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UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF CALIFORNIA

DIMITRIOS DANIIL, Individually and on  
Behalf of All Others Similarly Situated,

Plaintiff,

vs.

TERRAVIA HOLDINGS, INC.,  
JONATHAN S. WOLFSON, APURVA S.  
MODY, and TYLER W. PAINTER,

Defendants

Case No.:

**CLASS ACTION COMPLAINT FOR  
VIOLATIONS OF THE FEDERAL  
SECURITIES LAWS**

**JURY TRIAL DEMANDED**

Plaintiff Dimitrios Daniil (“Plaintiff”), individually and on behalf of all other persons similarly situated, by Plaintiff undersigned attorneys, for Plaintiff’s complaint against Defendants, alleges the following based upon personal knowledge as to Plaintiff and Plaintiff’s own acts, and information and belief as to all other matters, based upon, *inter alia*, the investigation conducted by and through Plaintiff’s attorneys, which included, among other things, a review of the Defendants’ public

1 documents, announcements, United States Securities and Exchange Commission (“SEC”) filings, wire  
2 and press releases published by and regarding TerraVia Holdings, Inc. (“TerraVia” or the “Company”),  
3 analysts’ reports and advisories about the Company, and information readily obtainable on the Internet.  
4 Plaintiff believes that substantial evidentiary support will exist for the allegations set forth herein after a  
5 reasonable opportunity for discovery.

6  
7 **NATURE OF THE ACTION**

8 1. This is a federal securities class action on behalf of a class consisting of all persons other  
9 than Defendants who purchased or otherwise acquired TerraVia securities between March 13, 2013 and  
10 November 4, 2016, both dates inclusive (the “Class Period”), seeking to recover compensable damages  
11 caused by Defendants’ violations of the federal securities laws and to pursue remedies under Sections  
12 10(b) and 20(a) of the Securities Exchange Act of 1934 (the “Exchange Act”) and Rule 10b-5  
13 promulgated thereunder.  
14

15 2. TerraVia creates and sells food, nutrition, and specialty ingredients from algae. Its  
16 platform uses microalgae to produce high-value triglyceride oils, proteins, fibers, micronutrients, and  
17 other ingredients, including algal flour.

18 3. The Company was formerly known as Solazyme, Inc. and changed its name to TerraVia  
19 Holdings, Inc. in March 2016. TerraVia Holdings, Inc. was incorporated in 2003 and is headquartered  
20 in South San Francisco, California.  
21

22 4. Throughout the Class Period, Defendants made materially false and misleading  
23 statements regarding the Company’s business, operational and compliance policies. Specifically,  
24 Defendants made false and/or misleading statements and/or failed to disclose that: (i) ingestion of  
25 TerraVia’s algal flour caused gastrointestinal distress, including nausea and vomiting; (ii) the  
26 Company’s algal flour was therefore unlikely to be a competitive product in the market for nutrition  
27 foods; (iii) consequently, the Company had overstated the commercial viability of its algal flour; and  
28

1 (iv) as a result of the foregoing, TerraVia’s public statements were materially false and misleading at all  
2 relevant times.

3 5. On November 7, 2016, *Bloomberg* published an article entitled “Soylent Thinks It Found  
4 What Was Making People Sick: Algae”, stating that an algal flour ingredient provided by TerraVia for  
5 use in Rosa Foods, Inc.’s (“Rosa Foods”) flagship meal replacement drink, Soylent, caused consumers  
6 to experience gastrointestinal distress, including nausea and vomiting, and that Rosa Foods would be  
7 removing the ingredient altogether from its product formulations by early 2017. Despite TerraVia  
8 Senior Vice President Mark Brooks’s adamant denial that TerraVia’s algal flour was responsible,  
9 *Bloomberg* further reported that TerraVia had sent a letter in July to a distributor of Honey Stinger, a  
10 Colorado energy bar company owned by EN-R-G Foods, LLC, “*warning that [TerraVia] had received*  
11 *a ‘modest number of reports’ showing that algal protein can cause ‘gastrointestinal distress,’*  
12 *according to a copy seen by Bloomberg*”—similar ailments to those reported by Soylent consumers.  
13 (Emphasis added.)  
14

15  
16 6. On this news, TerraVia’s share price fell \$0.15, or 8.11%, to close at \$1.70 on November  
17 7, 2016, damaging investors.

