversion Option Modification, 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 Conversion Option Modification Second Amended Credit Agreement were $0 and $220 $130 thousand for the three and nine months ended September March 31, 2023.

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, 2023, 2027 (respectively, "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 is $5.30 per share and will be subject to anti-dilution adjustments.

In connection with the debts 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 secured 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.

While any amount remains outstanding under the debt, the Lenders will have the right to convert the outstanding principal, plus unpaid interest, on the debt into Depositary Receipts at the per share exchange price of $25.00 at any time up to 100% of the principal and unpaid interest on the debt may be exchanged for Depositary Receipts.

In connection with the issuance of the Senior Secured Debt, 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 our common stock (collectively, the "Warrants"). The A Warrants may be exercised any time prior to July 2, 2024 (the "Expiration Date") and have an exercise price of $17.38 equal to 120% of the closing price per share of our common stock on the Original Issue Date. The B Warrants may be exercised in the period from 180 days after the Original Issue Date to the Expiration Date and have an exercise price of $21.72 equal to 150% of the closing price of our common stock on the Original Issue Date.

NOTE 4 – 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 ("2019 EIP") was originally approved by stockholders at the July 10, 2019 Annual Meeting, with an amendment to the plan approved by stockholders at the July 12, 2022 Annual Meeting. The plan, as amended, provides for the grant and issuance of up to 2,700,000 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 31stthat first follows the award date.

Stock Awards to Directors, Officers, and Consultants

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

Of the total 2,700,000 shares reserved under the 2019 Equity Incentive Plan, as amended, 2,312,925 2,350,149 shares and restricted stock units ("RSUs") have been awarded to the Company directors, employees and consultants as of September 30, 2023. March 31, 2024. Of the 2,312,925 2,350,149 shares and RSUs awarded, 46,744 shares were awarded to the Company's directors for services performed during the plan year ended June 30, 2023. These shares will vest vested and be were issued on January 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. Of customers ("Supply Agreement Vesting Event"). 170,000 RSUs, including 85,000 related to the remaining 315,000 RSUs granted under 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 April 2021 RSU Grant, change of the Company's Executive Chair, 60,000 RSUs vested and were issued on January 3, 2023, and 255,000 170,000 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 are scheduled vested on January 2, 2024. In January 2024, 60,000 additional RSUs were granted to employees which vest on January 2, 2024. 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 255,000 170,000 RSUs issued on March 1, 2023, the Company issued 158,673 102,871 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.

Upon the change of the Company's Executive Chair on February 4, 2022, a total of 170,000 unvested RSUs were accelerated and became fully vested as a result of an amended employee agreement, which included 85,000 RSUs scheduled to vest upon completion of final binding water supply agreement(s) and 85,000 RSUs scheduled to vest on March 1, 2023.

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Additionally, the Company issued 450,000 of performance stock units ("PSUs") upon achievement of certain performance events. The PSUs vest upon the Company's common stock achieving price hurdles ("Price Hurdles") but not sooner than three years from date of grant, including (a) 200,000 PSUs to vest upon a Price Hurdle of $7 per share, (b) 150,000 PSUs to vest upon a Price Hurdle of $9 per share, (c) 50,000 PSUs to vest upon a Price Hurdle of $11 per share, and (d) 50,000 PSUs to vest upon a Price Hurdle of $13 per share and are payable, at the option of the Compensation Committee, in either common stock or cash. The PSU incentive award is subject to continue employment with the Company through the vesting 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 will vest over the 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. The granting of these RSUs and PSUs is contingent upon the approval of an amendment by our stockholders to increase the shares reserved under the 2019 EIP.

Additionally, 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, 200,000 RSUs are scheduled to vest vested and were issued upon completion of certain milestone events. the Third Amended Credit Agreement in March 2024. Of the remaining 200,000 RSUs granted, 100,000 RSUs vested and were issued on October 1, 2023, and 100,000 are scheduled to vest vested and were issued on February 1, 2024.

Additionally, 300,000 RSUs were granted to a consultant in January 2024 which vest upon achieving certain milestone events. 100,000 of these RSUs vested and were issued in March 2024 upon entering into binding supply agreements for the Water Project.

The accompanying consolidated statements of operations and comprehensive loss include approximately $1,259,000 and $326,000 of stock-based compensation expense of approximately $652,000 and $492,000 related to stock awards in the three months ended September 30, 2023 March 31, 2024 and 2022, respectively; and, $1,142,000 and $1,348,000 in the nine months ended September 30, 2023, and 2022, respectively.

NOTE 5 – INCOME TAXES

As of September 30, 2023, March 31, 2024, the Company had net operating loss (“NOL”) carryforwards of approximately $350 million $341 million for federal income tax purposes and $300 million $316 million for California state income tax purposes. Such carryforwards expire in varying amounts through the year 2037 and 2042 2043 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 an ownership change that occurred in June of 2021.

As of September 30, 2023, March 31, 2024, the Company’s unrecognized tax benefits were immaterial.

The Company's tax years 2020 through 2022 2023 remain subject to examination by the Internal Revenue Service, and tax years 2019 through 2022 2023 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.

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 all deferred assets. Accordingly, no deferred tax asset has been reflected in the accompanying condensed consolidated balance sheet.

NOTE 6 – NET LOSS PER COMMON SHARE

Basic net loss per common share is computed by dividing the net loss by the weighted-average common shares outstanding. Options, deferred 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 5,534,000 9,456,000 and 2,033,000 1,819,000 for the three months ended September 30, 2023 March 31, 2024 and 2022, respectively; and 5,237,000 and 1,702,000 for the nine months ended September 30, 2023,and 2022, respectively. Shares related to the Convertible Loan have been excluded until stockholder approval is obtained.

NOTE 7 – LEASES & PROPERTY, PLANT, EQUIPMENT AND WATER PROGRAMS

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 $186,000, with annual defined inflation increases.

