

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2025
or

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

For the transition period from _____ to _____

Commission File Number **001-40125**



LOCAL BOUNTI CORPORATION

(Exact name of registrant as specified in its charter)

Delaware

(State or Other Jurisdiction of Incorporation or Organization)

83-3686055

(I.R.S Employer Identification No.)

490 Foley Lane Hamilton, MT 59840

(Address of Principal Executive Offices, Including Zip Code)

(800) 640-4016

(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 of \$0.0001 per share	LOCL	New York Stock Exchange

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

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

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

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

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

The number of outstanding shares of Local Bounti Corporation's common stock was 22,271,082 at November 10, 2025.

TABLE OF CONTENTS

	<u>Page</u>
Part I – FINANCIAL INFORMATION	<u>5</u>
Item 1. Financial Statements	
Unaudited Condensed Consolidated Balance Sheets at September 30, 2025 and December 31, 2024	<u>5</u>
Unaudited Condensed Consolidated Statements of Operations for the Three and Nine Months Ended September 30, 2025 and 2024	<u>6</u>
Unaudited Condensed Consolidated Statements of Stockholders' Deficit for the Three and Nine Months Ended September 30, 2025 and 2024	<u>7</u>
Unaudited Condensed Consolidated Statements of Cash Flows for the Nine Months Ended September 30, 2025 and 2024	<u>8</u>
Notes to Unaudited Condensed Consolidated Financial Statements	<u>10</u>
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	<u>21</u>
Item 3. Quantitative and Qualitative Disclosures About Market Risk	<u>29</u>
Item 4. Controls and Procedures	<u>29</u>
Part II – OTHER INFORMATION	<u>30</u>
Item 1. Legal Proceedings	<u>30</u>
Item 1A. Risk Factors	<u>30</u>
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	<u>30</u>
Item 5. Other Information	<u>31</u>
Item 6. Exhibits	<u>32</u>
SIGNATURES	<u>33</u>

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q and the information incorporated herein by reference contain certain statements that constitute "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the "safe harbor" provisions of the United States Private Securities Litigation Reform Act of 1995. In some cases, you can identify these forward-looking statements by the use of terms such as "expect," "anticipate," "believe," "continue," "estimate," "intend," "may," "plan," "project," "forecast," "seek," "should," "target," "will," or similar expressions, and variations or negatives of these words, but the absence of these words does not mean that a statement is not forward-looking. These forward-looking statements include, without limitation, statements regarding our ability to raise capital in the future, future financial performance, business strategies including future acquisitions, expansion plans including construction of future facilities, future results of operations, estimated revenues, losses, projected costs, prospects, plans and objectives of management. All statements other than statements of historical fact are statements that could be deemed forward-looking statements. These forward-looking statements are subject to known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance, or achievements to differ materially from results expressed or implied in this Quarterly Report on Form 10-Q. The following factors, among others, could cause actual results to differ materially from those described in these forward-looking statements:

- Local Bounti's ability to continue as a going concern and the risk that Local Bounti will fail to obtain additional necessary capital when needed on acceptable terms or at all;
- Local Bounti's ability to generate significant revenue;
- restrictions and covenants contained in Local Bounti's debt facility agreements with Cargill Financial Services International, Inc. ("Cargill Financial") and Local Bounti's ability to comply therewith;
- the risk that the concentrated ownership of our common stock will prevent other stockholders from influencing significant decisions;
- the risk that Local Bounti may never achieve or sustain profitability;
- the risk that Local Bounti could fail to effectively manage its future growth;
- Local Bounti's ability to complete the build out of its current or additional facilities in the future;
- Local Bounti's reliance on third parties for construction, the risk of delays relating to material delivery and supply chains, and fluctuating material prices;
- Local Bounti's ability to scale its operations and decrease its cost of goods sold over time;
- the potential for damage to or problems with Local Bounti's facilities;
- the impact that current or future acquisitions, investments or expansions of scope of existing relationships have on Local Bounti's business, financial condition, and results of operations;
- unknown liabilities that may be assumed in acquisitions;
- Local Bounti's ability to attract and retain qualified employees;
- Local Bounti's ability to develop and maintain its brand or brands;
- Local Bounti's ability to achieve its sustainability goals;
- Local Bounti's ability to maintain its company culture or focus on its vision as it grows;
- Local Bounti's ability to execute on its growth strategy;
- the risk of diseases and pests destroying crops;
- Local Bounti's ability to compete successfully in the highly competitive markets in which it operates;
- Local Bounti's ability to defend itself against intellectual property infringement claims or other litigation;
- Local Bounti's ability to effectively integrate the acquired operations of any CEA or similar operations which it acquires into its existing operations;
- changes in consumer preferences, perception, and spending habits in the food industry;
- the risk that seasonality may adversely impact Local Bounti's results of operations;
- Local Bounti's ability to repay, refinance, restructure, or extend its indebtedness as it comes due;
- Local Bounti's ability to comply with the continued listing requirements of the New York Stock Exchange ("NYSE") or timely cure any noncompliance thereof; and
- the other factors discussed in Item 1A, "Risk Factors" of the Company's most recent Annual Report on Form 10-K and any updates to those factors set forth in Local Bounti's subsequent Quarterly Reports on Form 10-Q or Current Reports on Form 8-K.

The forward-looking statements contained herein are based on our current expectations and beliefs concerning future developments and their potential effects on our business. There can be no assurance that future developments affecting our business will be those that we have anticipated. These forward-looking statements involve a number of risks, uncertainties (some of which are beyond our control) or other assumptions that may cause actual results or performance to be materially different from those expressed or implied by these forward-looking statements. These risks and uncertainties include, but are not limited to, the Risk Factors identified in Part I, Item 1A of the Company's Annual Report on Form 10-K for the year ended December 31, 2024, filed with the SEC on March 31, 2025.

Moreover, we operate in a very competitive and rapidly changing environment. New risks and uncertainties emerge from time to time and it is not possible for us to predict all such risk factors, nor can we assess the effect of all such risk factors on our business or the extent to which any factor or combination of factors may cause actual results to differ materially from those contained in any forward-looking statements. Should one or more of these risks or uncertainties materialize, or should any of the assumptions prove incorrect, actual results may vary in material respects from those projected in these forward-looking statements.

In light of these risks and uncertainties, there is no assurance that the events or results suggested by the forward-looking statements will in fact occur, and you should not place undue reliance on these forward-looking statements. The forward-looking statements made by us in this Quarterly Report on Form 10-Q speak only as of the date made. Local Bounti undertakes no obligation, other than as required by applicable law, to update or revise its forward-looking statements, whether as a result of new information, subsequent events, anticipated or unanticipated circumstances or otherwise.

WEBSITE AND SOCIAL MEDIA DISCLOSURE

Investors and others should note that we routinely announce material information to investors and the marketplace using filings with the SEC, press releases, public conference calls, presentations, webcasts, and our website. We also intend to use certain social media channels as a means of disclosing information about Local Bounti and our products to our customers, investors and the public (e.g., @Local Bounti and #LocalBounti on X). While not all of the information that we post to our website or social media accounts is of a material nature, some information could be deemed to be material. Accordingly, we encourage investors, the media, and others to sign up for and regularly follow our social media accounts. Users may automatically receive email alerts and other information about Local Bounti by signing up for email alerts under the Investors tab of our website.

ADDITIONAL INFORMATION

Unless the context indicates otherwise, references in this Quarterly Report on Form 10-Q to the "Company," "Local Bounti," "we," "us," "our" and similar terms refer to Local Bounti Corporation and its consolidated subsidiaries.

Item 1. Financial Statements**PART I - FINANCIAL INFORMATION**

LOCAL BOUNTI CORPORATION
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share data)

	September 30, 2025	December 31, 2024
Assets		
Current assets		
Cash and cash equivalents	\$ 6,199	\$ 937
Restricted cash	6,512	6,529
Accounts receivable, net	2,424	2,282
Inventory, net	6,824	6,814
Prepaid expenses and other current assets	2,174	2,261
Total current assets	24,133	18,823
Property and equipment, net	361,807	370,978
Finance lease right-of-use assets	230	277
Operating lease right-of-use assets	53	73
Intangible assets, net	31,406	37,783
Other assets	132	101
Total assets	\$ 417,761	\$ 428,035
Liabilities and stockholders' deficit		
Current liabilities		
Accounts payable	\$ 9,234	\$ 16,987
Accrued liabilities	4,890	18,082
Short-term debt	—	20,205
Financing obligation	79	51
Operating lease liabilities	31	30
Finance lease liabilities	81	81
Total current liabilities	14,315	55,436
Long-term debt		
Principal amount	312,000	447,719
Plus: Debt premium, net of amortization	174,416	—
Less: Debt discount, net of amortization	(1,562)	—
Less: Unamortized deferred financing costs	—	(31,142)
Long-term debt, net	484,854	416,577
Accrued interest, noncurrent	9,974	—
Financing obligation, noncurrent	50,286	49,856
Operating lease liabilities, noncurrent	34	57
Finance lease liabilities, noncurrent	166	206
Warrant liability	16,271	6,403
Total liabilities	575,900	528,535
Commitments and contingencies (Note 12)		
Stockholders' deficit		
Common stock, \$0.0001 par value, 400,000,000 shares authorized, 22,124,733 and 8,656,122 issued and outstanding as of September 30, 2025 and December 31, 2024, respectively	2	1
Additional paid-in capital	350,771	322,729
Accumulated deficit	(508,912)	(423,230)
Total stockholders' deficit	(158,139)	(100,500)
Total liabilities and stockholders' deficit	\$ 417,761	\$ 428,035

See accompanying Notes to Unaudited Condensed Consolidated Financial Statements

LOCAL BOUNTI CORPORATION
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except share and per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Sales	\$ 12,200	\$ 10,242	\$ 35,908	\$ 28,068
Cost of goods sold ⁽¹⁾⁽²⁾	10,794	8,829	31,569	24,518
Gross profit	1,406	1,413	4,339	3,550
Operating expenses:				
Research and development ⁽¹⁾⁽²⁾	6,677	7,096	20,139	15,102
Sales and marketing ⁽¹⁾⁽²⁾	2,441	1,991	6,947	5,872
General and administrative ⁽¹⁾⁽²⁾	10,509	10,357	26,658	24,770
Total operating expenses	19,627	19,444	53,744	45,744
Loss from operations	(18,221)	(18,031)	(49,405)	(42,194)
Other income (expense):				
Change in fair value of warrant liability	(3,358)	1,921	(8,367)	(1,163)
Interest expense, net	(4,560)	(18,312)	(28,000)	(40,420)
Other (expense) income	(291)	95	90	133
Net loss	(26,430)	(34,327)	(85,682)	(83,644)
Less: Deemed dividend to preferred stockholders	—	—	403	—
Net loss attributable to common stockholders	\$ (26,430)	\$ (34,327)	\$ (86,085)	\$ (83,644)
Net loss applicable to common stockholders per basic common share:				
Basic and diluted	\$ (1.18)	\$ (4.01)	\$ (5.78)	\$ (9.91)
Weighted average common shares outstanding:				
Basic and diluted	22,481,564	8,568,970	14,903,536	8,436,727