18  
19 7. As a result of Defendants’ false and/or misleading statements, TerraVia securities traded  
20 at inflated prices during the Class Period. However, after disclosure of Defendants’ false and/or  
21 misleading statements, TerraVia’s stock suffered a precipitous decline in market value, thereby causing  
22 significant losses and damages to Plaintiff and other Class members.

### 23 JURISDICTION AND VENUE

24 8. The claims asserted herein arise under and pursuant to Sections 10(b) and 20(a) of the  
25 Exchange Act (15 U.S.C. §§78j(b), 78b-1 and 78t(a)) and Rule 10b-5 promulgated thereunder by the  
26 SEC (17 C.F.R. §240.10b-5).  
27  
28



1 18. Each of the Individual Defendants:

2 (a) directly participated in the management of the Company;

3 (b) was directly involved in the day-to-day operations of the Company at the highest  
4 levels;

5 (c) was privy to confidential proprietary information concerning the Company and its  
6 business and operations;

7 (d) was involved in drafting, producing, reviewing and/or disseminating the false and  
8 misleading statements and information alleged herein;

9 (e) was aware of or recklessly disregarded the fact that the false and misleading  
10 statements were being issued concerning the Company; and

11 (f) approved or ratified these statements in violation of the federal securities laws.  
12

13 19. TerraVia is liable for the acts of the Individual Defendants and their employees under  
14 the doctrine of *respondeat superior* and common law principles of agency because all of the wrongful  
15 acts complained of herein were carried out within the scope of their employment.  
16

17 20. The scienter of the Individual Defendants and other employees and agents of TerraVia  
18 are similarly imputed to TerraVia under *respondeat superior* and agency principles.  
19

20 **SUBSTANTIVE ALLEGATIONS**

21 **Background**

22 21. TerraVia creates and sells food, nutrition, and specialty ingredients from algae. Its  
23 platform uses microalgae to produce high-value triglyceride oils, proteins, fibers, micronutrients, and  
24 other ingredients, including algal flour. The Company was formerly known as Solazyme, Inc. and  
25 changed its name to TerraVia Holdings, Inc. in March 2016.  
26

27 **Materially False and Misleading Statements**

1           22.     The Class Period begins on March 13, 2013, when TerraVia filed an Annual Report on  
2 Form 10-K with the SEC, announcing the Company’s financial and operating results for the quarter and  
3 year ended December 31, 2012 (the “2012 10-K”). For the quarter, TerraVia reported a net loss of  
4 \$24.61 million, or \$0.40 per diluted share, on revenue of \$8.42 million, compared to a net loss of  
5 \$15.58 million, or \$0.26 per diluted share, on revenue of \$14.89 million for the same period in the prior  
6 year. For 2012, TerraVia reported a net loss of \$83.13 million, or \$1.37 per diluted share, on revenue  
7 of \$44.11 million, compared to a net loss of \$53.9 million, or \$1.35 per diluted share, on revenue of  
8 \$38.97 million for 2011.  
9

10           23.     In the 2012 10-K, the Company stated, in relevant part:

11           *Nutrition.* We have developed microalgae-based food ingredients including oils and  
12 powders that enhance the nutritional profile and functionality of food products while  
13 reducing costs for consumer packaged goods (CPG) companies. Solazyme Roquette  
14 Nutritionals, our joint venture with Roquette Frères, S.A. (Roquette), is working to  
15 commercialize these food products in conjunction with major CPG companies. In  
16 addition to greater health benefits, including reduced calories, saturated fat and  
17 cholesterol, these nutrition products offer a variety of functional benefits such as  
18 enhanced taste and texture for low-fat formulations and lower cost handling and  
19 processing requirements as a result of being shelf-stable powdered alternatives to  
20 traditional liquid or refrigerated ingredients. We are also pursuing markets for a range of  
21 tailored food oils (Solazyme Specialty Food Ingredients) that have the potential to  
22 increase availability or improve upon conventionally utilized specialty fats and oils.

19           ...