The Company has operating leases for right-of-way agreements, corporate offices, vehicles and office equipment. The Company's leases have remaining lease terms of 1 month to 37 months 26 years as of September 30, 2023, March 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. term or the right-of-use asset and lease liability balances. The Company's current lease arrangements expire in 2049. The Company does not have any finance leases.

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 receive rental income of $420,000 annually over the next five years related to the FVF Lease Agreement.

During the nine months ended September 30, 2023, $1,751,000 on construction in progress was placed into service, which included land development, irrigation systems and stand establishment related to the planting of 150 acres of alfalfa.

Depreciation expense on land improvements, buildings, leasehold improvements, machinery and equipment and furniture and fixtures was $942,000 $295,000 and $473,000 $329,000 for the nine three months ended September 30, 2023 March 31, 2024 and 2022, 2023, respectively.

Cadiz Inc.

NOTE 8 – 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.

(in thousands)		**Level 1 Assets**
Balance at December 31, 2022	$	-
Investments in Certificates of Deposit		11,500
Balance at September 30, 2023		11,500

	Investments at Fair Value as of March 31, 2024							
(in thousands)		Level 1		Level 2		Level 3		Total
Liabilities								
Contingent consideration liabilities	$	-	$	-	$	1,450	$	1,450
Total Liabilities	$	-	$	-	$	1,450	$	1,450

(in thousands)		**Level 3 Liabilities**
Balance at December 31, 2022	$	(1,450)
Derivative liabilities		(2,350)
Unrealized gains on derivative liabilities, net		130

Balance at March 31, 2023	(3,670)
Unrealized losses on derivative liabilities, net	(350)
Balance at June 30, 2023	(4,020)
Reclassification of derivative liabilities to additional paid-in capital	2,570
Balance at September 30, 2023	$ (1,450)

	Investments at Fair Value as of September 30, 2023			
(in thousands)	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets				
Certificates of Deposit	$ 11,500	$ -	$ -	$ 11,500
Total Assets	$ 11,500	$ -	$ -	$ 11,500
Liabilities				
Contingent consideration liabilities	$ -	$ -	$ 1,450	$ 1,450
Total Liabilities	$ -	$ -	$ 1,450	$ 1,450

NOTE 9 – COMMON AND PREFERRED STOCK

Common Stock

The Company is authorized to issue 85 million shares of Common Stock at a $0.01 par value. As of September 30, 2023, March 31, 2024, the Company had 66,604,981 67,283,574 shares issued and outstanding.

In January 2013, the Company revised its then existing agreement with the law firm of Brownstein Hyatt Farber Schreck LLP ("Brownstein"), a related party. Under this agreement, the Company is to issue up to a total of 400,000 shares of the

Company's common stock, with 200,000 shares earned to date and 100,000 shares to be earned upon the achievement of each of two remaining milestones as follows:

- 100,000 shares earned upon the signing of binding agreements for more than 51% of the Water Project's annual capacity, which is not yet earned; and
- 100,000 shares earned upon the commencement of construction of all of the major facilities contemplated in the Final Environmental Impact Report necessary for the completion and delivery of the Water Project, which is not yet earned.

All shares earned upon achievement of any of the remaining two milestones will be payable three years from the date earned.

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 September 30, March 31, 2023, Holders of Series 1 Preferred Stock had 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 September 30, 2023. March 31, 2024.

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 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 September 30, 2023, March 31, 2024, the Company has paid aggregate cash dividends of $10,396,000. $12,949,000. On September 21, 2023, March 22, 2024, the Company's Board of Directors declared that holders of Series A Preferred stock will receive a cash dividend equal to $550.00 per whole share; therefore, holders of Depositary Shares will receive a cash dividend equal to $0.55 per Depositary Share. The dividend was paid on October 14, 2023 April 15, 2024 to respective holders of record as of the close of business on October April 4, 2023. 2024.

At the issuance of the Series A Preferred Stock, the Company pre-funded eight quarterly payments through July 2023 in a segregated account which appeared as Restricted Cash on the Balance Sheet. account. Dividends on the Series A Preferred Stock underlying the depositary shares will continue to accumulate whether or not (i) any of our agreements prohibit the current payment of dividends, (ii) we have earnings or funds legally available to pay the dividends, or (iii) our Board of Directors does not declare the payment of the dividends.

Holders of depositary shares representing interests in the Series A Preferred Stock generally will have no voting rights. However, if we do 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 September 30, 2023. March 31, 2024.

NOTE 10 – 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.

Pursuant to cost-sharing agreements that have been entered into by participants in the Company's Water Project, $750,000 $625,000 in funds have been received in order to offset costs incurred in the environmental analysis of the Water Project. These funds may either be reimbursed or credited to participants' participation in the Water Project and, accordingly, are fully reflected as deferred revenue as of September 30, 2023 March 31, 2024 and September 30, 2022. March 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.

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.

CADIZ INC.

ITEM 2. 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 land and water resources and our ability to obtain new financings as needed to meet our ongoing working capital needs. See additional discussion under the heading "Risk Factors" in Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023. 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 are a water solutions provider dedicated to delivering clean, reliable, and affordable water for people through with a variety of innovative water supply, storage, conveyance and treatment projects. We are advancing human access to clean water with our unique combination of land, water, infrastructure pipeline and water filtration technology assets cutting-edge innovation, located in Southern California between water systems serving population centers in the Southwestern United States. Our portfolio of assets includes 2.5 million acre-feet of water supply (permits complete), 220 miles of existing, buried pipeline, 1 million acre-feet of groundwater storage capacity, versatile, scalable and industry-leading standards of environmental stewardship. cost-effective water filtration technology.