⁽¹⁾ Amounts include stock-based compensation as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Cost of goods sold	\$ 16	\$ 15	\$ 102	\$ 75
Research and development	47	86	208	250
Sales and marketing	59	61	341	(64)
General and administrative	1,129	1,225	3,450	1,840
Total stock-based compensation expense, net of amounts capitalized	\$ 1,251	\$ 1,387	\$ 4,101	\$ 2,101

⁽²⁾ Amounts include depreciation and amortization as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Cost of goods sold	\$ 2,094	\$ 1,642	\$ 6,057	\$ 4,197
Research and development	2,342	2,852	7,557	5,031
General and administrative	1,415	1,374	3,973	3,757
Total depreciation and amortization	\$ 5,851	\$ 5,868	\$ 17,587	\$ 12,985

See accompanying Notes to Unaudited Condensed Consolidated Financial Statements

LOCAL BOUNTI CORPORATION
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIT
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2025 and 2024
(in thousands, except share data)

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Deficit
	Shares	Amount			
Balance, December 31, 2024	8,656,122	\$ 1	\$ 322,729	\$ (423,230)	\$ (100,500)
Issuance of common stock for PIPE Investment, net of issuance costs	1,771,586	—	3,477	—	3,477
Deemed dividend to Series A Preferred Stock	—	—	(403)	—	(403)
Vesting of restricted stock units, net	215,260	—	—	—	—
Stock-based compensation	—	—	647	—	647
Net loss	—	—	—	(37,675)	(37,675)
Balance, March 31, 2025	10,642,968	1	326,450	(460,905)	(134,454)
Conversion of Series A Preferred Stock to common stock	10,728,414	1	21,407	—	21,408
Vesting of restricted stock units, net and payment of minimum employee taxes withheld upon net share settlement of restricted stock units	412,895	—	(536)	—	(536)
Stock-based compensation	—	—	2,437	—	2,437
Net loss	—	—	—	(21,577)	(21,577)
Balance, June 30, 2025	21,784,277	2	349,758	(482,482)	(132,722)
Vesting of restricted stock units, net and payment of minimum employee taxes withheld upon net share settlement of restricted stock units	340,456	—	(311)	—	(311)
Stock-based compensation	—	—	1,324	—	1,324
Net loss	—	—	—	(26,430)	(26,430)
Balance, September 30, 2025	22,124,733	\$ 2	\$ 350,771	\$ (508,912)	\$ (158,139)

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity (Deficit)
	Shares	Amount			
Balance, December 31, 2023	8,311,237	\$ 1	\$ 318,600	\$ (303,328)	\$ 15,273
Vesting of restricted stock units, net	126,305	—	—	—	—
Stock-based compensation	—	—	(670)	—	(670)
Net loss	—	—	—	(24,050)	(24,050)
Balance, March 31, 2024	8,437,542	1	317,930	(327,378)	(9,447)
Vesting of restricted stock units, net	136,707	—	—	—	—
Stock-based compensation	—	—	1,875	—	1,875
Net loss	—	—	—	(25,267)	(25,267)
Balance, June 30, 2024	8,574,249	1	319,805	(352,645)	(32,839)
Vesting of restricted stock units, net	76,400	—	—	—	—
Stock-based compensation	—	—	1,553	—	1,553
Net loss	—	—	—	(34,327)	(34,327)
Balance, September 30, 2024	8,650,649	\$ 1	\$ 321,358	\$ (386,972)	\$ (65,613)

See accompanying Notes to Unaudited Condensed Consolidated Financial Statements

LOCAL BOUNTI CORPORATION
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Nine Months Ended September 30,	
	2025	2024
Operating Activities:		
Net loss	\$ (85,682)	\$ (83,644)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	14,910	10,307
Amortization of intangible assets	2,677	2,678
Stock-based compensation expense, net of amounts capitalized	4,101	2,101
Allowance for expected credit losses	(18)	(55)
Inventory allowance	(504)	1,664
Loss on disposal of property and equipment	27	1,652
Change in fair value of warrant liability	8,367	1,163
Paid-in-kind and accrued interest expense	25,267	23,271
Amortization of debt premium	(3,661)	—
Amortization of debt issuance costs	2,100	6,300
Interest expense on financing obligation	458	523
Intangibles impairment	3,700	—
Changes in operating assets and liabilities:		
Accounts receivable	(125)	1,090
Inventory	494	(4,002)
Prepaid expenses and other current assets	87	903
Other assets	(32)	(2,984)
Accounts payable	(1,507)	5,110
Operating lease liabilities	(4)	(23)
Finance lease liabilities	47	21
Accrued liabilities	2,108	5,630
Net cash used in operating activities	(27,190)	(28,295)
Investing Activities:		
Purchases of property and equipment	(12,071)	(72,629)
Net cash used in investing activities	(12,071)	(72,629)
Financing Activities:		
Proceeds from issuance of Series A preferred stock, net of issuance costs	21,407	—
Proceeds from issuance of common stock, net of issuance costs	3,543	—
Proceeds from issuance of debt	10,468	90,851
Proceeds from issuance of convertible note, net of debt issuance costs	9,975	—
Payment of minimum employee taxes withheld upon net share settlement of restricted stock units	(847)	—
Principal payment on finance lease liabilities	(40)	(15)
Net cash provided by financing activities	44,506	90,836
Net change in cash and cash equivalents and restricted cash	5,245	(10,088)
Cash and cash equivalents and restricted cash at beginning of period	7,466	16,895
Cash and cash equivalents and restricted cash at end of period	\$ 12,711	\$ 6,807

Reconciliation of cash, cash equivalents, and restricted cash from the Unaudited Condensed Consolidated Balance Sheets to the Unaudited Condensed Consolidated Statements of Cash Flows

Cash and cash equivalents	\$	6,199	\$	317
Restricted cash		6,512		6,490
Total cash and cash equivalents and restricted cash as shown in the Unaudited Condensed Consolidated Statements of Cash Flows	\$	12,711	\$	6,807
Non-cash investing and financing activities:				
Conversion of Series A Preferred Stock to common stock	\$	21,407	\$	—
Accrued interest capitalized to debt	\$	15,293	\$	—
Purchases of property and equipment included in accounts payable and accrued liabilities	\$	915	\$	3,123
Transaction costs recorded to Preferred Stock included in accounts payable	\$	469	\$	—
Stock-based compensation capitalized to property and equipment, net	\$	306	\$	655
Deemed dividend to preferred stockholders	\$	403	\$	—
Interest capitalized to property and equipment, net	\$	—	\$	10,460

See accompanying Notes to Unaudited Condensed Consolidated Financial Statements

LOCAL BOUNTI CORPORATION
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Business Description

Description of the Business

Local Bounti Corporation ("Local Bounti" or the "Company") was founded in August 2018 and is headquartered in Hamilton, Montana. The Company produces sustainably grown produce, focused primarily on grown living lettuce, herbs, salad kits, and loose leaf lettuce. The Company is a controlled environment agriculture ("CEA") company that utilizes patented Stack & Flow Technology®, which is a hybrid of vertical and hydroponic greenhouse farming, to grow healthy food sustainably and affordably. Through the Company's CEA process, its goal is to produce environmentally sustainable products in a manner that will increase harvest efficiency, limit water usage, and reduce the carbon footprint of the production and distribution process.

2. Summary of Significant Accounting Policies

Basis of Presentation and Principles of Consolidation

The accompanying Unaudited Condensed Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). The Unaudited Condensed Consolidated Financial Statements include the accounts of the Company and its wholly-owned subsidiaries. All significant intercompany accounts and transactions have been eliminated in the statements herein.

The Unaudited Condensed Consolidated Financial Statements do not include all of the disclosures required by U.S. GAAP for annual financial statements and should be read in conjunction with the audited Consolidated Financial Statements of the Company for the year ended December 31, 2024 (the "Annual Financial Statements") as filed with the SEC. In the opinion of the Company, the accompanying Unaudited Condensed Consolidated Financial Statements contain all adjustments, consisting of only normal recurring adjustments, necessary to fairly present its financial position as of September 30, 2025, its results of operations for the three and nine months ended September 30, 2025 and 2024, its cash flows for the nine months ended September 30, 2025 and 2024, and its stockholders' deficit for the three and nine months ended September 30, 2025 and 2024. Results of operations for the interim periods are not necessarily indicative of the results to be expected for the full year ending December 31, 2025 or any future period. The Unaudited Condensed Consolidated Balance Sheet at December 31, 2024 was derived from the Annual Financial Statements but does not contain all of the footnote disclosures from the Annual Financial Statements.

Change in Presentation

In the Unaudited Condensed Consolidated Statements of Operations for three and nine months ended September 30, 2025, the Company has revised the presentation of operating expenses to separately present "Sales and marketing" and "General and administrative." In prior periods, these expenses were presented on a combined basis as "Selling, general and administrative."

The Company believes this updated presentation provides a more meaningful view of its cost structure and better aligns with how management evaluates financial performance and allocates resources. To facilitate comparison, amounts for the three and nine months ended September 30, 2024 have been recast to conform to the current period presentation. This change in presentation had no impact on total operating expenses, loss from operations, net loss, or loss per share for any period presented.

Impairment of Long-Lived Assets

The Company evaluates intangible assets and other long-lived assets for possible impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Such indicators include, but are not limited to, significant adverse changes in business climate, market conditions, or other events that indicate an asset's carrying amount may not be recoverable. Recoverability of these assets is measured by comparing the carrying amount of each asset to the future undiscounted cash flows the asset is expected to generate. If the undiscounted cash flows used in the test for recoverability are less than the carrying amount of these assets, the carrying amount of such assets is reduced to fair value.

On April 4, 2022, the Company acquired California-based complementary greenhouse farming company Hollandia Produce Group, Inc. and its subsidiaries (the "Pete's Acquisition"), which operated under the name Pete's. As part of the acquisition, the Company recognized identifiable intangible assets, including the Pete's trade name.

As of September 30, 2025, the Company completed the transition of the Pete's brand to the Local Bounty brand, and the Company is no longer using the Pete's trade name in its line of products. Because the Pete's trade name is no longer in use, management concluded that the related trade name intangible asset's carrying value was no longer considered recoverable. Accordingly, the related trade name intangible asset was written off in full, resulting in an impairment charge of \$3.7 million. The impairment charge is included in "General and administrative" expenses in the Consolidated Statements of Operations for the three and nine months ended September 30, 2025.