20           ***Nutrition***

21           The food industry is large and mature, and we expect to compete with well-established  
22 competitors such as Cargill, Incorporated, Monsanto and Syngenta. Whole algalin flour,  
23 as a conventional ingredient replacement, will compete with a broad array of products  
24 such as powdered eggs, dairy alternatives and vegetable cooking oils. Additional  
25 potential competitors include DSM Food Specialties and Du Pont Health & Nutrition,  
26 who use fermentation-based platforms similar to ours in the nutrition food space. While  
27 we anticipate competition from these large, established companies, we may also partner  
28 or collaborate with these types of companies. We also believe that our partnership with  
Roquette and our development of tailored food oils will allow us to compete effectively  
in the nutrition market.

1 24. The 2012 10-K contained signed certifications pursuant to the Sarbanes-Oxley Act of  
2 2002 (“SOX”) by Defendants Wolfson and Painter, stating that the financial information contained in  
3 the 2012 10-K was accurate and disclosed any material changes to the Company’s internal control over  
4 financial reporting.

5 25. On May 8, 2013, TerraVia filed a Quarterly Report on Form 10-Q with the SEC,  
6 announcing the Company’s financial and operating results for the quarter ended March 31, 2013 (the  
7 “Q1 2013 10-Q”). For the quarter, TerraVia reported a net loss of \$26.53 million, or \$0.43 per diluted  
8 share, on revenue of \$6.68 million, compared to a net loss of \$16.78 million, or \$0.28 per diluted share,  
9 on revenue of \$13.56 million for the same period in the prior year.  
10

11 26. In the Q1 2013 10-Q, the Company stated, in relevant part:

12  
13 We have pioneered an industrial biotechnology platform that harnesses the prolific oil-  
14 producing capability of microalgae. Our technology allows us to optimize oil profiles  
15 with different carbon chain lengths, saturation levels and functional groups to modify  
16 important characteristics. We use standard industrial fermentation equipment to  
17 efficiently scale and accelerate microalgae’s natural oil production time to a few days. By  
18 feeding our proprietary oil-producing microalgae plant sugars in dark fermentation tanks,  
19 we are in effect utilizing “indirect photosynthesis,” in contrast to traditional open-pond  
20 approaches. Our platform is feedstock flexible and can utilize a wide variety of renewable  
21 plant-based sugars, such as sugarcane-based sucrose, corn-based dextrose, and sugar  
22 from other sustainable biomass sources including cellulosics, which we believe will  
23 represent an important alternative feedstock in the longer term. Furthermore, our platform  
24 allows us to produce and sell specialty bioproducts from the protein, fiber and other  
25 compounds produced by microalgae.

26 We expect our products to generate attractive margins in our target markets. We  
27 anticipate that the average selling prices of our products will capture the enhanced value  
28 of our tailored oils. Based on the technology milestones we have demonstrated, we  
believe the conversion cost profile we have achieved to date will, when implemented at  
scale, enable us to profitably engage in our target markets. For example, our lead  
microalgae strains producing oil for the chemicals and fuels markets have achieved key  
performance metrics that we believe would allow us to generate attractive margins on the  
manufacture of oils today assuming the use of a larger-scale, built-for-purpose  
commercial plant (inclusive of the anticipated cost of financing and facility depreciation).

1 27. The Q1 2013 10-Q contained signed certifications pursuant to SOX by Defendants  
2 Wolfson and Painter, stating that the financial information contained in the Q1 2013 10-Q was accurate  
3 and disclosed any material changes to the Company's internal control over financial reporting.

4 28. On August 7, 2013, TerraVia filed a Quarterly Report on Form 10-Q with the SEC,  
5 announcing the Company's financial and operating results for the quarter ended June 30, 2013 (the "Q2  
6 2013 10-Q"). For the quarter, TerraVia reported a net loss of \$25.83 million, or \$0.42 per diluted share,  
7 on revenue of \$11.18 million, compared to a net loss of \$19.24 million, or \$0.32 per diluted share, on  
8 revenue of \$13.55 million for the same period in the prior year.  
9

10 29. In the Q2 2013 10-Q, the Company stated, in relevant part:

