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

FORM 10-K

☑ Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
for the fiscal year ended December 31, 2024
OR
☐ Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
for the transition period from …..… to …..…

Commission File Number 0-12114

CADIZ INC.

(Exact name of registrant specified in its charter)

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

(213) 271-1600
(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $0.01 per share	CDZI	The NASDAQ Global Market
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

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

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

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

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). **Yes** ☑ **No** ☐

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer", "accelerated filer", "smaller reporting company", and "emerging growth company" in Rule 12b-2 of the Exchange Act, (Check One).

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

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

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

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

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

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

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

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

Documents Incorporated by Reference

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

TABLE OF CONTENTS

Part I		
Item 1.	Business	1
Item 1A.	Risk Factors	13
Item 1B.	Unresolved Staff Comments	17
Item 1C.	Cybersecurity	17
Item 2.	Properties	18
Item 3.	Legal Proceedings	20
Item 4.	Mine Safety Disclosures	20
Part II		
Item 5.	Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchase of Equity Securities	21
Item 6.	[Reserved]	21
Item 7.	Management's Discussion and Analysis of Financial Condition and Results of Operations	22
Item 7A.	Quantitative and Qualitative Disclosures about Market Risk	31
Item 8.	Financial Statements and Supplementary Data	31
Item 9.	Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	32
Item 9A.	Controls and Procedures	32
Item 9B.	Other Information	33
Item 9C.	Disclosure Regarding Foreign Jurisdictions that Prevent Inspections	33
Part III		
Item 10.	Directors, Executive Officers and Corporate Governance	34
Item 11.	Executive Compensation	34
Item 12.	Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	34
Item 13.	Certain Relationships and Related Transactions, and Director Independence	34
Item 14.	Principal Accounting Fees and Services	34
Part IV		
Item 15.	Exhibits, Financial Statement Schedules	35
Item 16.	Form 10-K Summary	40
SIGNATURES		41

PART I

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

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

ITEM 1. Business

Business Overview

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

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

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

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

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

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

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

The Water Industry Value Chain

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

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

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

Business Strategy

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

Description of Assets

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

Land

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

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

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

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

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

Water Supply

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

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

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

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

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

Water Storage

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

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

Water Conveyance

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

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

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

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

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

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

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

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

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

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

Permits

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

Water Supply and Water Storage

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

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

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

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

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

Northern Pipeline

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

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

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

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

Southern Pipeline

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

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

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

Water Filtration Technology

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

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

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

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

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

Equity, Sustainability and Environmental Justice

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

1. **Water for disadvantaged communities.** We have committed to make available clean affordable water supply from the Cadiz Property to rural, underserved, tribal and disadvantaged communities that lack reliable access to California's traditional sources of water supply. To date, we have committed to make available more than 250,000 AF of water supply to serve disadvantaged communities in the Coachella Valley and California's High Desert communities. Additionally, all public agency participants with agreements to contract for water from the Mojave Groundwater Bank must serve at least one disadvantaged community within their service area.

2. **Ownership of Water Infrastructure by Native American Tribes.** Tribal nations have disproportionally been underserved by water agencies and infrastructure needed to reliably deliver safe clean water. We are partnering with native American Tribes to finance Construction of our Mojave Groundwater Bank facilities with Tribes and will provide to these partners lasting ownership of a portion of the largest groundwater bank in the Southwest. This will be the first major water infrastructure project majority-owned by Native American tribes in U.S. history.

3. **Improve local water quality.** Utilizing our ATEC filtration systems, we can improve water quality in communities affected by contaminated groundwater. In 2024, we donated ATEC filtration systems to communities in the Coachella Valley affected by high levels of arsenic. Approximately $2.7 million has been invested in mobile home communities at the Torres Martinez tribal reservation to provide residential well treatment systems at homes relying on well water. In addition, the high-quality groundwater from the Cadiz Ranch can benefit the Colorado River Aqueduct system delivering water throughout Southern California. Our groundwater is much lower in total dissolved solids than water in the CRA, reducing treatment needs for public water systems in Southern California by millions of dollars.

4. **Repurposing carbon contributing assets.** The use of the Northern Pipeline for water conveyance will convert a former oil and gas pipeline for the beneficial use of water conveyance. The recycling of this existing pipeline will reduce greenhouse gas emissions and reduce the energy load on the state's current water transportation sources.

5. **Creation of new renewable energy.** Our Southern Pipeline will feature in-line turbines that will generate renewable hydropower. The project wellfield and pump stations are expected to be powered at least in part by renewable energy and natural gas. In 2024, we started the process of converting our diesel operated agricultural wells to natural gas to reduce emissions.