We own approximately 46,000 acres manage our landholdings, pipeline and water filtration technology assets to offer a suite of land with access integrated products and services to high-quality, naturally-recharging public water systems, government agencies and commercial customers that include reliable water supply, groundwater resources in three areas of Southern California's Mojave Desert – the Cadiz Valley (35,000 acres), Danby Dry Lake (2,000 acres), storage, water conveyance and the Piute Valley (9,000 acres) ("Cadiz Property"). Our land holdings with vested custom-designed water rights were primarily assembled by our founders in the early 1980s, relying on NASA imagery that identified a unique desert aquifer system at the base of a vast Southern California watershed. This watershed underlying our property in the Cadiz Valley ("Cadiz Ranch") presently holds 17-34 million acre-feet of groundwater in storage – comparable in size to the capacity of the largest reservoir in the United States, Lake Mead. The aquifer system is part of a closed-basin watershed in which all water flows downgradient to desert playas where it evaporates at the surface forming what are known as "desert dry lakes". 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 support farming at the Cadiz Ranch, one of the largest farming operations in San Bernardino County, and off property uses. serve communities across Southern California. Because all water in the aquifer system will eventually continue to be lost to evaporation, surplus water that is captured and withdrawn before it evaporates is a new water supply known as “conserved” water. (“conserved” water). We have completed extensive environmental review in accordance with local, state and federal laws authorizing the management of the groundwater aquifer underlying our property in the Cadiz Ranch Valley ("Cadiz Property" or "Cadiz Ranch") which is expected to conserve produce an average of 50,000 acre-feet of water per year (“AFY” ("AFY") for 50 years for beneficial use in Southern California communities.

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

CADIZ INC.

CADIZ INC.

Pipeline Water Conveyance Infrastructure – We own a 30” an existing 220-mile 30-inch steel natural gas pipeline (“ ("Northern Pipeline” Pipeline"), that extends 220-miles from the Cadiz Ranch across San Bernardino intersects several water storage and Kern Counties, terminating in California’s Central Valley. The pipeline, originally constructed to transport fossil fuels, is idle and capable of transporting water. The route of the Northern Pipeline crosses several underserved, rural low-income areas of California and intersects three major water conveyance facilities that deliver water to communities across in Southern California, - including the California Aqueduct, the Los Angeles Aqueduct, and the Mojave River Pipeline. We also own a 99-year lease with the Arizona & California Railroad Company that will allow us to construct a 43-mile water conveyance pipeline ("Southern Pipeline") within the existing, active railroad right-of-way that extends from the Cadiz Ranch to the Colorado River Aqueduct. The estimated annual capacity of the Northern Pipeline for water conveyance is 25,000 AFY. In addition, we hold a 99-year lease with the Arizona & California Railroad (“ARZC”) to construct a 43-mile, 55-85” steel pipeline south from Cadiz within the ARZC’s existing railroad right-of-way to the Colorado River Aqueduct, one of Southern California’s primary sources of drinking water. The capacity of this pipeline (“ the Southern Pipeline”) Pipeline, ranges from 75,000 AFY to 150,000 AFY depending on the pipeline diameter (54-inch to 84-inch) selected to accommodate imported water storage.

We hold multiple binding agreements with public water systems and government agencies and are currently in discussions with other public water systems to enter into additional agreements that will enable project participants to manage, lease, own, finance and operate the Northern Pipeline and lease up to 25,000 AFY of annual water supply from the Water Project. In accordance with such agreements, we expect that we will contribute the Northern Pipeline and an annual supply of 25,000 AFY of water into Fenner Gap Mutual Water Company, comprised of shareholder public water systems that will receive water from the Water Project. In addition, we expect that Fenner Valley Water Authority, a public agency – joint powers agency with oversight over the Water Project - will represent the public water systems purchasing 25,000 AFY of water at our wellhead, take or pay, at an agreed upon net market price estimated to start at approximately $850/AFY and subject to annual adjustment.

Through the JPA, which includes San Bernardino County, it is anticipated the public water agencies would fund capital costs for conversion of the pipeline from gas to water, construction of pumping stations and appurtenant facilities, and would be able to seek infrastructure funding and grants to achieve their lowest possible cost for delivered water. Any contracts and off take facility construction will be subject to standard environmental review and a project level permitting process. We expect that similar agreements will be negotiated and entered into for water supplies and storage delivered via the Southern Pipeline.

On November 2, 2023, we signed a binding agreement amending the 2012 Memorandum of Understanding ("MOU") between the Company, San Bernardino County, Santa Margarita Water District and Fenner Gap Mutual Water Company governing groundwater management for the Water Project. The amendment to the MOU creates a new priority right for San Bernardino County that requires Water Project water supply not already subject to a binding contract to be offered to public water systems serving San Bernardino County communities, prior to exporting Project water for beneficial use outside of San Bernardino County. Five public water systems serving communities in San Bernardino County have expressed intent to receive supply from the Water Project.

Treatment Filtration Technology – In the fourth quarter of 2022, we completed the acquisition of the assets of ATEC Water Systems, Inc. into ATEC Water Systems, LLC ("ATEC" ("ATEC"). ATEC is a leader in developing, 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, and other constituents of concern.

Our addition of pipeline infrastructure and ATEC filters have been installed water filtration technology to our portfolio of land and water assets enabled us in over 400 water treatment systems in the U.S, including 50 in California. In March, ATEC was awarded a $10 million contract 2023 to provide all wellhead filters required by the Central Utah Water Conservancy District Vineyard Wellfield Groundwater Polishing Project, a treatment facility that will deliver 60 million gallons per day or approximately 54,000 AFY. Delivery of filters under this contract is expected 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.

In the first quarter of 2024. 2024, we entered into agreements with multiple public water systems to purchase 15,000 AFY of annual water supply from us to be delivered via the Northern Pipeline. These agreements cumulatively represent 60% of the full capacity (25,000 AFY) of the Northern Pipeline.

Our Through membership in Fenner Gap Mutual Water Company, 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 expected to fund capital costs for conversion of the Northern Pipeline from gas to water, construction of pumping stations and appurtenant facilities, and would be able to seek infrastructure funding and grants.

These agreements and off take facility construction will be subject to standard environmental review and a project-level permitting process.