Accounting Pronouncements Recently Adopted

In December 2023, the Financial Accounting Standards Board (the "FASB") issued Accounting Standards Update ("ASU") 2023-09, *Income Taxes (Topic 740)*, which requires disclosure of specific categories and disaggregation of information in the rate reconciliation table. The ASU also requires disclosure of disaggregated information related to income taxes paid, income or loss from continuing operations before income tax expense or benefit, and income tax expense or benefit from continuing operations. The Company is adopting ASU 2023-09 for the fiscal year ending December 31, 2025 on a prospective basis. The adoption of this ASU had no impact on the Company's interim Unaudited Condensed Consolidated Financial Statements and related disclosures.

3. Inventory

Inventory, net consisted of the following:

	September 30,	December 31,
	2025	2024
	(in thousands)	
Raw materials	\$ 2,877	\$ 2,349
Production	4,509	5,515
Finished goods	186	202
Inventory allowance	(748)	(1,252)
Total inventory, net	<u>\$ 6,824</u>	<u>\$ 6,814</u>

4. Property and Equipment

Property and equipment, net consisted of the following:

	September 30,	December 31,
	2025	2024
	(in thousands)	
Machinery, equipment, and vehicles	\$ 119,364	\$ 115,373
Land	19,253	19,253
Buildings and leasehold improvements	261,610	258,864
Construction-in-progress	4,743	6,039
Less: Accumulated depreciation	(43,163)	(28,551)
Property and equipment, net	<u>\$ 361,807</u>	<u>\$ 370,978</u>

Depreciation expense related to property and equipment was approximately \$5.0 million and \$5.0 million for the three months ended September 30, 2025 and 2024, respectively, and approximately \$14.9 million and \$10.3 million for the nine months ended September 30, 2025 and 2024, respectively.

5. Accrued Liabilities

Accrued liabilities consisted of the following:

	September 30, 2025	December 31, 2024
	(in thousands)	
Interest	\$ —	\$ 15,293
Construction	151	46
Payroll	1,105	631
Production	849	704
Professional services	406	295
Other	2,379	1,113
Total accrued liabilities	<u>\$ 4,890</u>	<u>\$ 18,082</u>

6. Debt

Debt consisted of the following:

	September 30, 2025	December 31, 2024
	(in thousands)	
Senior Facility	\$ 302,000	\$ 413,359
Debt premium, net of amortization	174,416	—
Convertible note	8,438	—
Subordinated Facility	—	54,565
Unamortized deferred financing costs	—	(31,142)
Total debt	484,854	436,782
Less: Short-term portion	—	(20,205)
Total long-term debt	<u>\$ 484,854</u>	<u>\$ 416,577</u>

Cargill Senior Facility

Restructured Credit Agreements with Cargill Financial

On September 3, 2021, Local Bounti Operating Company LLC and certain subsidiaries entered into a multiple-advance term loan credit agreement (the "Senior Credit Agreement" and "Senior Facility") and a subordinated credit agreement (the "Subordinated Credit Agreement" and "Subordinated Facility" and, together with the Senior Credit Agreement, the "Original Credit Agreements") with Cargill Financial.

On March 31, 2025, the Company entered into a restructuring agreement and an Eleventh Amendment to the Senior Credit Agreement (the "Eleventh Amendment" and the "Amended Senior Credit Agreement") with Cargill Financial, as further described below.

Eleventh Amendment to the Senior Credit Agreement

Pursuant to the Eleventh Amendment, (i) \$139.0 million of loans outstanding under the Senior Facility, together with all accrued and unpaid interest was cancelled, and (ii) \$58.0 million of loans outstanding under the Subordinated Credit Agreement, together with all accrued and unpaid interest, was cancelled, constituting all of the loans and interest outstanding under the Subordinated Credit Agreement. In accordance with the Eleventh Amendment, the aggregate principal amount of loans outstanding under the Senior Facility subsequent to the Eleventh Amendment was \$312.0 million. Additionally, in connection with the Eleventh Amendment, the per share exercise price of the Original Warrants (as defined below in Note 7, *Fair Value Measurements*), was amended from \$6.50 to \$4.00 per share with an amended expiration date of March 31, 2033.

The Company concluded the Eleventh Amendment met the definition of a troubled debt restructuring as the Company was experiencing financial difficulties and the creditor granted a concession as a result of the reduction of

principal, cancellation of accrued interest, modification of interest rates, and the extension of the maturity date under the Original Credit Agreements. Therefore, no gain was recognized on the cancellation of debt. Instead, \$181.7 million of cancelled principal and \$15.4 million of accrued interest, net of \$29.0 million of unamortized debt discount remaining under the original Senior Facility, was recorded as a debt premium (representing the excess of the \$480.0 million carrying amount of the Senior Facility and the Subordinated Facility prior to the restructuring over the new \$312.0 million principal amount of the Senior Facility subsequent to the Eleventh Amendment) that is amortized as a reduction to interest expense over the 10-year term of the Amended Senior Credit Agreement using the effective interest method.

Twelfth Amendment to the Senior Credit Agreement

In connection with the issuance of the Note and the U.S. Bounti Warrant (each as defined below), on August 1, 2025, the Company also entered into a Twelfth Amendment to its Senior Credit Agreement with Cargill Financial, pursuant to which \$10.0 million of outstanding loans under the Senior Facility were cancelled and discharged. Following the amendment, the aggregate principal amount of loans outstanding under the Senior Facility is \$302.0 million.

The Company concluded the Twelfth Amendment met the definition of a troubled debt restructuring as the Company was experiencing financial difficulties and the creditor granted a concession as a result of the reduction of principal. Therefore, no gain was recognized on the cancellation of debt. Instead, \$10.0 million of cancelled principal was recorded as a debt premium that will be amortized as a reduction to interest expense over the 10-year term of the Amended Senior Credit Agreement using the effective interest method.

General Provisions of the Senior Facility

Subsequent to the Eleventh Amendment, interest on the Senior Facility will accrue at three-month SOFR plus 2.0%. On March 31, 2031, the interest rate will increase to three-month SOFR plus 6.0%. From January 1, 2027 to December 31, 2029, interest will accrue on \$100 million of the Senior Facility and will be due and payable in cash starting the first business day after the close of each calendar quarter, beginning with the quarter commencing April 1, 2027, and continuing through December 31, 2029. Interest accruing on the outstanding principal balance of the Senior Facility in excess of \$100 million will, at the Company's option, either be paid in cash or paid in kind, beginning with the quarter commencing April 1, 2027, and continuing through December 31, 2029.

From January 1, 2030 to March 31, 2031, interest will accrue on up to \$200 million of the Senior Facility and will be due and payable in cash starting the first business day after the close of each calendar quarter, beginning with the quarter commencing April 1, 2030, and continuing through March 31, 2031. Interest accruing on the outstanding principal balance of the Senior Facility in excess of \$200 million will, at the Company's option, either be paid in cash or paid-in-kind, beginning with the quarter commencing April 1, 2027, and continuing through March 31, 2031.

At all times after March 31, 2031, interest shall be payable only in cash on the first business day after each calendar quarter ends. Additionally, beginning in the fourth quarter of 2027, 50% of the free cash flow generated in the preceding quarter must be used for principal repayment on a quarterly basis. The maturity date of the Senior Facility subsequent to the Eleventh Amendment is December 31, 2035.

The Amended Senior Credit Agreement includes affirmative and negative covenants and events of default, and other requirements and restrictions. The financial covenants under the Amended Senior Credit Agreement consist of the following:

- *Minimum Consolidated Interest Coverage Ratio:* Beginning June 30, 2027, the Company must maintain a Consolidated Interest Coverage Ratio of at least 1.00 to 1.00, increasing to 1.25 to 1.00 on June 30, 2028, and thereafter.
- *Minimum Liquidity:* The Company is required to maintain minimum liquidity of \$3.0 million as of December 31, 2025, December 31, 2026, and thereafter.
- *Minimum EBITDA:* The Company must achieve minimum Consolidated Adjusted EBITDA of \$0 for the quarter ending March 31, 2026; \$3.0 million for each of the quarters ending December 31, 2026 and March 31, 2027; and \$7.0 million for the twelve-month period ending March 31, 2027. Adjusted EBITDA is a non-GAAP financial measure defined as net loss before the impact of interest expense, depreciation, and amortization, and adjusted to exclude stock-based compensation expense, change in fair value of warrant liability, and certain other non-core items.
- *Current Ratio:* Starting June 30, 2027, the Company must maintain a minimum current ratio covenant of at least 1.00 to 1.00, increasing to 1.20 to 1.00 beginning June 30, 2028, and thereafter.

U.S. Bounti, LLC Convertible Note and U.S. Bounti Warrant

On August 1, 2025, the Company entered into a Convertible Note and Warrant Purchase Agreement with U.S. Bounti, LLC, providing for the issuance of (i) a convertible note with an initial principal balance of \$10.0 million (the "Note") and (ii) a common stock purchase warrant (the "U.S. Bounti Warrant") pursuant to which U.S. Bounti, LLC has the right to purchase and acquire 550,000 shares of the Company's common stock at an exercise price of \$0.125 per share. The Note bears interest at a rate of 6.0% per year, commencing on August 1, 2025 with a maturity date of August 1, 2030. Interest will accrue semi-annually on each June 30 and December 31, commencing December 31, 2025 (each, a "PIK Interest Payment Due Date"), and will be payable semi-annually in arrears on each PIK Interest Payment Due Date by automatically increasing the principal amount of the Note by the amount of such interest (with such increased amount thereafter accruing interest as well) on each PIK Interest Payment Due Date ("PIK Interest"). From time to time after August 1, 2028, interest may be payable quarterly in arrears in cash on each March 31, June 30, September 30 and December 31, commencing December 31, 2028 (each, a "Cash Interest Payment Due Date"), in each case, in an amount equal to interest accrued during the quarter ending on such Cash Interest Payment Due Date, so long as certain conditions are met, including receipt of the prior written approval of Cargill Financial, as sole lender under the Senior Facility, if the senior obligations thereunder have not been paid in full, as further set forth in the Note.

During the term of the Note, the Note will be convertible into shares of the Company's common stock from time to time at the option of U.S. Bounti, LLC, upon delivery on one or more occasions of a written notice to the Company electing to convert all or any portion of the Note Obligations Amount (as defined in the Note). The initial conversion price of the Note is \$2.50 per share of the Company's common stock (the "Conversion Price"). The Conversion Price is subject to adjustment for stock splits, dividends or distributions, recapitalizations or similar transactions. On August 1, 2029, 50% of the Note Obligations Amount will be automatically converted into shares of the Company's common stock at the Conversion Price. The remaining 50% of the Note Obligations Amount will be automatically converted into shares of the Company's common stock at the Conversion Price on the maturity date of the Note. Notwithstanding the foregoing, however, 50% of the Note Obligations Amount may be payable in cash on August 1, 2029, with the remaining 50% of the Note Obligations Amount repaid in cash on the maturity date of the Note, so long as certain conditions are met as set forth in the Note. Conversion of the full initial principal amount of the Note would result in the issuance of 4,000,000 shares of common stock if converted at \$2.50 per share, which amount is subject to increase by any PIK Interest that is added to the outstanding principal under the terms of the Note. The Note is subordinated to obligations under the Company's Senior Facility.