11 We have pioneered an industrial biotechnology platform that harnesses the prolific oil-  
12 producing capability of microalgae. Our technology allows us to optimize oil profiles  
13 with different carbon chain lengths, saturation levels and functional groups to modify  
14 important characteristics. We use standard industrial fermentation equipment to  
15 efficiently scale and accelerate microalgae's natural oil production time to a few days. By  
16 feeding plant sugars to our proprietary oil-producing microalgae in dark fermentation  
17 tanks, we are in effect utilizing "indirect photosynthesis," in contrast to traditional open-  
18 pond approaches. Our platform is feedstock flexible and can utilize a wide variety of  
19 renewable plant-based sugars, such as sugarcane-based sucrose, corn-based dextrose, and  
20 sugar from other sustainable biomass sources including cellulosics, which we believe will  
21 represent an important alternative feedstock in the longer term. Furthermore, our platform  
22 allows us to produce and sell specialty bioproducts from the protein, fiber and other  
23 compounds produced by microalgae.

24 We expect our products to generate attractive margins in our target markets. We  
25 anticipate that the average selling prices of our products will capture the enhanced value  
26 of our tailored oils. Based on the technology milestones we have demonstrated, we  
27 believe the conversion cost profile we have achieved to date will, when implemented at  
28 scale, enable us to profitably engage in our target markets. For example, our lead  
microalgae strains producing oil for the chemicals and fuels markets have achieved key  
performance metrics that we believe would allow us to generate attractive margins on the  
manufacture of oils today assuming the use of a larger-scale, built-for-purpose  
commercial plant (inclusive of the anticipated cost of financing and facility depreciation).

29 30. The Q2 2013 10-Q contained signed certifications pursuant to SOX by Defendants  
30 Wolfson and Painter, stating that the financial information contained in the Q2 2013 10-Q was accurate  
31 and disclosed any material changes to the Company's internal control over financial reporting.



1 31. On November 6, 2013, TerraVia filed a Quarterly Report on Form 10-Q with the SEC,  
2 announcing the Company's financial and operating results for the quarter ended September 30, 2013  
3 (the "Q3 2013 10-Q"). For the quarter, TerraVia reported a net loss of \$30.7 million, or \$0.47 per  
4 diluted share, on revenue of \$10.62 million, compared to a net loss of \$22.5 million, or \$0.37 per  
5 diluted share, on revenue of \$8.58 million for the same period in the prior year.

6  
7 32. In the Q3 2013 10-Q, the Company stated, in relevant part:

8 We have pioneered an industrial biotechnology platform that harnesses the prolific oil-  
9 producing capability of microalgae. Our technology allows us to optimize oil profiles  
10 with different carbon chain lengths, saturation levels and functional groups to modify  
11 important characteristics. We use standard industrial fermentation equipment to  
12 efficiently scale and accelerate microalgae's natural oil production time to a few days. By  
13 feeding plant sugars to our proprietary oil-producing microalgae in dark fermentation  
14 tanks, we are in effect utilizing "indirect photosynthesis," in contrast to traditional open-  
15 pond approaches. Our platform is feedstock flexible and can utilize a wide variety of  
renewable plant-based sugars, such as sugarcane-based sucrose, corn-based dextrose, and  
sugar from other sustainable biomass sources including cellulosics, which we believe will  
represent an important alternative feedstock in the longer term. Furthermore, our platform  
allows us to produce and sell specialty bioproducts from the protein, fiber and other  
compounds produced by microalgae.

16 We expect our products to generate attractive margins in our target markets. We  
17 anticipate that the average selling prices of our products will capture the enhanced value  
18 of our tailored oils. Based on the technology milestones we have demonstrated, we  
19 believe the conversion cost profile we have achieved to date will, when implemented at  
scale, enable us to profitably engage in our target markets when implemented at full-  
scale.

20 33. The Q3 2013 10-Q contained signed certifications pursuant to SOX by Defendants  
21 Wolfson and Painter, stating that the financial information contained in the Q3 2013 10-Q was accurate  
22 and disclosed any material changes to the Company's internal control over financial reporting.