ATEC and Cadiz Ranch our agricultural operations provide the Company's our current principal source of revenue, although our working capital needs are not fully supported by our treatment or agricultural lease and farming returns these operations at this time. We believe that as we enter contracts for our water supply, treatment, storage, and pipeline conveyance these assets and treatment solutions will provide a significant source of future cash flow for the business and our stockholders.

To fund We presently rely upon debt and equity financing to support our working capital needs and development of our water solutions we rely on debt and equity financing. In February 2023, we completed a direct offering for net proceeds of $38 million led by our largest equity shareholders to fund capital expenditures to accelerate the development of water supply, storage and conveyance infrastructure, reduce our outstanding debt from $50 million to $35 million and provide working capital to the Company (see, “Liquidity and Capital Resources”, below). solutions.

Our current and future operations also include activities that further our commitments to sustainable stewardship of our land, water, pipeline and water resources, 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.

CADIZ INC.

Results of Operations

Three Months Ended September 30, 2023 March 31, 2024, Compared to Three Months Ended September 30, 2022 March 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 Water Project (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 (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 three months ended March 31, 2024 and 2023:

	Three Months Ended March 31, 2024		
(in thousands)	Land and Water Resources	Water Filtration Technology	Total
Revenues	$ 636	$ 485	$ 1,121
Total revenues	636	485	1,121
Costs and expenses:			
Cost of sales	660	344	1,004
General and administrative	4,480	250	4,730
Depreciation	282	13	295

Total costs and expenses	5,422	607	6,029
Operating loss	$ (4,786)	$ (122)	$ (4,908)
	Three Months Ended March 31, 2023		
(in thousands)	Land and Water Resources	Water Filtration Technology	Total
Revenues	$ 130	$ -	$ 130
Total revenues	130	-	130
Costs and expenses:			
Cost of sales	22	-	22
General and administrative	3,767	164	3,931
Depreciation	278	51	329
Total costs and expenses	4,067	215	4,282
Operating loss	$ (3,937)	$ (215)	$ (4,152)

We have not received significant revenues from our water supply, storage, conveyance or treatment conveyance assets to date. Our revenues have been limited to rental income from our agricultural leases, sales from our alfalfa plantings beginning in 2022 and ATEC sales beginning in 2023. sales. As a result, we have historically incurred a net loss from operations. The reporting segments have been combined as the revenue and operating results for the water treatment business were not material to the Company's consolidated operations during the three months ended September 30, 2023. We incurred a net loss of $6.9 million in the three months ended September 30, 2023 March 31, 2024, compared to a $6.5 million $10.7 million net loss during the three months ended September 30, 2022 March 31, 2023.

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

Revenues Revenue totaled $0.4 million during the three months ended September 30, 2023, primarily related to rental income from our agricultural leases totaling $0.1 million, sales from the harvest from our 760 acres of commercial alfalfa crop totaling $0.1 million and ATEC sales totaling $0.2 million. Revenue totaled $0.6 million for the three months ended September 30, 2022, primarily related to rental income from our agricultural leases and sales from the harvest from our 610 acres of commercial alfalfa crop.

Cost of SalesCost of sales totaled $0.7 million during the three months ended September 30, 2023, which comprised of $0.5 million related to our alfalfa crop harvest and $0.2 million related to ATEC. The 2023 alfalfa crop harvest loss primarily relates to a lower of cost or market adjustment recorded due to increased diesel costs for farming, as well as suppressed market conditions for alfalfa on the West Coast. Cost of sales totaled $1.2 million during the three months ended September 30, 2022. In June 2022, the Company converted 610 acres of agricultural development to alfalfa commercial production. The 2022 loss 2024 was primarily due to non-recurring start-up costs for the initial short year of commercial production.

General and Administrative ExpensesGeneral and administrative expenses, exclusive of stock-based compensation costs, totaled $4.5 million in the three months ended September 30, 2023, compared to $3.2 million in the three months ended September 30, 2022. The increase in 2023 was primarily a result of community partnership and communications investments, including $0.6 million in water quality and infrastructure costs in coordination with community partners that will improve access to clean water in disadvantaged communities in the Coachella Valley and $0.4 million in corporate communications modernization expenses to the Company's online, print, digital and social materials.

Compensation costs for stock and option awards for the three months ended September 30, 2023, were $0.7 million, compared to $0.5 million for the three months ended September 30, 2022.

DepreciationDepreciation expense totaled $0.3 million during the three months ended September 30, 2023, compared to $0.2 million during the three months ended September 30, 2022. The higher depreciation expense in the 2023 period is primarily due to construction in progress placed into service in 2023, which included land development and stand establishment related to the planting of alfalfa, as well as $31,000 of depreciation for ATEC assets in 2023.

Interest Expense, net Net interest expense totaled $1.2 million during the three months ended September 30, 2023 compared to $2.1 million during the same period in 2022. The following table summarizes the components of net interest expense for the two periods (in thousands):

	Three Months Ended September 30,	
	2023	202
Interest on outstanding debt	$ 1,286	$
Amortization of debt discount	76	
Interest income	(164)	
Other Income	(25)	
	$ 1,173	$

Interest income primarily relates to interest on investments in short-term deposits.

Nine Months Ended September 30, 2023, Compared to Nine Months Ended September30, 2022

We incurred a net loss of $24.7 million in the nine months ended September 30, 2023, compared to a $17.9 million net loss during the nine months ended September 30, 2022. The higher 2023 loss was primarily due to a loss on early extinguishment of debt recorded 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 February 2023. 2023, offset by higher compensation costs related to stock based non-cash bonus awards in 2024.

Our primary expenses are our ongoing overhead costs associated with the development of our water supply, storage, conveyance (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 expenses in connection with our equity incentive compensation plan.