On October 14, 2025, the Company's stockholders approved, for purposes of complying with the rules of the NYSE, (i) the issuance of up to 5,131,871 shares of the Company's common stock upon the conversion of the Note, and (ii) the issuance of up to 550,000 shares of the Company's common stock underlying the U.S. Bounti Warrant.

The Company determined that the U.S. Bounti Warrant requires liability classification under ASC 815 and will be remeasured at fair value each reporting period, with changes recognized in earnings. The U.S. Bounti Warrant's initial fair value of \$1.5 million was recorded as a debt discount to the \$10.0 million Note, and will be amortized to interest expense over the 5-year term of the Note using the effective interest method. See Note 7, *Fair Value Measurements*, for a discussion of the method used to determine the fair value of the U.S. Bounti Warrant.

7. Fair Value Measurements

The following table sets forth, by level within the fair value hierarchy, the accounting of the Company's financial assets and liabilities at fair value on a recurring and nonrecurring basis according to the valuation techniques the Company uses to determine their fair value:

	September 30, 2025					
	Level 1		Level 2		Level 3	
	(in thousands)					
Recurring fair value measurements						
Assets:						
Money market funds	\$	12,603	\$	—	\$	—
Liabilities:						
Cargill Amended Warrants Liability	\$	—	\$	—	\$	14,626
U.S. Bounti Warrant Liability	\$	—	\$	—	\$	1,645

	December 31, 2024			
	Level 1	Level 2	Level 3	
	(in thousands)			
Recurring fair value measurements				
Assets:				
Money market funds	\$	7,448	\$	—
Liabilities:				
Cargill Amended Warrants Liability	\$	—	\$	6,403

The fair value of the Company's money market funds is determined using quoted market prices in active markets for identical assets.

Cargill Financial Common Stock Purchase Warrant Amendment

In connection with the Eleventh Amendment, the Company entered into amendments for existing warrants held by Cargill Financial (the "Cargill Warrant Amendments") to amend (i) that certain Common Stock Purchase Warrant, dated March 28, 2023 (the "Cargill Base Warrant") and (ii) those certain Warrants to Purchase Common Stock, each issued November 21, 2021 (the "Cargill 2021 Warrants" and, together with the Base Warrant, the "Cargill Original Warrants"; the Cargill Original Warrants as amended, the "Cargill Amended Warrants") to (a) amend the exercise price for the Cargill Original Warrants from \$6.50 to \$4.00 per share of common stock, (b) extend the expiration date to eight years from the closing of the Eleventh Amendment, and (c) amend and restate the Cargill Base Warrant to be on the same form as the Cargill 2021 Warrants. The Cargill Original Warrants were issued by the Company to Cargill Financial to purchase up to an aggregate of 5,408,145 shares of common stock and the aggregate number of shares is the same for the Cargill Amended Warrants. The change in the per share exercise price did not affect the classification of the Cargill Original Warrants. Therefore, the change in fair value of the Cargill Original Warrants will continue to be remeasured each quarter until the instrument is settled or expires with changes in fair value recorded in "Change in fair value of warrant liability" in the Unaudited Condensed Consolidated Statements of Operations.

The fair value of the liability of the Cargill Amended Warrants is determined using a Black-Scholes model. The following table presents changes in the Level 3 fair value measurement for the warrant liability on a recurring basis:

	September 30, 2025
	(in thousands)
Balance as of December 31, 2024	\$ 6,403
Fair value measurement adjustments recognized through change in fair value of warrant liability	8,223
Balance as of September 30, 2025	\$ 14,626

The key inputs into the Black-Scholes model used to determine the fair value of the liability of the Cargill Amended Warrants were as follows at their measurement dates:

Input	September 30, 2025	September 30, 2024
Share price	\$ 2.99	\$ 2.50
Risk-free interest rate	3.9%	3.6%
Volatility	122%	121%
Exercise price	\$ 4.00	\$ 6.50
Warrant life (years)	7.5	3.5
Dividend yield	—%	—%

U.S. Bounti Warrant

The U.S. Bounti Warrant entitles the holder to purchase up to 550,000 shares of the Company's common stock at an exercise price of \$0.125 per share, subject to adjustment upon the occurrence of certain events such as stock dividends, stock splits, or other corporate actions. The U.S. Bounti Warrant is exercisable beginning on the date of issuance and will expire on August 1, 2035. The Company concluded that the U.S. Bounti Warrant should be classified as a derivative liability pursuant to ASC 815, as the instrument fails the indexation and equity classification guidance. As such, the U.S. Bounti Warrant will be initially measured at fair value. The change in fair value will be remeasured each quarter until the instrument is settled or expires with changes in fair value recorded in "Change in fair value of warrant liability" in the Unaudited Condensed Consolidated Statements of Operations.

The fair value of the liability of the U.S. Bounti Warrant is determined using a Black-Scholes model. The following table presents changes in the Level 3 fair value measurement for the warrant liability on a recurring basis:

	September 30, 2025
	(in thousands)
Balance as of August 1, 2025 (initial measurement)	\$ 1,502
Fair value measurement adjustments recognized through change in fair value of warrant liability	143
Balance as of September 30, 2025	<u>\$ 1,645</u>

The key inputs into the Black-Scholes model used to determine the fair value of the liability of the U.S. Bounti Warrant were as follows at their measurement dates:

Input	September 30, 2025	August 1, 2025 (initial measurement)
Share price	\$ 2.99	\$ 2.73
Risk-free interest rate	4.2%	4.2%
Volatility	122%	123%
Exercise price	\$ 0.125	\$ 0.125
Warrant life (years)	9.8	10.0
Dividend yield	—%	—%

As of September 30, 2025 and December 31, 2024, the carrying value of the Company's cash and cash equivalents, restricted cash, accounts receivable, accounts payable and accrued expenses approximated their respective fair values due to their short-term maturities. Therefore, no unrealized gains or losses were recorded during the periods presented. There were no transfers of financial instruments between Level 1, Level 2, and Level 3 during the periods presented.

8. Stockholders' Deficit

Securities Purchase Agreement

On March 31, 2025, simultaneous with the Eleventh Amendment (see Note 6, *Debt*, for further information), the Company entered into a securities purchase agreement (the "Purchase Agreement") with certain investors (the "Investors") for a \$25 million investment (the "PIPE Investment"). In connection with the PIPE Investment, the Company issued 1,771,586 shares of common stock (the "PIPE Common Stock"), \$0.0001 par value per share, and 10,728,414 shares Series A Preferred Stock (the "Series A Preferred Stock"), \$0.0001 par value per share (and together with the PIPE Common Stock, (the "Securities")) at a purchase price of \$2.00 per share (the "Purchase Price") to comply with NYSE stockholder approval rules. As required by the NYSE shareholder approval rules, the Series A Certificate of Designations limited the number of shares of common stock issuable upon conversion of the Series A Preferred Stock such that, when aggregated with the shares of PIPE Common Stock issued at closing, such issuances would not exceed 19.99% of the Company's issued and outstanding common stock until the date stockholder approval was obtained. All shares of Series A Preferred Stock were automatically converted into one share of common stock without any action by the holders on the first trading day after the Company obtained stockholder approval, which the Company obtained at its June 11, 2025, Annual Meeting of Stockholders. The Investors are subject to a 180-day lock-up period with respect to the Securities purchased in the PIPE Investment.

The Purchase Agreement included customary representations, warranties and covenants of the parties. The securities issued pursuant to the Purchase Agreement were sold in private placements in reliance upon the exemption from registration under Section 4(a)(2) of the Securities Act of 1933, as amended ("Securities Act") and/or Rule 506(b) of Regulation D promulgated under the Securities Act, without general solicitation, made only to and with accredited investors as defined in Regulation D. The transaction closed on March 31, 2025, following the satisfaction of customary closing conditions. Upon closing, the Company received aggregate net proceeds of approximately \$24.5 million, net of offering expenses, which was allocated between the common stock and Series A Preferred Stock on a relative fair value basis resulting in \$3.4 million of net proceeds from the sales of common stock and \$21.1 million from the sale of Series A Preferred Stock. The Company intends to use the proceeds from the Securities sale for general corporate purposes.

The Series A Preferred Stock was initially classified in temporary equity on the Unaudited Condensed Consolidated Balance Sheets as prior to its conversion to common stock it was contingently redeemable in cash at the original purchase price at the holder's option upon the occurrence of events which were deemed outside of the Company's control. In accordance with the accounting guidance for contingently redeemable equity instruments, the Company elected to record changes in redemption value immediately as the changes occur, and to adjust the carrying amount of the Series A Preferred Stock to its redemption value at the end of each reporting period. At issuance, the Series A Preferred Stock had a relative fair value of \$21.1 million. At the end of the reporting period on March 31, 2025, the redemption value of the Series A Preferred Stock was equal to the original purchase price of \$2.00 per share, or \$21.5 million. Consequently, the Company recognized a \$0.4 million increase to the initial carrying value of the Series A Preferred Stock and a decrease to additional paid in capital to reflect the Series A Preferred Stock at its maximum redemption value. This increase to the carrying value is treated as a deemed dividend to the preferred stockholders and increases the net loss attributable to common stockholders and basic net loss per share for the nine months ended September 30, 2025. See Note 10, *Net Loss Per Share*, for further information.

Equity Incentive Plan

The Company's Board of Directors adopted an amendment to the Company's 2021 Equity Incentive Plan to increase the number of shares issuable under the plan by an additional 2,473,042 shares of common stock, par value \$0.0001 per share, that was approved by the Company's stockholders on, and which became effective as of, June 11, 2025.

9. Stock-Based Compensation

Restricted Common Stock Awards

A summary of the restricted common stock awards ("RSAs") for the nine months ended September 30, 2025 is as follows:

	Number of Shares of Restricted Common Stock Awards	Average Grant-Date Fair Value
Unvested and outstanding at December 31, 2024	24,357	\$ 36.27
Vested	(24,357)	\$ 36.27
Unvested and outstanding at September 30, 2025	—	\$ —

There was no RSA expense for the three months ended September 30, 2025. Total RSA expense for the nine months ended September 30, 2025 was \$0.1 million. Total expense of RSAs for the three and nine months ended September 30, 2024 was \$0.1 million and \$0.5 million, respectively. As of September 30, 2025, there is no remaining compensation cost related to unvested RSAs as they have all been vested.