6. **Protection of habitats.** All Mojave Groundwater Bank facilities will be built on disturbed lands or within existing transportation corridors to avoid any impacts on habitats. Approximately 7,400 acres of our 46,000 acres of landholdings are permanently dedicated to conservation. as the Fenner Valley Desert Tortoise Conservation Bank ("Fenner Bank"), a land conservation bank that makes available these properties for mitigation of impacts to tortoise and other sensitive species. Credits sold by the Fenner Bank are dedicated to funding the permanent preservation of the land by the San Diego Habitat Conservancy and research by San Diego Zoo Global into desert tortoise health and species protection.

7. **Support stable water rates.** Water supply from the Mojave Groundwater Bank is expected to be among the lowest cost supplemental water supply available in the region when compared to other supplemental water supply programs such as desalination, recycling, stormwater capture and surface storage. We have also entered into agreements with public water agencies that serve disadvantaged communities to supply water from the Mojave Groundwater Bank at reduced cost.

8. **Create and support good-paying jobs.** The Mojave Groundwater Bank is expected to create and support nearly 6,000 jobs across the local economy during two phases of construction; 10% of jobs are reserved for veterans. We maintain a Project Labor Agreement with building trades and labor unions to pay our workforce prevailing wage and employ union members during construction of the Mojave Groundwater Bank facilities.

Seasonality

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

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

Competition

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

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

Human Capital Resources

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

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

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

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

Regulation

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

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

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

Access to Our Information

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

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

ITEM 1A. Risk Factors

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

Our Development Activities Have Not Generated Significant Revenues

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Information Technology Failures and Data Security Breaches Could Harm Our Business

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

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

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

ITEM 1B. Unresolved Staff Comments

Not applicable at this time.

ITEM 1C. Cybersecurity

Cybersecurity Risk Management and Strategy

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

Our cybersecurity risk management program includes:

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

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

Cybersecurity Governance

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

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

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

ITEM 2. Properties

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

The Cadiz Ranch Property

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

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

Additional Eastern Mojave Properties

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

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

Executive Offices

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

Cadiz Real Estate

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

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

Debt Secured by Properties

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

ITEM 3. Legal Proceedings

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

ITEM 4. Mine Safety Disclosures

Not Applicable.

PART II

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

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

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

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

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

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

ITEM 6. [Reserved]

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Results of Operations

Year Ended December 31, 2024 Compared to Year Ended December 31, 2023

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Liquidity and Capital Resources

(a) Current Financing Arrangements

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

Equity Offerings

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

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

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

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

Debt Offerings

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

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

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

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

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

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

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

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

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

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

(b) Outlook

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

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

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

(c) Critical Accounting Estimates

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

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

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

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

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

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

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

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

(d) New Accounting Pronouncements

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

ITEM 7A. Quantitative and Qualitative Disclosures about Market Risk

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

ITEM 8. Financial Statements and Supplementary Data

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

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

Not applicable.

ITEM 9A. Controls and Procedures

Disclosure Controls and Procedures

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

Management's Report on Internal Control Over Financial Reporting

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

Changes in Internal Control Over Financial Reporting

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

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

ITEM 9B. Other Information

Not applicable.

ITEM 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

None.

PART III

ITEM 10. Directors, Executive Officers and Corporate Governance

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

ITEM 11. Executive Compensation

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

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

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

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

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

ITEM 14. Principal Accounting Fees and Services

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

PART IV

ITEM 15. Exhibits, Financial Statement Schedules

1. Financial Statements. See Index to Consolidated Financial Statements.

2. Financial Statement Schedule. See Index to Consolidated Financial Statements. ***

3. Exhibits.

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

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

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

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

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

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

104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

† Management contract or compensatory plan or agreement.
* Filed herewith.
** Previously filed.
*** All financial statement schedules are omitted since the required information is not present or is not present in amounts sufficient to require submission of the schedule, or because the information required is included in the consolidated financial statements and notes thereto.

ITEM 16. Form 10-K Summary

None.

SIGNATURES

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

CADIZ INC.

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

Date: March 28, 2025

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

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

CADIZ INC. CONSOLIDATED FINANCIAL STATEMENTS

	Page
Report of Independent Registered Public Accounting Firm (PCAOB ID Number 238)	F-2
Consolidated Statements of Operations and Comprehensive Loss for the years ended December 31, 2024 and 2023	F-4
Consolidated Balance Sheets as of December 31, 2024 and 2023	F-5
Consolidated Statements of Cash Flows for the years ended December 31, 2024 and 2023	F-6
Consolidated Statements of Stockholders' Equity for the years ended December 31, 2024 and 2023	F-7
Notes to the Consolidated Financial Statements	F-8

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of Cadiz Inc.

Opinion on the Financial Statements

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

Basis for Opinion

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

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

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

Critical Audit Matters

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

Liquidity Assessment

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

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

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

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

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

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

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

See accompanying notes to the consolidated financial statements.