Revenues Revenue totaled $1.3 million $1.1 million during the nine three months ended September 30, 2023 March 31, 2024, primarily related to rental income from our agricultural leases ATEC sales totaling $0.3 million $0.5 million, sales from the harvest from our 760 acres of commercial alfalfa crop totaling $0.4 million $0.5 million and ATEC sales rental income from our agricultural leases totaling $0.6 million $0.1 million. Revenue totaled $0.9 million for $0.1 million during the nine three months ended September 30, 2022 primarily March 31, 2023, primary related to rental income from our agricultural leases and sales from the harvest from our 610 acres of commercial alfalfa crop. leases.

CADIZ INC.

Cost of Sales Cost of sales totaled $1.5 million $1.0 million during the nine three months ended September 30, 2023 March 31, 2024, which comprised of $1.0 million $0.7 million related to our alfalfa crop harvest and $0.5 million $0.3 million related to ATEC. The 2023 alfalfa crop harvest loss primarily relates to a lower of cost or market adjustment recorded due to increased diesel costs for farming, as well as suppressed market conditions for alfalfa on the West Coast. Cost of sales totaled $1.2 million $22 thousand during the nine three months ended September 30, 2022 March 31, 2023. In June 2022, the Company converted 610 acres of agricultural development to alfalfa commercial production. The 2022 loss was primarily due to non-recurring start-up costs for the initial short year of commercial production.

General and Administrative Expenses General and administrative expenses, Administrative Expenses, exclusive of stock-based compensation costs, totaled $13.2 million $3.5 million in the nine three months ended September 30, 2023 March 31, 2024, compared to $9.6 million $3.6 million in the nine three months ended September 30, 2022 March 31, 2023. The increase in 2023 was primarily a result of community partnership and communications investments, including $1.8 million in water quality and infrastructure costs in coordination with community partners that will improve access to clean water in disadvantaged communities in the Coachella Valley and $1.0 million in corporate communications modernization expenses to the Company's online, print, digital and social materials.

Compensation costs for stock and option awards for the nine three months ended September 30, 2023 March 31, 2024, were $1.1 million $1.3 million, compared to $1.3 million $0.3 million for the nine three months ended September 30, 2022 March 31, 2023. The increase was primarily related to vesting of milestone stock awards related to completion of the Third Amended Credit Agreement and Supply Agreement Vesting Event (see Note 4 to the Condensed Consolidated Financial Statements – "Stock-Based Compensation Plans").

Depreciation Depreciation expense totaled $0.9 million $0.3 million during each of the nine three months ended September 30, 2023, compared to $0.5 million during the nine months ended September 30, 2022. The higher 2023 depreciation expense is primarily due to construction in progress placed into service in 2023, which included land development March 31, 2024 and stand establishment related to the planting of 150 acres of alfalfa, as well as $0.1 million of depreciation for ATEC assets in 2023.

Interest Expense, net Net interest expense totaled $3.6 million $1.9 million during the nine three months ended September 30, 2023 March 31, 2024 compared to $6.1 million $1.3 million during the same period in 2022. 2023. The following table summarizes the components of net interest expense for the two periods (in thousands):

	Nine Months Ended September 30,		Three Months Ended March 31,	
	2023	**2022**	2024	2023
Interest on outstanding debt	$ 3,867	$ 4,367	$ 1,428	$ 1,314
Amortization of debt discount	337	1,777	269	190
Interest Income	(542)	-		
Other Income	(25)	-		
Finance expenses			307	-
Interest income			(52)	(168)
Other income			(13)	-
	$ 3,637	$ 6,144	$ 1,939	$ 1,336

Interest income primarily relates to interest on investments in short-term deposits.

CADIZ INC.

Losses Gains on Derivative Liabilities Losses Gains on derivative liabilities totaled $220 thousand $0 during the nine three months ended September 30, 2023 March 31, 2024 compared to $0 $0.1 million in the nine three months ended September 30, 2022. The losses recorded in 2023 were a result of March 31, 2023, resulting from a remeasurement of a conversion option under the Company's senior secured debt.

LossLoss on Early Extinguishment of Debt Loss on early extinguishment of debt totaled $5.3 million $0 during the nine three months ended September 30, 2023 March 31, 2024, compared to $0 in the nine months ended September 30, 2022. The 2023 a loss on early extinguishment of debt was a result totaling $5.3 million recorded during the three months ended March 31, 2023, 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 February 2023.

Liquidity and Capital Resources

Current Financing Arrangements

As we have not received sufficient revenues or profits from our water, agriculture or treatment 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 revenue will commence. Historically, we have addressed these needs primarily through secured debt financing arrangements and private equity placements.

On January 30, 2023,**Equity Offerings**

In January 2023, we completed the sale and issuance of 10,500,000 shares of our 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 $40.3 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 will be were used for capital expenditures to accelerate development of water supply, storage, conveyance and treatment assets, working capital and development of additional water resources to meet increased increase demand on an accelerated timetable.

On March 23, 2022, we completed the sale timetable, and issuance of 6,857,140 shares of our common stock to certain institutional and individual investors in a registered direct offering. The shares of common stock were sold at a purchase price of $1.75 per share, for aggregate gross proceeds of $12 million and aggregate net proceeds of approximately $11.8 million. The proceeds were used for working capital needs and for general corporate purposes.

On November 14, 2022, we completed the sale and issuance of 5,000,000 shares of our common stock to certain institutional investors in a registered direct offering ("November 2022 Direct Offering"). The shares of common stock were sold at a purchase price of $2.00 per share, for aggregate gross proceeds of $10 million and aggregate net proceeds of approximately $9.9 million.**Debt Offerings**

In July 2021, we completed the sale of 2,300,000 depositary shares each representing 1/1000th of a share of Series A Preferred Stock ("Depositary Share Offering") for net proceeds of approximately $54 million.