Restricted Stock Units

A summary of the restricted stock units ("RSUs") activity for the nine months ended September 30, 2025 is as follows:

	Number of RSUs	Average Grant-Date Fair Value
Unvested and outstanding at December 31, 2024	1,226,308	\$ 12.60
Granted	3,619,075	\$ 2.44
Forfeited	(317,967)	\$ 4.02
Vested	(1,339,216)	\$ 10.64
Unvested and outstanding at September 30, 2025	3,188,200	\$ 2.72

Total RSU expense, net of amounts capitalized, for the three and nine months ended September 30, 2025 was \$1.2 million and \$4.0 million, respectively. Total expense of RSUs, net of amounts capitalized, for the three and nine months ended September 30, 2024 was \$1.3 million and \$1.6 million, respectively. As of September 30, 2025, the total compensation cost related to unvested RSUs not yet recognized is \$6.3 million. Unvested RSU expense not yet recognized is expected to be recognized over a weighted average period of 1.5 years.

On March 27, 2025, the Compensation Committee of the Company's Board of Directors approved a grant of 1,400,000 and 700,000 RSUs to each of Kathleen Valiasek and Craig Hurlbert, respectively. The RSUs will vest in equal quarterly increments over approximately two years beginning on July 1, 2025 and will continue to vest to the extent that they remain employed by the Company through each vesting date. On March 27, 2025, the Compensation Committee of the Company's Board of Directors also approved the acceleration of all RSUs previously granted to Kathleen Valiasek and Craig Hurlbert as of July 1, 2025.

10. Net Loss Per Share

The Company computes net loss per share in accordance with Accounting Standards Codification 260, *Earnings Per Share*. Basic net loss per share of common stock is computed by dividing the Company's net loss attributable to common stockholders by the weighted-average number of shares of common stock outstanding during the period. Diluted net loss per share of common stock is computed by giving effect to all potentially dilutive securities, including restricted stock awards and units, convertible preferred stock, and common stock warrants using the treasury stock method or the if-converted method, as applicable. For the three and nine months ended September 30, 2025 and 2024, basic net loss per share was the same as diluted net loss per share because the inclusion of all potentially dilutive securities outstanding was anti-dilutive. As such, the numerator and denominator used in computing both basic and diluted net loss attributable to common stockholders is the same for all periods presented.

The Company follows the two-class method to compute net loss per share when shares are issued that meet the definition of participating securities. The two-class method requires income available to common stockholders for the period to be allocated between common and participating securities based upon their respective rights to share in the earnings of the Company as if all income for the period had been distributed. The two-class method also requires losses for the period to be allocated between common and participating securities only if the participating securities are contractually obligated to fund the losses of the issuing entity or the contractual redemption amount related to the participating securities is reduced as a result of losses incurred by the issuing entity. In computing net loss per share, the Company's unvested restricted common stock and warrants are not considered participating securities.

Net loss per share includes 550,000 shares underlying the U.S. Bounty Warrant, which is exercisable at \$0.125 per share. Because the exercise price is nominal relative to the current market price of the Company's common shares, these shares are not considered contingently issuable and are therefore included in net loss per share.

The following table sets forth the computation of the Company's net loss per share attributable to common stockholders:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
	(in thousands, except share and per share data)		(in thousands, except share and per share data)	
Net loss attributable to common stockholders	\$ (26,430)	\$ (34,327)	\$ (86,085)	\$ (83,644)
Weighted average common shares outstanding, basic and diluted	22,481,564	8,568,970	14,903,536	8,436,727
Net loss per common share, basic and diluted	\$ (1.18)	\$ (4.01)	\$ (5.78)	\$ (9.91)

The following table discloses the weighted-average or period-end shares outstanding of securities that could potentially dilute basic net loss per share in the future that were not included in the computation of diluted net loss per share as the impact would be anti-dilutive:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Restricted Stock	—	68,519	6,513	86,746
Warrants	6,241,475	6,241,475	6,241,475	6,241,475

11. Segment Reporting

The Company has a single operating and reportable segment that derives its revenue from customers through the production and sale of agricultural produce, consisting primarily of grown living and loose leaf lettuce, arugula, bok choy, and basil. All of the Company's revenue is generated in the U.S. and the Company manages its business activities on a consolidated basis. The Company's chief operating decision maker ("CODM") is the Chief Executive Officer, who reviews financial information presented on a consolidated basis for purposes of making operating decisions, assessing financial performance, and allocating resources.

The CODM assesses segment performance and decides how to allocate resources based on net loss, which is also reported on the Consolidated Statements of Operations, and net cash generated by or used in operating activities, which is also reported on the Consolidated Statements of Cash Flows. The measure of segment assets is reported on the Consolidated Balance Sheets as total assets. Significant expenses reviewed by the CODM include those that are presented in the Consolidated Statements of Operations.

Segment operating results, including significant expenses regularly provided to the CODM, along with a reconciliation of segment operating loss to consolidated net loss, are as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
	(in thousands)		(in thousands)	
Revenue	\$ 12,200	\$ 10,242	\$ 35,908	\$ 28,068
Less:				
Salaries and wages	7,388	8,856	23,895	26,467
Transportation and delivery	801	660	2,398	1,928
Depreciation and amortization	5,851	5,868	17,587	12,985
Interest expense, net	4,560	18,312	28,000	40,420
Stock-based compensation expense, net of amounts capitalized	1,252	1,387	4,102	2,101
Other segment items ⁽¹⁾	18,778	9,486	45,608	27,811
Segment net loss	(26,430)	(34,327)	(85,682)	(83,644)
<i>Reconciliation of profit or loss</i>				
Adjustments and reconciling items	—	—	—	—
Net loss	\$ (26,430)	\$ (34,327)	\$ (85,682)	\$ (83,644)

⁽¹⁾ Other segment items included in Segment net loss include change in fair value of warrant liability, research and development expense, facilities expense, legal expense, accounting expense, insurance expense, loss on disposal of fixed assets, software expense, and other overhead expense.

12. Commitments and Contingencies

Legal Matters

The Company has and may become party to various legal proceedings and other claims that arise in the ordinary course of business. The Company records a liability when it believes that it is probable that a loss will be incurred, and the amount of loss or range of loss can be reasonably estimated. Management is currently not aware of any matters that it expects will have a material adverse effect on the financial position, results of operations, or cash flows of the Company.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion should be read in conjunction with our Unaudited Condensed Consolidated Financial Statements, including the Notes to those statements, included elsewhere in this Quarterly Report on Form 10-Q, and the section entitled "Cautionary Note Regarding Forward-Looking Statements" in this Quarterly Report on Form 10-Q. As discussed in more detail in the section entitled "Cautionary Note Regarding Forward-Looking Statements," this discussion contains forward-looking statements, which involve risks and uncertainties. Our actual results may differ materially from the results discussed in the forward-looking statements.

Our Mission and Vision

Our mission is to revolutionize agriculture, ensuring accessibility to fresh, sustainable, locally grown produce to nourish communities everywhere for generations to come. Our vision is to reimagine freshness. We envision a future where transformative innovation and technology combine to enable us to grow produce locally with minimal food miles, ensuring the freshest and most sustainable offerings for communities everywhere. We believe that happy plants make happy taste buds, and we are committed to reimagining the standards of freshness. We also believe that local is the best kind of business, and we are committed to helping communities thrive for generations to come. We are committed to building empowered local teams. Together, we believe we are capable of extraordinary achievements in sustainable agriculture.

Company Overview

Local Bounti is a controlled environment agriculture ("CEA") company that produces sustainably grown produce, focused primarily on living lettuce, herbs, salad kits, and loose leaf lettuce. Founded in 2018 and headquartered in Hamilton, Montana, Local Bounti utilizes its patented Stack & Flow Technology® to grow healthy food sustainably and affordably. Our proprietary process is a hybrid growing approach, utilizing vertical farming in early plant growth, followed by greenhouse farming for final grow out. We designed our Stack & Flow Technology to give our products exactly what they need at every step of their growth cycle. Our goal is to grow in an environmentally sustainable manner that not only increases harvest efficiency and enhances unit economics, but also limits water usage and reduces the carbon footprint of the production and distribution process. Controlling the environmental conditions in both the 'Stack' and 'Flow' components of our growing system helps to ensure healthy, nutritious, and consistent products that are non-genetically modified organisms ("non-GMO"). We use 90% less water, 90% less land, and significantly less pesticides and herbicides than traditional outdoor agriculture operations.

Our first facility in Hamilton, Montana (the "Montana Facility") commenced construction in 2019 and reached commercial operation by the second half of 2020. In 2022, we acquired California-based complementary greenhouse farming company Hollandia Produce Group, Inc. and its subsidiaries, which operated under the name Pete's. Through the Pete's Acquisition, we significantly increased our growing footprint to include two then-existing facilities in California and one under-construction facility in Georgia. The Georgia facility initially became operational in July 2022 and was significantly expanded in 2023. In 2024, we completed construction on two new facilities in Washington and Texas, bringing our total facility count to six.

We distribute our products to approximately 13,000 retail locations across 35 U.S. states, primarily through direct relationships with blue-chip retail customers, including Albertsons, Sam's Club, Kroger, Target, Walmart, Whole Foods, Brookshire's, H-E-B, Sprouts, and AmazonFresh. Our primary products include living butter lettuce – for which we are a leading provider with an approximate 80% share of the CEA market within the Western U.S. – as well as packaged leafy greens and cress. We recently introduced new Grab & Go Salads and additions to our baby leaf portfolio with several high-velocity offerings, including bok choy, arugula, and basil. In addition, we introduced 50/50 blend and power greens in the third quarter of 2024. We signed an offtake agreement with Sam's Club in October 2022 for our leafy greens production, initially from our Georgia facility and now including both our Georgia and Texas facilities. The offtake agreement provides for the sale of defined minimum quantities of leafy greens from our Georgia and Texas facilities and runs through September 2028.

We intend to continue to increase our production capacity and expand our reach to new markets, new geographies, and new customers through the building of new facilities, the expansion of existing facilities, or the acquisition of existing greenhouse facilities, which we would evaluate to update with our Stack & Flow Technology. We conduct an ongoing build-versus-buy analysis whenever we decide to build a new facility or acquire an existing facility. We also continue to explore expanding our product offerings to new varieties of fresh greens, herbs, berries, and other produce. Additionally, we evaluate commercial opportunities as part of these expansion efforts on an ongoing basis.

Commercial Facility Update

Texas Facility Reconfiguration Complete

As previously reported, we reconfigured three acres of our Texas facility—originally designed for head lettuce production—to create a flexible growing environment capable of producing both head lettuce and cut products based on customer preferences. The retrofit was completed in late July, and the facility reached full harvestable capacity in early August. The automated harvesting equipment installation was completed and became fully operational during the third quarter, replacing the temporary harvester used during the second quarter. The Texas facility is now sold out on a run-rate basis.

Yield Improvement

We continue to advance our yield improvement and cost reduction initiatives across our facility network. Planned tower upgrades have been installed at each of our facilities following the completion of work at the Texas and Washington facilities in early September. These upgrades are designed to achieve better climate control through the stack phase to enhance production efficiency and increase yield capacity. Management expects to complete optimization in the fourth quarter of 2025 with resultant yield increases of more than 10% to follow.