23  
24 34. On March 14, 2014, TerraVia filed an Annual Report on Form 10-K with the SEC,  
25 announcing the Company's financial and operating results for the quarter and year ended December 31,  
26 2013 (the "2013 10-K"). For the quarter, TerraVia reported a net loss of \$33.34 million, or \$0.49 per  
27 diluted share, on revenue of \$11.27 million, compared to a net loss of \$24.61 million, or \$0.40 per  
28

1 diluted share, on revenue of \$8.42 million for the same period in the prior year. For 2013, TerraVia  
2 reported a net loss of \$116.39 million, or \$1.81 per diluted share, on revenue of \$39.75 million,  
3 compared to a net loss of \$83.13 million, or \$1.37 per diluted share, on revenue of \$44.11 million for  
4 2012.

5 35. In the 2013 10-K, TerraVia stated, in relevant part:

6 Foods

7  
8 We believe that some of the largest opportunities and most valuable uses for our tailored  
9 oils and powdered ingredients are in food. We have developed microalgae-based food  
10 ingredients including tailored oils and whole algal powders that enhance the nutritional  
11 profile and functionality of food products for consumer packaged goods (CPG)  
12 companies. The products provide a wide range of health benefits while also offering a  
13 variety of functional benefits such as enhanced taste and texture, structuring, stability,  
14 and shelf life along with robust formulation and process flexibility.

15  
16 We plan to commercialize our food products through a combination of direct sales, sales  
17 through distributors and sales through partners to nutraceutical and CPG companies, food  
18 service providers and private labels. We are also developing a range of next generation  
19 food oils and whole foods to serve new market opportunities and applications.

20 ...

21 Powdered Ingredients

22  
23 In addition to optimizing the composition of oils, we have also developed novel methods  
24 of preparing powdered forms of triglyceride oils. Our powdered ingredients are  
25 composed of whole algal cells, including the cell wall and the oils and other cellular  
26 products held within the whole algal cell.

27  
28 The first examples of our powdered ingredients can be seen in our whole algal flour and  
whole algal protein products. We have fulfilled the regulatory requirements for each of  
these products in the U.S. and Europe, and both of these products can be sold into food  
applications today in those jurisdictions. These products contain whole algal cells that  
have been dried and processed for use as powdered food ingredients. The whole algal  
flour and whole algal protein products have been formulated to enhance the nutritional  
profile and functionality of food products. With these products, we can offer potential  
CPG customers myriad benefits, some of which include protein fortification, reduced  
saturated fat, reduced trans-fat and lower calories. Our microalgae-based powdered food  
ingredients can enhance or replace emulsifiers, fats and oils, polysaccharides,  
oligosaccharides and proteins. When used as a partial or complete replacement for  
ingredients such as eggs, butter, cream and oil, our products enable CPG companies, and  
other food processors, to offer products with significantly better nutrition, taste and

1 texture parity and/or enhancement. As a result, our products align with current consumer  
2 trends, which include demand for products that are more nutritious without taste  
3 compromise, natural, sustainable ingredients and simpler ingredient panels.

4 *Whole Algal Flour (WAF)*: Whole Algal Flour is multicomponent, whole food rich in  
5 healthy lipids that is able to efficiently replace other lipid sources. WAF is replete with  
6 healthy lipids that have a profile similar to olive oil. It is vegan, gluten-free, free of  
7 known allergens, low in saturated fat, cholesterol and trans-fat free. WAF can improve  
8 the nutritional profile of food products while maintaining the desirable sensory profile of  
9 those products. It can also be used in small quantities to enhance mouth feel without  
10 increasing viscosity. Key applications include bakery, ice cream, soups, sauces, beverage  
11 and bars.

12 36. The 2013 10-K contained signed certifications pursuant to SOX by Defendants Wolfson  
13 and Painter, stating that the financial information contained in the 2013 10-K was accurate and  
14 disclosed any material changes to the Company's internal control over financial reporting.

15 37. On May 8, 2014, TerraVia filed a Quarterly Report on Form 10-Q with the SEC,  
16 announcing the Company's financial and operating results for the quarter ended March 31, 2014 (the  
17 "Q1 2014 10-Q"). For the quarter, TerraVia reported a net loss of \$34.68 million, or \$0.50 per diluted  
18 share, on revenue of \$12.39 million, compared to a net loss of \$26.53 million, or \$0.43 per diluted  
19 share, on revenue of \$6.68 million for the same period in the prior year.