Concurrently in July 2021, we entered into a $50 million new credit agreement ("Credit Agreement") (see Note 3 to the Condensed Consolidated Financial Statements – "Long-Term Debt"). The proceeds of the Credit Agreement, together with the proceeds from the Depositary Share Offering, a depositary share offering, were used to (a) to 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 depositary shares issued in the Depositary Share Offering, a 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 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 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 will 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 (ii) a registration statement registering the resale of the shares issuable upon conversion of the Convertible Loan has been declared effective by the Securities and Exchange Commission, (iii) the Stockholder Approval has been obtained, and (iv) (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 has been 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 $ Fund 2012 ("Heerema") (see Note 3 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 will remain remains unchanged at 7.00%. Interest on $20 million $21.2 million of the remaining principal amount will be paid in cash. Interest on the $15 million aggregate $36 million principal amount of the New Secured Convertible Debt and existing Convertible Loan will be is paid in kind on a quarterly basis by addition such amount to the outstanding principal amount of the outstanding Convertible Loan. 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 in Operating Activities. Cash used in operating activities totaled $15.4 million $2.9 million and $13.4 million $4.1 million for the nine three months ended September 30, 2023, March 31, 2024 and 2022, 2023, respectively. The cash was primarily used to fund general and administration administrative expenses related to our water development efforts, and agricultural development efforts. efforts, and our ATEC business including increased working capital needs related to accounts receivable and inventory offset by increased accounts payable.

Cash Used in Investing Activities. Cash used in investing activities totaled $3.8 million $0.2 million for the nine three months ended September 30, 2023 March 31, 2024, and $2.5 million $2.2 million for the nine three months ended September 30, 2022 March 31, 2023. The cash used in the 2024 period primarily related to the development cost for the planting of 125 additional acres of alfalfa. The cash used in the 2023 period primarily related to the development of three new wells. The cash used in the 2022 period primarily related to development costs for the initial planting of 760 acres of alfalfa.

Cash Provided by Financing Activities. Cash provided by financing activities totaled $18.9 million $17.8 million for the nine three months ended September 30, 2023 March 31, 2024, compared with cash provided of $8.1 million $21.3 million for the nine three months ended September 30, 2022 March 31, 2023. Proceeds from financing activities for both periods reported are the 2024 period related to the issuance of long-term debt under the Third Amended Credit Agreement. 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.

Outlook

Short-Term Outlook. The January 2023 Direct Offering provided net cash proceeds of approximately $38.5 million. A portion $19.0 million from the completion of these net proceeds were used to repay our debt the Third Amended Credit Agreement in the principal amount of $15 million, together with fees and interest required to be paid in connection with such repayment. The remaining proceeds, March 2024, together with cash on hand, provide us with sufficient funds to meet our short-term working capital needs. The Company's Our agricultural development and ATEC water treatment operations is are expected to be funded using existing capital and cash profits generated from operations. operations during 2024.

Long-Term Outlook. In the longer term, we will 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 and treatment solutions resources and other developments. Future capital expenditures will depend on the progress of the Water Project, and any further expansion of our agricultural development. assets, and ATEC operational needs.

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 will be undertaken only to the extent necessary, so as to minimize the dilutive 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.

Recent Accounting Pronouncements

See Note 1 to the Condensed Consolidated Financial Statements – "Basis of Presentation".

CADIZ INC.

ITEM 3. 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 4. Controls and Procedures

Disclosure Controls and Procedures

The Company 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 the Chief Executive Officer (the "Principal Executive Officer") and Chief Financial Officer (the "Principal Financial Officer") and to its Board of Directors. Based on their evaluation as of September 30, 2023 March 31, 2024, the Company's 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.

Changes in Internal Controls Over Financial Reporting

In connection with the evaluation required by paragraph (d) of Rule 13a-15 under the Exchange Act, excluding the acquisition of the assets of ATEC Systems, Inc. into ATEC Water Systems, LLC, there was no change identified in the Company's internal control over financial reporting that occurred during the last fiscal quarter 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.

CADIZ INC.

PART II - OTHER INFORMATION

ITEM 1.Legal Proceedings Legal Proceedings

There have been no material changes to legal proceedings described in our Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023.

ITEM 1A.Risk Factors Risk Factors

There have been no material changes to the risk factors described in our Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023.

ITEM 2.Unregistered Sales of Equity Securities and Use of Proceeds Unregistered Sales of Equity Securities and Use of Proceeds

Not applicable.

ITEM 3.Defaults Upon Senior Securities Defaults Upon Senior Securities

Not applicable.

ITEM 4.Mine Safety Disclosures Mine Safety Disclosures

Not applicable.

ITEM 5.Other Information

Not applicable.

CADIZ INC. Other Information

ITEM 5.

a. *Information required under Form 8K.*

None.

b. *Modifications to nomination process.*

None.

c. *Insider trading arrangements.*

During the three months ended March 31, 2024, no director or officer of the Company adopted or terminated a “Rule 10b5-1 trading arrangement” or “non-Rule 10b5-1 trading arrangement,” as each term is defined in Item 408(a) of Regulation S-K.

ITEM 6. Exhibits

The following exhibits are filed or incorporated by reference as part of this Quarterly Report on Form 10-Q.

The following exhibits are filed or incorporated by reference ** 4.1

Common Stock Purchase Warrant dated as part of this Quarterly Report on Form 10-Q. March 6, 2024

** 3.1

10.1

Agreement for the Delivery of Water Made Available by Cadiz Certificate of Incorporation, as amended

** 3.2

Cadiz Bylaws, as amended

* 10.1

Second Amendment Inc. and Fenner Gap Mutual Water Company to Credit Agreement, Public Water Systems, dated as of August 14, 2023 February 28, 2024, by and among Cadiz Inc. and , Cadiz Real Estate LLC, as borrowers, the lenders from time to time party thereto, Fenner Gap Mutual Water Company and B. Riley Securities, Inc. as administrative agent Fontana Water Company

** 10.2		First Amendment to Term Sheet for the Memorandum Delivery of Understanding, dated November 2, 2023, Water Made Available by Cadiz Inc. and among the 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 San Bernardino County Santa Margarita Water District
** 10.3	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	
* 31.1 * 10.4	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.	
** 10.5	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.	
** 10.6	Key Terms for First Amendment to Option and GSWC's Conditional Exercise of its Option	
* 31.1	Certification of Scott S. Slater, 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 Scott S. Slater, 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
* 101.INS	Inline XBRL Instance Document (the Instance Document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document)
* 101.SCH	Inline XBRL Taxonomy Extension Schema Document

* 101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document

* 101.DEF	Inline XBRL Extension Definition Linkbase Document
* 101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
* 101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* Filed concurrently herewith.