Cost Reduction Initiatives

Looking ahead, we have targeted additional cost reduction initiatives in the range of \$1.5 to \$2.0 million, annualized, to be actioned in the fourth quarter of 2025 and realized in the first half of 2026 with additional measures to follow. These savings stem from ongoing projects to improve operational efficiency and reduce costs in key areas like raw materials, packaging, labor, utilities and other cost of goods sold. Within raw materials, these savings are expected to stem from further seed and substrate cost reductions, where management has already made great progress in 2025.

Capacity Expansion Project

Plans remain in place to build additional capacity across our network of facilities enabled with our patented Stack & Flow Technology. The expansions are designed to provide additional capacity and allow for our growing product assortment to meet existing demand from our direct relationships with blue-chip retailers and distributors. The timing and scope of these projects, including plans to expand into the Midwest, remain under review pending ongoing discussions with retailers to optimize those facilities for specific products in support of retail commitments and strategies to expand distribution.

Intellectual Property

We continue to advance our intellectual property portfolio and recently received a positive update related to our previously filed patent application in 2022 titled "*Optimizing Growing Process in a Hybrid Growing Environment Using Computer Vision and AI.*" We anticipate that this patent may be issued as early as December 2025. We have been utilizing computer vision and AI at all of our Stack & Flow Technology-enabled facilities to analyze plant growth data in conjunction with environmental data to identify patterns that drive improved consistency and yield.

Product Development & Distribution

During the third quarter of 2025, we expanded distribution of our salad kit line across additional regional retailers in the Pacific Northwest, demonstrating ongoing demand for convenient and fresh meal options. In the home-delivery channel, we successfully launched four new grab-and-go offerings with a leading partner, thus increasing the depth of our assortment and further positioning ourselves for growth in the direct-to-consumer segment. Additionally, we entered into an agreement to pack private label Butter Living for Markon Cooperative, which serves as the purchasing, logistics, information, and marketing partner for its five member distributors and their North American foodservice customers. This partnership highlights the trust and credibility we have established with our partners.

Regarding product commercialization, we finalized our new family-sized 10oz Romano Caesar Salad Kit, which launched in key Pacific Northwest retailers, including Walmart, in October. This move advances our strategy to offer multi-serve products at scale.

Factors Affecting Our Financial Condition and Results of Operations

We have expended, and we expect to continue to expend, substantial resources as we:

- Complete construction and commissioning of new and expanded facilities;
- Standardize operating and manufacturing processes across our facilities, including increased expenses associated with growing operations;
- Identify and invest in future growth opportunities, including new product lines;
- Invest in product innovation and development;
- Invest in sales and marketing efforts to increase brand awareness, engage customers, and drive sales of our products; and
- Incur additional general administration expenses

Results of Operations

Three and Nine Months Ended September 30, 2025 compared to the Three and Nine Months Ended September 30, 2024

The following table sets forth our historical operating results for the periods indicated:

	Three Months Ended September 30,				Nine Months Ended September 30,			
			\$ Change	% Change			\$ Change	% Change
	2025	2024			2025	2024		
	(in thousands)				(in thousands)			
Sales	\$ 12,200	\$ 10,242	1,958	19%	\$ 35,908	\$ 28,068	7,840	28%
Cost of goods sold ⁽¹⁾⁽²⁾	10,794	8,829	1,965	22%	31,569	24,518	7,051	29%
Gross profit	1,406	1,413	(7)	—%	4,339	3,550	789	22%
Operating expenses:								
Research and development ⁽¹⁾⁽²⁾	6,677	7,096	(419)	(6)%	20,139	15,102	5,037	33%
Sales and marketing ⁽¹⁾⁽²⁾	2,441	1,991	450	23%	6,947	5,872	1,075	18%
General and administrative ⁽¹⁾⁽²⁾	10,509	10,357	152	1%	26,658	24,770	1,888	8%
Total operating expenses	19,627	19,444	183	1%	53,744	45,744	8,000	17%
Loss from operations	(18,221)	(18,031)	(190)	1%	(49,405)	(42,194)	(7,211)	17%
Other income (expense):								
Change in fair value of warrant liability	(3,358)	1,921	(5,279)	(275)%	(8,367)	(1,163)	(7,204)	619%
Interest expense, net	(4,560)	(18,312)	13,752	(75)%	(28,000)	(40,420)	12,420	(31)%
Other (expense) income	(291)	95	(386)	(406)%	90	133	(43)	(32)%
Net loss	\$ (26,430)	\$ (34,327)	7,897	(23)%	\$ (85,682)	\$ (83,644)	(2,038)	2%

⁽¹⁾ Amounts include stock-based compensation as follows:

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2025	2024	\$ Change	% Change	2025	2024	\$ Change	% Change
	(in thousands)				(in thousands)			
Cost of goods sold	\$ 16	\$ 15	1	7%	\$ 102	\$ 75	27	36%
Research and development	47	86	(39)	(45)%	208	250	(42)	(17)%
Sales and marketing	59	61	(2)	3%	341	(64)	405	633%
General and administrative	1,129	1,225	(96)	8%	3,450	1,840	1,610	(88)%
Total stock-based compensation expense, net of amounts capitalized	\$ 1,251	\$ 1,387	(136)	10%	\$ 4,101	\$ 2,101	2,000	(95)%

(2) Amounts include depreciation and amortization as follows:

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2025	2024	\$ Change	% Change	2025	2024	\$ Change	% Change
Cost of goods sold	\$ 2,094	\$ 1,642	452	28%	\$ 6,057	\$ 4,197	1,860	44%
Research and development	2,342	2,852	(510)	(18)%	7,557	5,031	2,526	50%
General and administrative	1,415	1,374	41	3%	3,973	3,757	216	6%
Total depreciation and amortization	\$ 5,851	\$ 5,868	(17)	—%	\$ 17,587	\$ 12,985	4,602	35%

The following sections discuss and analyze the changes in the significant line items in our Unaudited Condensed Consolidated Statements of Operations for the comparative periods in the table above.

Sales

We derive our revenue from the sale of produce grown at our six facilities. Sales increased by \$2.0 million for the three months ended September 30, 2025, compared to the three months ended September 30, 2024 and sales increased by \$7.8 million for the nine months ended September 30, 2025, compared to the nine months ended September 30, 2024. The increase was due to increased production and growth in sales from our facility in Georgia and sales from our new facilities in Texas and Washington, which began shipping and selling products in the second quarter of 2024.

Cost of Goods Sold

Cost of goods sold is the direct cost of growing produce for sale at our greenhouse facilities, including labor costs, which consists of wages, salaries, benefits, and stock-based compensation, seeds, soil, nutrients and other input supplies, packaging materials, depreciation, utilities, and other manufacturing overhead. As we scale our business, we expect the cost of goods sold to decrease over time as a percentage of sales.

Cost of goods sold increased by \$2.0 million for the three months ended September 30, 2025, compared to the three months ended September 30, 2024 and increased by \$7.1 million for the nine months ended September 30, 2025, compared to the nine months ended September 30, 2024, due primarily to production ramp-up at our new Texas and Washington facilities and increased production at our Georgia facilities.

Research and Development

Research and development expenses primarily consist of costs associated with the ongoing development, improvement, testing, alteration, and refinement of our product offerings, production lines, manufacturing processes, growing techniques, and post-harvest packaging methods. Our research and development efforts focus on enhancing each facility's indoor environmental controls, growing recipes, and refining Stack & Flow Technology processes, all aimed at meeting facility design and production yield specifications. Additionally, we also focus on the development of new leafy green product offerings, value-added products such as Grab & Go Salads, and new crops, including arugula, basil, and berries. Research and development activities are conducted at the facilities in Montana, Texas, Washington, California, and Georgia.

Research and development costs increased by \$0.4 million for the three months ended September 30, 2025, compared to the three months ended September 30, 2024 and increased by \$5.0 million for the nine months ended September 30, 2025, compared to the nine months ended September 30, 2024. The increase is driven primarily by the additional development of our production, harvesting, and post-harvest packaging techniques and processes, including production surplus costs, related to the development and testing of our commercial-scale Stack & Flow Technology and production processes at the Washington, Texas, and Georgia facilities.

Sales and Marketing

Sales and marketing expenses consist of employee compensation, including salaries, benefits, and stock-based compensation for our sales and marketing teams, transportation and delivery costs, marketing, and advertising, among others.

Sales and marketing costs increased by \$0.5 million for the three months ended September 30, 2025, compared to the three months ended September 30, 2024. The increase is driven primarily by an increase of \$0.2 million in transportation and delivery costs as a result of increased shipments of produce driven by an increase in sales. The remaining difference is due to individually immaterial differences.

Sales and marketing costs increased by \$1.1 million for the nine months ended September 30, 2025, compared to the nine months ended September 30, 2024. The increase is driven primarily by an increase of \$0.5 million in transportation and delivery costs as a result of increased shipments of produce driven by an increase in sales and an increase of \$0.2 million in salaries, commissions, benefits, and payroll-related expenses. The remaining difference is due to individually immaterial differences.

General and Administrative

General and administrative expenses consist of employee compensation, including salaries, benefits, and stock-based compensation for our executive, legal, finance, information technology, and human resources teams, expenses for third-party professional services, insurance, computer hardware and software, and amortization of intangible assets, among others.

General, and administrative expenses increased by \$0.2 million for the three months ended September 30, 2025, compared to the three months ended September 30, 2024, primarily driven by an impairment charge of \$3.7 million related to Pete's trade name, which was partially offset by a decrease of \$1.6 million in loss on disposal of assets, a decrease of \$0.8 million in salaries, benefits, and payroll-related expenses, a decrease of \$0.3 million in professional fees, a decrease of \$0.2 million in insurance, and a decrease of \$0.2 million in property tax. The remaining difference is due to individually immaterial differences.

General, and administrative expenses increased by \$1.9 million for the nine months ended September 30, 2025, compared to the nine months ended September 30, 2024, primarily driven by an impairment charge of \$3.7 million related to Pete's trade name and an increase in stock-based compensation \$1.6 million. This increase was partially offset by a decrease of \$1.6 million in loss on disposal of assets, a decrease of \$0.9 million in salaries, benefits, and payroll-related expenses, and a decrease of \$0.9 million in professional fees.