20 38. In the Q1 2014 10-Q, the Company stated, in relevant part:

21 Starting with microalgae, we create new, sustainable, high-performance products. Our  
22 proprietary technology uses highly optimized microalgae in an industrial fermentation  
23 process to transform a range of abundant plant-based sugars into high-value triglyceride  
24 oils and other bioproducts.

25 We tailor the composition of our oils and bioproducts to address specific customer  
26 requirements, via a renewable pathway, by replacing or improving intermediates and  
27 ingredients in major markets currently served by conventional oils and specialty markets.  
28 We are commercializing our primary products as either Intermediates/Ingredients that  
include branded products such as Encapso™, AlgaVia™ Lipid Powder and AlgaVia™  
Protein, or as Personal Care Products that include branded products such as Algenist®  
skin and personal care products, targeted at customers in the: (1) Industrial Products, (2)  
Food Products, and (3) Personal Care Products markets. Algenist® skin and personal care  
line is formulated with our proprietary ingredients, Alguronic Acid® and Microalgal Oil,  
which is incorporated into a full-range of branded skin and personal care products.

...

1 We are also developing food oils and powdered ingredients targeted at the Food Products  
2 market. Our food oils are formulated to offer a variety of functional benefits such as  
3 enhanced structuring capabilities and stability while providing robust formulation and  
4 process flexibility. In addition, we have developed novel methods of preparing powdered  
5 forms of triglyceride oils and vegan proteins, and our powdered ingredients are composed  
6 of unmodified whole algal cells. AlgaVia™ Lipid Powder (also known as whole algal  
7 flour) and AlgaVia™ Protein (also known as whole algal protein) can improve the  
8 nutritional profile of foods and beverages. AlgaVia™ Lipid Powder is a new fat source  
9 that allows for the reduction or replacement of dairy fats, oils, and eggs. AlgaVia™  
10 Protein is a new vegan source of protein that is free of known allergens and gluten. Both  
11 AlgaVia™ Lipid Powder and AlgaVia™ Protein can be used across a range of  
12 applications such as beverages (ready-to-drink and powdered), bakery, snacks, bars,  
13 dressings, sauces and frozen desserts.

14 39. The Q1 2014 10-Q contained signed certifications pursuant to SOX by Defendants  
15 Wolfson and Painter, stating that the financial information contained in the Q1 2014 10-Q was accurate  
16 and disclosed any material changes to the Company's internal control over financial reporting.

17 40. On August 1, 2014, TerraVia filed a Quarterly Report on Form 10-Q with the SEC,  
18 announcing the Company's financial and operating results for the quarter ended June 30, 2014 (the "Q2  
19 2014 10-Q"). For the quarter, TerraVia reported a net loss of \$42.92 million, or \$0.56 per diluted share,  
20 on revenue of \$15.94 million, compared to a net loss of \$25.83 million, or \$0.42 per diluted share, on  
21 revenue of \$11.18 million for the same period in the prior year.

22 41. In the Q2 2014 10-Q, the Company stated, in relevant part:

23 We make renewable oils and other bioproducts. Our proprietary technology uses highly  
24 optimized microalgae in an industrial fermentation process to transform a growing range  
25 of abundant plant-based sugars into high-value triglyceride oils and other bioproducts.

26 We have the ability to tailor the composition of our oils and bioproducts to address  
27 specific customer requirements, offering superior performance characteristics and value,  
28 compared with conventionally sourced products. We anticipate that the average selling  
prices (ASPs) of our products will capture the enhanced value that results from tailoring  
compositions of oils that enable heightened performance. As such, we expect our  
products to generate attractive margins in our target markets. In the skin and personal  
care market, we are currently selling two consumer branded product offerings, our  
Algenist® and EverDeep® skin care lines. In the first quarter of 2014, we began  
manufacturing at commercial production scale, and we began selling oil-based  
intermediate and ingredient products. We expect to sell these oil-based intermediate and  
ingredients products broadly to customers in the fuels and chemicals, oil field services

1 and nutrition markets. We expect the average margins on these intermediate and  
2 ingredient products will be lower than those of our branded consumer products; however,  
3 we believe the sales volumes for the intermediate and ingredient products will be higher  
4 as we expand our large scale production. We have entered into sales agreements and  
5 partnership agreements to advance commercialization efforts. In addition to development  
6 agreements to fund development work and new product application testing, we expect  
7 that our partners will enter into long-term purchase agreements with us. We are currently  
8 engaged in development activities with multiple partners.

