

Arcadia Biosciences Inc

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Arcadia Biosciences is looking to grow a healthier world

- GoodWheat line of products includes flour enriched to be healthier, contain less gluten and last longer, while maintaining taste and quality
- The company expects to generate \$10 million in revenue this year
- Latest venture, Arcadia Speciality Genomics, is taking the company headlong into developing a genetically superior hemp seed

What Arcadia Biosciences does:

Arcadia Biosciences (NASDAQ:RKDA) wants to put better tasting, higher nutrient and lower gluten whole wheat in your shopping cart — and give you genetically superior hemp while they are at it.

Set up in Davis, California as a research and development company in 2002, Arcadia is engaged in pioneering research on crop improvement. It is now a health and nutrition food-ingredients company that is working with food companies around the world to test its new ingredients and will see its first sales this year.

Chief among them is GoodWheat. Arcadia's portfolio of wheat flour ingredients offers healthier enriched and whole-grain wheat options while providing the same baking quality, taste, and texture as traditional wheat with a longer shelf life.

The GoodWheat high-fiber line, for example, offers the benefits of high-fiber without the need to add an extra source of fiber in the form of corn starch or another additive. That gives the food companies and consumers the benefits of more fiber without the downside of having to shoehorn in additives that diminish texture or taste.

Using patented Arcadia trait technology, the storage life of whole wheat flour can be extended by slowing the enzymatic processes that reduce shelf life. Because milled flour from wheat carrying Arcadia trait technology oxidizes more slowly, it cuts down on the bitterness associated with whole-wheat products.

On top of its advances on the wheat front, Arcadia is also nearing the commercial launch of its HB4 soybeans, which are being produced in Argentina as part of its Verdeca joint venture with Bioceres, that country's predominant agriculture technology company.

The company has received approval from regulatory authorities for its drought-resistant soybeans stacked with herbicide-tolerant traits in the US, Argentina, Paraguay and Brazil, which represents 80% of the global soybean industry. The novel traits help soybean farmers by protecting yields under stressful climatic conditions without dispensing with weed control.

Arcadia started its hemp business in Hawaii in the first quarter of 2019 and by April had begun research and cultivation

Price: 2.69

Market Cap: \$28.78 m

1 Year Share Price Graph



September 2019 March 2020 September 2020

Share Information

Code: RKDA

Listing: NASDAQ

| | | |
|----------------|-------------|------------|
| 52 week | High | Low |
| | 6.63 | 2.35 |

Sector: Agribusiness

Website: arcadiabio.com

Company Synopsis:

Arcadia Biosciences is a consumer-driven agricultural technology company that develops and commercializes high-value food ingredients, nutritional oils and products that help meet consumer demand for a healthier diet. Our GoodWheat™ branded ingredients deliver health benefits to consumers and enable consumer packaged goods companies to differentiate their brands in the marketplace.

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of sun-grown hemp. The islands' climate allows for growing year-round, and the company pointed to the state's pilot program under the Farm Bill as a crucial head start over growers in other states.

In the third quarter, that manifested into Archipelago Ventures, a joint venture with Legacy Ventures Hawaii to grow, extract and sell sun-grown hemp, and later into GoodHemp, a commercial brand of what it calls genetically superior hemp seeds.

How is it doing:

In December, 2019, Arcadia announced a limited release of its GoodWheat Reduced Gluten Wheat Flour, it's first retail offering.

Going forward, the expectation is that Arcadia will collect a tidy stream of royalties when GoodWheat traits are sold to seed companies and when GoodWheat ingredients are sold to the big consumer product groups. Indeed, revenue from trait royalties could hit \$20 million to \$40 million per year while revenue from ingredient sales could reach \$215 million to \$325 million.

Arcadia recently signed three GoodWheat agreements: a collaboration with Corner Foods to bring its products to China and Israel, a partnership with Three Farm Daughters to develop and market GoodWheat products and a deal with GoodMills to sell the products in Europe.

The company also officially launched GoodHemp in December with the goal of creating a proprietary US-grown hemp seed that provides improved genetics and uniformity within batches.

In March, Arcadia told investors that it had received more than \$3 million in backlog orders for its GoodHemp products, which will further transition it away from research revenue and toward commercial growth.

In June, Arcadia entered into a binding term sheet to acquire the commercial and genetic assets of Oregon-based industrial hemp breeding and seed company Industrial Seed Innovations.

In the second quarter of 2020, Arcadia saw revenue come in at \$281,000, a 38% increase from \$203,000 in the same period in 2019. Over the first six months of the year, Arcadia brought in \$590,000, 63% more than \$361,000 the year prior.

A major reason for the upswing was sales of its gamma linolenic acid (GLA) products. GLA is an omega 6 fatty acid used in nutritional supplements, which the company has used in products including safflower oil.

Arcadia possesses a rapidly evolving business, as legacy sources of revenue such as grants fade and sales from its GoodWheat product line, along with its new GoodHemp operation, roar to life. In that vein, CEO Matthew Plavan set an ambitious goal for 2020: to increase full-year revenue tenfold to roughly \$10 million.

Inflection points:

- Seeking regulatory approval in China for its HB4 drought-resistant soybeans
- Further GoodWheat agreements
- News on Seed Innovations acquisition progress

What the boss says:

When Arcadia reported its second-quarter results in August, CEO Matthew Plavan expressed optimism about 2020 despite the coronavirus pandemic, noting: "Amidst an incredibly challenging economic landscape, I am pleased to report Arcadia has achieved a number of key milestones across each of the crop product areas in which we innovate: hemp, wheat and soy,"

Plavan added. "We believe our recently announced multiple GoodWheat distribution arrangements, in both B2B and B2C channels, and the conversion of our \$3.7 million GoodHemp seed purchase backlog to grower seed shipments during the balance of the year, will drive a strong revenue finish for 2020."

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