Change in Fair Value of Warrant Liability

The change in fair value of warrant liability includes the mark-to-market adjustments to the Cargill Amended Warrants liability and the U.S. Bounti Warrant liability to reflect their fair value as of the end of the reporting period. The increase in fair value of the warrant liability is primarily due to the Eleventh Amendment entered into on March 31, 2025, which amended the Cargill Original Warrants by decreasing the per share exercise price of the Cargill Original Warrants from \$6.50 to \$4.00 per share with an amended expiration date of March 31, 2033 and the issuance of the U.S. Bounti Warrant in connection with the issuance of a convertible note with an initial principal balance of \$10.0 million on August 1, 2025. The issuance of the U.S. Bounti Warrant and the change in terms of the Cargill Amended Warrants increased the value of the warrants and the related liability for the nine months ended September 30, 2025. Additional increase in the value of the warrants for the three months ended September 30, 2025 is primarily due to a net increase in our closing stock price at September 30, 2025 compared to the closing stock price on the prior measurement date of June 30, 2025. The period-end close stock price is a key input to the Black-Scholes model we use to measure and estimate the fair value of the warrant at the end of each reporting period.

Interest Expense, net

Interest expense consists primarily of contractual interest and amortization of debt issuance costs, net of interest capitalized for construction assets, related to the loans with Cargill Financial, and also interest recognized per the terms of our financing obligation related to the Montana Facility and the California Facilities. We capitalize interest costs on borrowings during the construction period of major construction projects as part of the cost of the constructed assets.

Interest expense, net decreased by \$13.8 million for the three months ended September 30, 2025, compared to the three months ended September 30, 2024. The decrease is primarily due to a decrease in the principal amount outstanding under the Senior Facility as a result of the Eleventh Amendment, which decreased interest expense by \$13.8 million, net of interest capitalized, over the prior year period.

Interest expense, net decreased by \$12.4 million for the nine months ended September 30, 2025, compared to the nine months ended September 30, 2024. The decrease is primarily due to a decrease in the principal amount outstanding under the Senior Facility as a result of the Eleventh Amendment, which decreased interest expense by \$12.4 million, net of interest capitalized, over the prior year period.

Liquidity and Capital Resources

We have incurred losses and generated negative cash flows from operations since our inception. At September 30, 2025, we had an accumulated deficit of \$508.9 million and cash and cash equivalents and restricted cash of \$12.7 million.

As of September 30, 2025, the principal amount due under our credit facility with Cargill Financial totaled \$302.0 million, none of which is classified as current. In addition, the Company has an outstanding convertible note for \$10.0 million to U.S. Bounti, LLC, none of which is classified as current. The debt agreements with Cargill Financial contain various financial and non-financial covenants and certain restrictions on our business, which include restrictions on additional indebtedness, minimum liquidity and other financial covenants, and material adverse effects that could cause us to be at risk of default. A failure to comply with the covenants and other provisions of these debt instruments, including any failure to make payments when required, would generally result in events of default under such instruments, which could result in the acceleration of a substantial portion of such indebtedness.

The CEA business is capital-intensive. Currently, our primary sources of liquidity and capital resources are cash on hand, cash flows generated from the sale of our products, and the credit facilities with U.S. Bounti, LLC and Cargill Financial. Cash expenditures over the next 12 months are expected to include general operating costs for employee wages and related benefits, outside services for legal, accounting, IT infrastructure, and costs associated with growing, harvesting, and selling our products, such as the purchase of seeds, soil, nutrients, and other growing supplies, shipping and fulfillment costs, and facility maintenance costs.

We also believe additional cash can be secured through other debt, equity financings, or sale leaseback financing, if necessary. However, there can be no assurance that equity or debt financing will be available to us should we need it or, if available, that the terms will be satisfactory to us and not dilutive to existing shareholders. Our future capital requirements and the adequacy of available funds will depend on many factors, including those set forth in Item 1A, *Risk Factors*, of the Company's most recent Annual Report on Form 10-K. Our failure to raise capital as and when needed could have significant negative consequences for our business, financial condition, and results of consolidated operations.

Cargill Loans

As of September 30, 2025, a total of \$302.0 million of principal was outstanding on the Senior Facility. The Senior Facility is included in "Long-term debt, net" on the Unaudited Condensed Consolidated Balance Sheets. The Eleventh Amendment, as described in Note 6, *Debt*, to the Unaudited Condensed Consolidated Financial Statements, resulted in a lower principal balance and a reduced interest rate. In addition, a debt premium recorded in connection with the amendment will be amortized as a reduction to interest expense over the 10-year term of the Amended Senior Credit Agreement using the effective interest method.

From January 1, 2027 to December 31, 2029, interest will accrue on \$100 million of the Senior Facility and will be due and payable in cash starting the first business day after the close of each calendar quarter, beginning with the quarter commencing April 1, 2027, and continuing through December 31, 2029. Interest accruing on the outstanding principal balance of the Senior Facility in excess of \$100 million will, at the Company's option, either be paid in cash or paid in kind, beginning with the quarter commencing April 1, 2027, and continuing through December 31, 2029. As no interest payments are due in the next twelve months, the accrued interest has been classified within "Accrued interest, noncurrent" on the Unaudited Condensed Consolidated Balance Sheets.

From January 1, 2030 to March 31, 2031, interest will accrue on up to \$200 million of the Senior Facility and will be due and payable in cash starting the first business day after the close of each calendar quarter, beginning with the quarter commencing April 1, 2030, and continuing through March 31, 2031. Interest accruing on the outstanding principal balance of the Senior Facility in excess of \$200 million will, at the Company's option, either be paid in cash or paid-in-kind, beginning with the quarter commencing April 1, 2027, and continuing through March 31, 2031.

At all times after March 31, 2031, interest shall be payable only in cash on the first business day after each calendar quarter end. Additionally, beginning in the fourth quarter of 2027, 50% of the free cash flow generated in the preceding quarter must be used for principal repayment on a quarterly basis. The maturity date of the Senior Facility subsequent to the Eleventh Amendment is December 31, 2035.

U.S. Bounti, LLC Convertible Note

On August 1, 2025, the Company entered into a Convertible Note and Warrant Purchase Agreement with U.S. Bounti, LLC, providing for the issuance of (i) the Note with an initial principal balance of \$10.0 million and (ii) the U.S. Bounti Warrant pursuant to which U.S. Bounti, LLC has the right to purchase and acquire 550,000 shares of our common stock. The Note has a maturity date of August 1, 2030 and carries a 6.0% annual interest rate, with interest added to the Note balance twice a year through the end of 2028. From time to time after August 1, 2028, interest may be payable quarterly in arrears in cash, commencing December 31, 2028, if certain conditions are met. As no interest payments are due in the next twelve months, the accrued interest has been classified within "Accrued interest, noncurrent" on the Unaudited Condensed Consolidated Balance Sheets.

The Note can be converted into our common stock at the Conversion Price, which is \$2.50 per share. Conversion of the full initial principal amount of the Note would result in the issuance of 4.0 million shares of our common stock, with additional shares possible from accrued interest. On August 1, 2029, 50% of the Note Obligations Amount will be automatically converted into shares of our common stock at the Conversion Price. The remaining 50% of the Note Obligations Amount will be automatically converted into shares of our common stock at the Conversion Price on the maturity date of the Note. The Note is subordinated to obligations under the Company's Senior Facility.

Financing Obligations

We have two financing obligations related to sale leaseback transactions that did not qualify for sales treatment of the underlying assets. In June 2020, the Company completed the construction of the Montana Facility. Subsequent to its completion, the Company entered into a sale leaseback transaction of the Montana Facility with Grow Bitterroot, LLC, a related party, for total consideration of \$6.9 million with a current lease term of 20 years. On April 27, 2023, Hollandia Real Estate, LLC, a wholly owned subsidiary of the Company, and STORE Master Funding XXXI, LLC consummated a \$35 million multi-site sale and leaseback transaction with an initial term of 25 years relating to our Carpinteria Facility and our Oxnard Facility (collectively, the "California Facilities").

The following table summarizes future aggregate financing obligation payments by fiscal year for both the California Facilities and the Montana Facility:

	Financing Obligation	
	(in thousands)	
Remainder of 2025	\$	1,270
2026		5,158
2027		5,297
2028		5,439
2029		5,585
Thereafter		115,947
Total financing obligation payments	\$	138,696

Cash Flow Analysis

A summary of our cash flows from operating, investing, and financing activities is presented in the following table:

	Nine Months Ended September 30,	
	2025	2024
	(in thousands)	
Net cash used in operating activities	\$ (27,190)	\$ (28,295)
Net cash used in investing activities	(12,071)	(72,629)
Net cash provided by financing activities	44,506	90,836
Cash and cash equivalents and restricted cash at beginning of period	7,466	16,895
Cash and cash equivalents and restricted cash at end of period	\$ 12,711	\$ 6,807

Net Cash Used In Operating Activities

Net cash used in operating activities was \$27.2 million for the nine months ended September 30, 2025 due to a net loss of \$85.7 million. This was partially offset by non-cash activities of \$17.6 million in depreciation and amortization expense, \$25.3 million in paid-in-kind interest, a non-cash loss of \$8.4 million related to change in fair value of warrant liability, \$4.1 million in stock-based compensation expense, net of amounts capitalized, and \$2.1 million in amortization of debt issuance costs, and \$1.1 million net increase of cash from changes in operating assets and liabilities.

Net cash used in operating activities was \$28.3 million for the nine months ended September 30, 2024 primarily due to a net loss of \$83.6 million. This was partially offset by non-cash activities of \$23.3 million in paid-in-kind interest, \$10.3 million in depreciation expense, \$6.3 million in amortization of debt issuance costs, \$2.7 million in amortization expense, \$2.1 million in stock-based compensation expense, net of amounts capitalized, and \$5.7 million net increase of cash from changes in operating assets and liabilities.

Net Cash Used In Investing Activities

Net cash used in investing activities was \$12.1 million for the nine months ended September 30, 2025, due primarily to purchases of construction materials and services, equipment, and other items for the Washington and Texas facilities.

Net cash used in investing activities was \$72.6 million for the nine months ended September 30, 2024, due primarily to purchases of construction materials and services, equipment, and other items for the Washington, Texas, and Georgia facilities.

Net Cash Provided By Financing Activities

Net cash provided by financing activities was \$44.5 million for the nine months ended September 30, 2025, comprised of \$21.4 million of proceeds from the issuance of Series A Preferred Stock, \$10.5 million of proceeds from the issuance of debt, \$10.0 million of proceeds from the issuance of the U.S. Bounty, LLC convertible note, and \$3.5 million from the issuance of common stock.

Net cash provided by financing activities was \$90.8 million for the nine months ended September 30, 2024, comprised of \$90.9 million of net proceeds from the issuance of debt.

Critical Accounting Policies and Estimates

There have been no changes to the Company's critical accounting policies and estimates from those described under "Critical Accounting Policies and Estimates" in the Management's Discussion and Analysis of Financial Condition and Results of Operations of our Annual Report on Form 10-K for the year ended December 31, 2024.

Recent Accounting Pronouncements

For more information about recent accounting pronouncements, see Note 2 of the Unaudited Condensed Consolidated Financial Statements, which is incorporated into this Item 2 by reference thereto.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are a smaller reporting company as defined by Rule 12b-2 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and are not required to provide the information under this item.