** Previously filed.

* Filed concurrently herewith.

** Previously filed.

CADIZ INC.

SIGNATURE

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

Cadiz Inc.

By: /s/ Susan Kennedy May 14, 2024

Susan Kennedy

By: /s/ Scott S. Slater Date

November 13, 2023

Scott S. Slater Date

Chief Executive Officer and President

(Principal Executive Officer)

By; /s/ Stanley E. Speer November 13, 2023 May 14, 2024

By:

Stanley E. Speer Date

Chief Financial Officer and Secretary

(Principal Financial Officer)

EXHIBIT 10.1

SECOND AMENDMENT TO CREDIT AGREEMENT

This Second Amendment to Credit Agreement (this "Amendment") is entered into as of August 14, 2023, by and among CADIZ INC., a Delaware corporation ("Cadiz"), and CADIZ REAL ESTATE LLC, a Delaware limited liability company ("CRE"; together with Cadiz, collectively, the "Borrowers", and each, a "Borrower"), B. RILEY SECURITIES, INC., as administrative agent (in such capacity, "Agent") for the lenders from time to time party to the below-referenced Credit Agreement (collectively, the "Lenders"), and the Lenders party hereto.

RECITALS

A. The Borrowers, Agent and the Lenders are party to that certain Credit Agreement, dated as of July 2, 2021 (as heretofore amended, supplemented or otherwise modified, the "Credit Agreement").

B. The Borrowers have requested that Agent and the Lenders amend the Credit Agreement, and Agent and the Required Lenders are willing to agree to such amendments on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the premises and the other mutual covenants contained herein, the receipt and sufficiency of which hereby are acknowledged, the parties hereto agree as follows:

1. **Definitions**. Capitalized terms used in this Amendment without definition shall have the meanings set forth in the Credit Agreement.

2. **Amendments to Credit Agreement**. Upon the effectiveness of this Amendment on the Second Amendment Effective Date (as defined below), the Credit Agreement shall be amended in the manner provided in this Section 2.

   a. Deleted Definitions. Section 1.1 of the Credit Agreement shall be and it hereby is amended by deleting the defined terms "*Exchange Cap*", "*Exchange Cap Allocation*" and "*Exchange Cap Shares*" in their entirety.

   b. Conversion Subject to Exchange Cap. Section 2.16 of the Credit Agreement shall be and it hereby is amended and restated in its entirety to read as follows:

2.16[Reserved].

   c. Notices. Section 9.2 of the Credit Agreement shall be and it hereby is amended by amending and restating the notice information for the Borrowers in its entirety to read as follows:

Borrowers:

Cadiz Inc.
550 South Hope Street, Suite 2850
Los Angeles, CA 90017
Attention: Chief Financial Officer
Telecopy: (213) 271-1614
Telephone: (213) 271-1600
E-mail: sspeer@cadizinc.com

with a copy to:

Norton Rose Fulbright US LLP
1045 W Fulton Market, Suite 1200
Chicago, IL 60607
Attention: Kevin Friedmann
Telephone: (312) 964-7763

E-mail: kevin.friedmann@nortonrosefulbright.com

3. **Costs and Expenses**. Subject to Section 9.5(a) of the Credit Agreement, all reasonable and documented out-of-pocket costs and expenses incurred or sustained by Agent in connection with this Amendment (including the reasonable and documented fees, charges and disbursements of counsel for Agent), will be for the account of the Borrowers whether or not this Amendment is consummated.

4. **Conditions Precedent**. This Amendment shall become effective upon the date that Agent shall have received this Amendment duly executed by the Borrowers and the Required Lenders (such date, the "Second Amendment Effective Date").

5. **Continued Validity of Loan Documents**. Except as expressly set forth herein, this Amendment shall not, by implication or otherwise, limit, impair, constitute a waiver of or otherwise affect any rights or remedies of Agent or any Lender under any of the Loan Documents, nor alter, modify, amend or in any way affect any of the rights, remedies, obligations or any covenants of any Loan Party contained in any of the other Loan Documents, all of which are ratified and confirmed in all respects and shall continue in full force and effect.

6. **Representations and Warranties**. The Loan Parties, jointly and severally, hereby represent and warrant to Agent and the Lenders as follows:

    a. Due Execution and Authorization; Legal, Valid and Binding Obligation. This Amendment has been duly executed and delivered by each of the Loan Parties party hereto. The execution, delivery and performance by each Loan Party of this Amendment has been duly authorized by all necessary corporate or other organizational action on the part of such Loan Party. This Amendment and the Credit Agreement as amended hereby constitute the legal, valid and binding obligations of each Loan Party, enforceable against such Loan Party in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principals of equity.

    b. No Contravention. The execution and delivery by each Loan Party of this Amendment and the performance by such Loan Party of this Amendment and the Credit Agreement as amended hereby, do not and will not (i) contravene the terms of such Loan Party's Organizational Documents, (ii) conflict with or result in any breach or contravention of, or the creation of any Lien under or require any payment to be made under (A) any Contractual Obligation to which such Loan Party is a party or affecting such Loan Party or the properties of such Loan Party or its Subsidiaries or (B) any order, injunction, writ or decree of any Governmental Authority or any arbitral aware to which such Loan Party or its property is subject, in each case, where any such conflict or contravention could individually or in the aggregate reasonably be expected to have a Material Adverse Effect or (iii) violate any material Requirements of Law.

    c. No Governmental Approvals. No approval, consent, exemption, authorization, or other action by, or notice to, or filing with, any Governmental Authority or any Person is necessary or required in connection with the execution, delivery or performance by, or enforcement against, any Loan Party of this Amendment, other than authorizations, approvals, actions, notices and filings which have been duly obtained or otherwise delivered to Agent for filing or recordation as of the Second Amendment Effective Date.