Consolidated Balance Sheets

($ in thousands, except per share data)	December 31, 2024	December 31, 2023
ASSETS		
Current assets:		
Cash and cash equivalents	$ 17,292	$ 4,502
Accounts receivable	4,586	904
Inventories	3,020	2,106
Prepaid expenses and other current assets	888	508
Total current assets	25,786	8,020
Property, plant, equipment and water programs, net	88,362	87,217
Long-term deposit/prepaid expenses	420	420
Goodwill	5,714	5,714
Right-of-use asset	3,746	431
Long-term restricted cash	134	134
Other assets	10,332	5,438
Total assets	$ 134,494	$ 107,374
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 2,261	$ 1,245
Accrued liabilities	7,997	1,170
Current portion of long-term debt	120	182
Dividend payable	1,288	1,288
Contingent consideration liabilities	1,200	1,450
Short-term deferred revenue	1,226	373
Operating lease liabilities	314	127
Total current liabilities	14,406	5,835
Long-term debt, net	56,708	37,711
Long-term lease obligations with related party, net	25,275	22,877
Long-term operating lease liabilities	3,473	318
Long-term deferred revenue	625	625
Other long-term liabilities	46	41
Total liabilities	100,533	67,407
Stockholders' equity:		
Preferred stock - $.01 par value, 100,000 shares authorized at December 31, 2024, and December 31, 2023; shares issued and outstanding – 329 at December 31, 2024 and December 31, 2023	1	1
8.875% Series A cumulative, perpetual preferred stock - $.01 par value; 7,500 shares authorized at December 31, 2024, and December 31, 2023; shares issued and outstanding – 2,300 at December 31, 2024 and 2,300 at December 31, 2023	1	1
Common stock - $0.01 par value; 100,000,000 shares authorized at December 31, 2024, and 85,000,000 authorized at December 31, 2023; shares issued and outstanding: 75,353,889 at December 31, 2024, and 66,710,795 at December 31, 2023	752	665
Additional paid-in capital	709,303	679,150
Accumulated deficit	(676,096)	(639,850)
Total stockholders' equity	33,961	39,967
Total liabilities and stockholders' equity	$ 134,494	$ 107,374

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

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

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

See accompanying notes to the consolidated financial statements.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 – BUSINESS

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

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

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

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

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

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

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

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

On March 6, 2024, the Company entered into a Third Amendment to Credit Agreement and First Amendment to Security Agreement ("Third Amended Credit Agreement") with HHC $ Fund 2012 ("Heerema"). The Third Amended Credit Agreement provides, among other things, (a) a new tranche of senior secured convertible 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 (see Note 7 – "Long-Term Debt").

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

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

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

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

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

Principles of Consolidation

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

Use of Estimates in Preparation of Financial Statements

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Segment Reporting

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

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

Revenue Recognition

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

Stock-Based Compensation

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

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

Net Loss Per Common Share

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

Property, Plant, Equipment and Water Programs

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

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

Goodwill and Other Intangibles Resulting from Business Acquisitions

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

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

Impairment of Goodwill and Long-Lived Assets

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

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

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

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

Debt Discount

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

Income Taxes

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

Fair Value of Financial Instruments

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

Supplemental Cash Flow Information

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

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

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

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

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

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

Recent Accounting Pronouncements

Accounting Guidance Not Yet Adopted

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

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

Accounting Guidance Adopted

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

NOTE 3 – REPORTABLE SEGMENTS

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

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

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

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

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

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

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

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

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

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

NOTE 4 – PROPERTY, PLANT, EQUIPMENT AND WATER PROGRAMS

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

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

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

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

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

NOTE 5 – OTHER ASSETS

Other assets include the following (dollars in thousands):

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

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

NOTE 6 – ACCRUED LIABILITIES

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

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

NOTE 7 – LONG-TERM DEBT

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

NOTE 8 – INCOME TAXES

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

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

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

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

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

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

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

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

NOTE 9 – COMMON AND PREFERRED STOCK

Common Stock

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

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

Series 1 Preferred Stock

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

Series A Preferred Stock

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

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

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

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

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

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

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

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

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

NOTE 10 – STOCK-BASED COMPENSATION PLANS

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

2019 Equity Incentive Plan

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

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

Stock Awards to Directors, Officers, Consultants and Employees

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

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

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

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

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

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

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

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

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

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

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

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

NOTE 11 – COMMITMENTS AND CONTINGENCIES

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

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

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

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

NOTE 12 – LEASES

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

NOTE 13 – FAIR VALUE MEASUREMENTS

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

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

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

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

NOTE 14 – SUBSEQUENT EVENTS

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

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