Item 4. Controls and Procedures

Limitations on effectiveness of control and procedures

In designing and evaluating our disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints and that management is required to apply judgment in evaluating the benefits of possible controls relative to their costs.

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated our disclosure controls and procedures, as such term is defined under Exchange Act Rule 13a-15(e) as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on this evaluation, our principal executive officer and principal financial officer concluded that, as of September 30, 2025, our disclosure controls and procedures were effective at the reasonable assurance level.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the three months ended September 30, 2025 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

See Note 12, *Commitments and Contingencies*, to the Unaudited Condensed Consolidated Financial Statements for information regarding legal proceedings.

Item 1A. Risk Factors

Except as set forth below, there have been no material updates to our risk factors included in our Annual Report on Form 10-K for the year ended December 31, 2024:

U.S. Bounti, LLC ("U.S. Bounti"), following conversion of our Series A Preferred Stock, controls the direction of our business and the concentrated ownership of our common stock may prevent other stockholders from influencing significant decisions.

Following the conversion of our Series A Preferred Stock into common stock at the annual stockholders' meeting held on June 11, 2025, U.S. Bounti, an entity controlled by Charles R. Schwab, holds the voting power over approximately 55% of our outstanding common stock. Mr. Schwab, through his control of other entities which also hold shares of our common stock, beneficially owns approximately 60% of our outstanding common stock. Mr. Schwab, through his control of U.S. Bounti and other entities holding shares of our common stock, is able to significantly influence our decisions, including the election of directors (and U.S. Bounti has the right to appoint two of our directors), and the approval of significant corporate transactions, such as mergers and related party transactions. Mr. Schwab, through his control of U.S. Bounti and other entities holding shares of our common stock, also has the ability to delay or block, by ownership of our common stock, an unsolicited tender offer. This concentration of ownership could have the effect of delaying, deterring or preventing a change in control of the Company that stockholders might view favorably. Additionally, U.S. Bounti's interests may not align with the interests of our other stockholders. U.S. Bounti may make investments in companies and may acquire and hold interests in businesses that compete directly or indirectly with us and may also pursue acquisition opportunities that may be complementary to our business, and, as a result, those acquisition opportunities may not be available to us.

Although we do not expect to rely on the "controlled company" exemption, we qualify as a "controlled company" within the meaning of the NYSE rules, and we qualify for exemptions from certain corporate governance requirements.

A "controlled company," as defined in the NYSE rules, is a company of which more than 50% of the voting power for the election of directors is held by an individual, a group or another company. Controlled companies are not required to comply with certain NYSE continued listing standards relating to corporate governance, including:

- the requirement that a majority of a company's board of directors consist of independent directors;
- the requirement that a company's nominating and corporate governance committee be composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities; and
- the requirement that a company's compensation committee be composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities.

Charles R. Schwab, through his control of entities which also hold shares of our common stock, beneficially owns approximately 60% of our outstanding common stock. Because Mr. Schwab beneficially owns a majority of the voting power for the election of our directors, and we meet the definition of a "controlled company," these requirements would not apply to us as long as we remain a "controlled company."

We currently do not, and we do not expect to, rely on this exemption and we currently comply with, and we expect to continue to comply with, all relevant corporate governance requirements under the NYSE rules. However, if we were to utilize some or all of these exemptions, our stockholders may not have the same protections afforded to stockholders of companies that are subject to all of the NYSE continued listing standards that relate to corporate governance.

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

There were no unregistered sales of our equity securities during the period covered by this quarterly report which were not previously reported in a Current Report on Form 8-K.

Item 5. Other Information*Rule 10b5-1 Trading Plans*

During the fiscal quarter ended September 30, 2025, none of our directors or officers informed us of the adoption, modification or termination of a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as those terms are defined in Regulation S-K, Item 408, except as described in the table below:

Name & Title	Date Adopted	Character of Trading Arrangement⁽¹⁾	Aggregate Number of Shares of Common Stock to be Purchased or Sold Pursuant to Trading Arrangement	Duration⁽²⁾	Other Material Terms	Date Terminated
Matthew Nordby Director	August 14, 2025	Rule 10b5-1 Trading Arrangement	Up to 63,000 shares to be sold	January 27, 2027	N/A	N/A

⁽¹⁾ Except as indicated by footnote, each trading arrangement marked as a "Rule 10b5-1 Trading Arrangement" is intended to satisfy the affirmative defense of Rule 10b5-1(c), as amended (the "Rule").

⁽²⁾ Except as indicated by footnote, each trading arrangement permitted or permits transactions through and including the earlier to occur of (a) the date listed in the table; (b) the execution of all trades or expiration of all of the orders relating to such trades as specified in the trading arrangement; (c) the date the broker receives notice of liquidation, dissolution, bankruptcy, insolvency or death of Mr. Nordby; (d) the date the broker receives notice from Mr. Nordby or Mr. Nordby's advisor or agent of Mr. Nordby's termination of the trading arrangement; (e) the date the broker determines, in its sole discretion, that the trading arrangement has been terminated, including, without limitation, where the broker determines there has been a modification or change to the trading arrangement that constitutes the termination of the trading arrangement; (f) the date the broker notifies Mr. Nordby of the broker's termination of the trading arrangement due to Ms. Nordby's breach of any of the terms of the trading arrangement or in the event that Mr. Nordby trades shares outside of the trading arrangement; or (g) where the broker exercises any other termination right it may have under the trading arrangement. Each trading arrangement marked as a "Rule 10b5-1 Trading Arrangement" only permitted or only permits transactions upon expiration of the applicable mandatory cooling-off period under the Rule.

Item 6. Exhibits

Exhibit Number	Description
3.1	<u>Certificate of Incorporation of Local Bounti Inc. (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, filed with the Securities and Exchange Commission on November 22, 2021).</u>
3.2	<u>Certificate of Amendment to Certificate of Incorporation of Local Bounti Corporation (incorporated by reference to Exhibit 3.2 to the Company's Annual Report on Form 10-K, filed with the Securities and Exchange Commission on March 30, 2022).</u>
3.3	<u>Certificate of Amendment to Certificate of Incorporation of Local Bounti Corporation (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, filed with the SEC on June 15, 2023).</u>
3.4	<u>Certificate of Amendment to Certificate of Incorporation of Local Bounti Corporation (incorporated by reference to Exhibit 3.1 to the Company's Form 8-K, filed with the SEC on June 14, 2024).</u>
3.5	<u>Amended and Restated Bylaws of Local Bounti Corporation (incorporated by reference to Exhibit 3.2 to the Company's Form 8-K, filed with the SEC on June 14, 2024).</u>
4.1	<u>Convertible Note by and between Local Bounti Corporation and U.S. Bounti, LLC (incorporated by reference to Exhibit 4.1 to the Company's Form 8-K, filed with the SEC on August 4, 2025).</u>
4.2	<u>Common Stock Purchase Warrant issued by Local Bounti Corporation to U.S. Bounti, LLC (incorporated by reference to Exhibit 4.2 to the Company's Form 8-K, filed with the SEC on August 4, 2025).</u>
10.1	<u>Convertible Note and Warrant Purchase Agreement, dated August 1, 2025, by and between Local Bounti Corporation and U.S. Bounti, LLC (incorporated by reference to Exhibit 10.1 to the Company's Form 8-K, filed with the SEC on August 4, 2025).</u>
10.2	<u>Twelfth Amendment to Senior Credit Agreement, dated as of August 1, 2025, by and among Local Bounti Operating Company LLC, Local Bounti Corporation, the subsidiary borrowers and guarantors signatory thereto, and Cargill Financial Services International, Inc., in its capacity as the lender (incorporated by reference to Exhibit 10.2 to the Company's Form 8-K, filed with the SEC on August 4, 2025).</u>
31.1	<u>Certification of Chief Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u>
31.2	<u>Certification of Chief Financial Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u>
32.1**	<u>Certification of Chief Executive Officer, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code)</u>
32.2**	<u>Certification of Chief Financial Officer, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code)</u>
101	The following financial statements from Local Bounti's Quarterly Report on Form 10-Q for the quarter ended September 30, 2025, formatted in Inline XBRL: (a) Unaudited Condensed Consolidated Statements of Cash Flows, (b) Unaudited Condensed Consolidated Statements of Operations, (c) Unaudited Condensed Consolidated Balance Sheets, and (d) Notes to Unaudited Condensed Consolidated Financial Statements, tagged as blocks of text and including detailed tags.
104	Cover Page Interactive Data File - the cover page from this Quarterly Report on Form 10-Q for the quarter ended September 30, 2025, formatted in Inline XBRL (included in Exhibit 101).

* Schedules to this exhibit have been omitted in accordance with Regulation S-K Item 601(b)(2). The registrant hereby agrees to furnish supplementally a copy of any omitted schedule to the SEC upon its request.

** This document is being furnished in accordance with SEC Release Nos. 33-8212 and 34-47551.

SIGNATURES

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

Local Bounti Corporation

/s/ Kathleen Valiassek

Name: Kathleen Valiassek

Title: President, Chief Executive Officer, and Chief
Financial Officer

Date: November 14, 2025

(Principal Executive, Financial, and Accounting Officer)

**CERTIFICATION PURSUANT TO RULES 13a-14(a) AND 15d-14(a)
UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Kathleen Valiasek, certify that:

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

November 14, 2025

/s/ Kathleen Valiassek

Name: Kathleen Valiassek

Title: President, Chief Executive Officer, and Chief Financial Officer
(Principal Executive Officer)

**CERTIFICATION PURSUANT TO RULES 13a-14(a) AND 15d-14(a)
UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Kathleen Valiasek, certify that:

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

November 14, 2025

/s/ Kathleen Valiasek

Name: Kathleen Valiasek

Title: President, Chief Executive Officer, and Chief Financial Officer
(Principal Financial and Accounting Officer)

Certification
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
(Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code)

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code), the undersigned officer of Local Bounti Corporation, a Delaware corporation (the “Company”), hereby certifies that, to her knowledge:

The Quarterly Report on Form 10-Q for the quarter ended September 30, 2025 (the “Report”) of the Company fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

November 14, 2025

/s/ Kathleen Valiasek

Name: Kathleen Valiasek

Title: President, Chief Executive Officer, and Chief Financial Officer

The foregoing certification is being furnished solely pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code) and is not being filed as part of the Report or as a separate disclosure document.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Certification
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
(Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code)

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code), the undersigned officer of Local Bounti Corporation, a Delaware corporation (the “Company”), hereby certifies that, to her knowledge:

The Quarterly Report on Form 10-Q for the quarter ended September 30, 2025 (the “Report”) of the Company fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

November 14, 2025

/s/ Kathleen Valiasek

Name: Kathleen Valiasek

Title: President, Chief Executive Officer, and Chief Financial Officer

The foregoing certification is being furnished solely pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code) and is not being filed as part of the Report or as a separate disclosure document.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.