9 ...

10 We are also developing food oils and powders targeted at nutritional markets. We are  
11 commercializing these products under our brand name, AlgaVia™. Our AlgaVia™ oils  
12 are formulated to offer a variety of functional benefits such as enhanced structuring  
13 capabilities and stability while providing robust formulation and process flexibility. In  
14 addition, we have developed novel methods of preparing powdered food ingredients,  
15 namely AlgaVia™ Whole Algal Flour and AlgaVia™ Whole Algal Protein. These  
16 powdered ingredients are composed of whole algal cells, which include the cell wall, oil  
17 and other valuable cellular products held within the cell.

18 42. The Q2 2014 10-Q contained signed certifications pursuant to SOX by Defendants  
19 Wolfson and Painter, stating that the financial information contained in the Q2 2014 10-Q was accurate  
20 and disclosed any material changes to the Company's internal control over financial reporting.

21 43. On November 6, 2014, TerraVia filed a Quarterly Report on Form 10-Q with the SEC,  
22 announcing the Company's financial and operating results for the quarter ended September 30, 2014  
23 (the "Q3 2014 10-Q"). For the quarter, TerraVia reported a net loss of \$39.68 million, or \$0.50 per  
24 diluted share, on revenue of \$17.56 million, compared to a net loss of \$30.70 million, or \$0.47 per  
25 diluted share, on revenue of \$10.62 million for the same period in the prior year.

26 44. In the Q3 2014 10-Q, the Company stated, in relevant part:

27 We make renewable oils and other bioproducts. Our proprietary technology uses highly  
28 optimized microalgae in an industrial fermentation process to transform a growing range  
of abundant plant-based sugars into high-value triglyceride oils and other bioproducts.

We have the ability to tailor the composition of our oils and bioproducts to address  
specific customer requirements, offering superior performance characteristics and value,  
compared with conventionally sourced products. We anticipate that the average selling  
prices (ASPs) of our products will capture the enhanced value that results from tailoring  
compositions of oils that enable heightened performance. As such, we expect our

1 products to generate attractive margins in our target markets. In the skin and personal  
2 care market, we are currently selling two consumer branded product offerings, our  
3 Algenist<sup>®</sup> and EverDeep<sup>®</sup> skin care lines. In the first quarter of 2014, we began  
4 manufacturing at commercial production scale, and we began selling oil-based  
5 intermediate and ingredient products. We expect to sell these oil-based intermediate and  
6 ingredients products broadly to customers in the fuels and chemicals, oil field services  
7 and nutrition markets. We expect the average margins on these intermediate and  
8 ingredient products will be lower than those of our branded consumer products; however,  
9 we believe the sales volumes for the intermediate and ingredient products will be higher  
10 as we expand our large scale production. We have entered into sales agreements and  
11 partnership agreements to advance commercialization efforts. In addition to development  
12 agreements to fund development work and new product application testing, we expect  
13 that our partners will enter into long-term purchase agreements with us. We are currently  
14 engaged in development activities with multiple partners.

15 ...

16 We are also developing food oils and powders targeted at nutritional markets. Our food  
17 oils are formulated to offer a variety of functional benefits such as enhanced structuring  
18 capabilities and stability while providing robust formulation and process flexibility. In  
19 addition, we have developed novel methods of preparing powdered food ingredients,  
20 which we are commercializing under our brand name, AlgaVia<sup>™</sup>, namely  
21 AlgaVia<sup>™</sup> Whole Algal Flour and AlgaVia<sup>™</sup> Whole Algal Protein. These powdered  
22 ingredients are composed of whole algal cells, which include the cell wall, oil and other  
23 valuable cellular products held within the cell.

24 45. The Q3 2014 10-Q contained signed certifications pursuant to SOX by Defendants  
25 Wolfson and Painter, stating that the financial information contained in the Q3 2014 10-Q was accurate  
26 and disclosed any material changes to the Company's internal control over financial reporting.