7. **Ratification**. Except as expressly amended or waived hereby, the Credit Agreement, the other Loan Documents and all documents, instruments and agreements related thereto, are hereby ratified and confirmed in all respects and shall continue in full force and effect. The Credit Agreement, together with this Amendment, shall be read and construed as a single agreement. All references in the Loan Documents to the Credit Agreement or any other Loan Document shall hereafter refer to the Credit Agreement or any other Loan Document as amended hereby.

8. **Counterparts; Integration; Effectiveness**. This Amendment may be executed by means of (a) an electronic signature that complies with the federal Electronic Signatures in Global and National Commerce Act, state enactments of the Uniform Electronic Transaction Act, or any other relevant and applicable electronic signatures law; (b) an original manual signature; or (c) a faxed, scanned or photocopied manual signature. Each electronic signature or faxed, scanned, or photocopied manual signature shall for all purposes have the same validity, legal effect, and admissibility in evidence as an original manual signature. Agent reserves the right, in its sole discretion, to accept, deny, or condition acceptance or any electronic signature on this Amendment. This Amendment may be executed in any number of counterparts, each of which shall be deemed to be an original, but such counterparts shall, together, constitute only one instrument. Delivery of an executed electronic counterpart of a signature page to the Amendment will be effective as delivery of a manually executed counterpart of this Amendment.

9. **Miscellaneous**. This Amendment constitutes the entire agreement of the parties with respect to the subject matter hereof and supersedes any prior understandings or agreements which may have existed with respect thereto. To the extent there is any inconsistency between the terms and provisions of any Loan Document and the terms and provisions of this Amendment, the terms and provisions of this Amendment shall govern. The headings used in this Amendment are for convenience of reference only and shall not in any way be deemed to limit, define or describe the scope and intent of this Amendment or any provision hereof. This Amendment shall be binding upon and inure to the benefit of Agent, each of the Lenders, the Borrowers, and to each of their respective successors in title and assigns. This Amendment may not be modified or amended except in a manner permitted by Section 9.1 of the Credit Agreement. In making proof of this Amendment, it shall not be necessary to produce or account for more than one such counterpart.

10. **Governing Law**. THIS AMENDMENT AND ANY CLAIMS, CONTROVERSY, DISPUTE OR CAUSE OF ACTION (WHETHER IN CONTRACT OR TORT OR OTHERWISE) BASED UPON, ARISING OUT OF OR RELATING TO THIS AMENDMENT AND THE TRANSACTIONS CONTEMPLATED HEREBY SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

[Signatures follow]

IN WITNESS WHEREOF, the parties have executed this Amendment as of the day and year first above written.

***BORROWERS*:**

CADIZ INC.

By: /s/ Stanley E. Speer

Name: Stanley E. Speer

Title: Chief Financial Officer

CADIZ REAL ESTATE LLC

By: /s/ Stanley E. Speer

Name: Stanley E. Speer

Title: Chief Executive Officer, Manager and Chairman

***AGENT*:**

B. RILEY SECURITIES, INC.

By: /s/ Andy Moore

Name: Andy Moore

Title: CEO

***LENDER*:**

BRF FINANCE CO., LLC

By: /s/ Phil Ahn

Name: Phil Ahn

Title: CFO

EXHIBIT 31.1

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

I, Scott S. Slater, Susan Kennedy, certify that:

1. I have reviewed this quarterly report on Form 10-Q 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 reasonably likely to materially affect, the registrant's internal control over financial reporting; and

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

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

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

Dated: November 13, 2023May 14, 2024

/s/ Scott S. Slater Susan Kennedy
Scott S. Slater Susan Kennedy
Chief Executive Officer

EXHIBIT 31.2

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

I, Stanley E. Speer, certify that:

1. I have reviewed this quarterly report on Form 10-Q 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 reasonably likely to materially affect, the registrant's internal control over financial reporting; and

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

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

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

Dated: November 13, 2023 May 14, 2024

/s/ Stanley E. Speer

Stanley E. Speer

Chief Financial Officer and Secretary

EXHIBIT 32.1

STATEMENT PURSUANT TO SECTION 906 THE SARBANES-OXLEY ACT OF 2002

BY PRINCIPAL EXECUTIVE OFFICER AND PRINCIPAL FINANCIAL OFFICER

I, Scott S. Slater, Susan Kennedy, herby certify, to my knowledge, that:

1. the accompanying Quarterly Report on Form 10-Q of Cadiz Inc. for the period ended September 30, 2023 March 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: May 14, 2024

/s/ Susan Kennedy

Susan Kennedy

Chief Executive Officer

EXHIBIT 32.2

STATEMENT PURSUANT TO SECTION 906 THE SARBANES-OXLEY ACT OF 2002

BY PRINCIPAL EXECUTIVE OFFICER AND PRINCIPAL FINANCIAL OFFICER

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

1. the accompanying Quarterly Report on Form 10-Q of Cadiz Inc. for the period ended March 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: November 13, 2023

/s/ Scott S. Slater

Scott S. Slater

Chief Executive Officer

EXHIBIT 32.2

STATEMENT PURSUANT TO SECTION 906 THE SARBANES-OXLEY ACT OF 2002

BY PRINCIPAL EXECUTIVE OFFICER AND PRINCIPAL FINANCIAL OFFICER

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

1. the accompanying Quarterly Report on Form 10-Q of Cadiz Inc. for the period ended September 30, 2023 (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: November 13, 2023 May 14, 2024

/s/ Stanley E. Speer

Stanley E. Speer

Chief Financial Officer and Secretary

DISCLAIMER

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