27 46. On March 6, 2015, TerraVia filed an Annual Report on Form 10-K with the SEC,  
28 announcing the Company's financial and operating results for the quarter and year ended December 31,  
2014 (the "2014 10-K"). For the quarter, TerraVia reported a net loss of \$44.87 million, or \$0.57 per  
diluted share, on revenue of \$14.5 million, compared to a net loss of \$33.34 million, or \$0.49 per  
diluted share, on revenue of \$11.27 million for the same period in the prior year. For 2014, TerraVia  
reported a net loss of \$162.14 million, or \$2.14 per diluted share, on revenue of \$60.39 million,  
compared to a net loss of \$116.39 million, or \$1.81 per diluted share, on revenue of \$39.75 million for  
2013.

1 47. In the 2014 10-K, TerraVia stated, in relevant part:

2 ***Food Products – Powdered Ingredients and Food Oils***

3 We believe that some of the largest opportunities and most valuable uses for our oils and  
4 powdered ingredients are in food. We have developed and commercialized microalgae-  
5 based food ingredients that enhance the nutritional profile and functionality of a wide  
6 range of foods and beverages.

6 ...

7 Powdered Ingredients

8 We have developed novel methods of preparing powdered forms of triglyceride oils and  
9 vegan proteins, and our powdered ingredients are composed of unmodified whole algal  
10 cells. AlgaVia™ Lipid Powder (commonly known as whole algal flour) and AlgaVia™  
11 Protein (commonly known as whole algal protein) are whole algae ingredients that  
12 improve the nutritional profile of foods and beverages. AlgaVia™ Lipid Powder is a new  
13 fat source that allows for the reduction or replacement of dairy fats, oils, and eggs.  
14 AlgaVia™ Protein is a new vegan source of protein that is free of gluten and known  
15 allergens. Because the protein resides within the algal cell wall, it uniquely enables  
16 protein fortification into applications such as low pH beverages where protein  
17 fortification is typically difficult. Both AlgaVia™ Lipid Powder and Protein can be used  
18 across a range of applications such as beverages (ready-to-drink and powdered), bakery,  
19 snacks, bars, dressings, sauces and frozen desserts. We have received an FDA GRAS  
20 “No Questions” letter for these ingredients. They may also be sold in other  
21 regions/countries including Europe, Mexico, Australia, and New Zealand.

17 48. The 2014 10-K contained signed certifications pursuant to SOX by Defendants Wolfson  
18 and Painter, stating that the financial information contained in the 2014 10-K was accurate and  
19 disclosed any material changes to the Company’s internal control over financial reporting.

21 49. On May 8, 2015, TerraVia filed a Quarterly Report on Form 10-Q with the SEC,  
22 announcing the Company’s financial and operating results for the quarter ended March 31, 2015 (the  
23 “Q1 2015 10-Q”). For the quarter, TerraVia reported a net loss of \$34.67 million, or \$0.44 per diluted  
24 share, on revenue of \$12.61 million, compared to a net loss of \$34.68 million, or \$0.50 per diluted  
25 share, on revenue of \$12.39 million for the same period in the prior year.

27 50. In the Q1 2015 10-Q, the Company stated, in relevant part:

1 Starting with microalgae, we create new, sustainable, high-performance products. Our  
2 proprietary technology uses highly optimized microalgae in an industrial fermentation  
3 process to transform a range of abundant plant-based sugars into high-value triglyceride  
4 oils and other bioproducts.

5 We tailor the composition of our oils and bioproducts to address specific customer  
6 requirements, via a renewable pathway, by replacing or improving intermediates and  
7 ingredients in major markets currently served by conventional oils and specialty markets.  
8 We are commercializing our primary products as either Intermediates/Ingredients that  
9 include branded products such as Encapso™, AlgaVia™ Lipid Powder and  
10 AlgaVia™ Protein, or as Personal Care Products that include branded products such as  
11 Algenist® skin and personal care products, targeted at customers in the: (1) Industrial  
12 Products, (2) Food Products, and (3) Personal Care Products markets. Algenist® skin and  
13 personal care line is formulated with our proprietary ingredients, Alguronic Acid® and  
14 Microalgal Oil, which is incorporated into a full-range of branded skin and personal care  
15 products.

16 ...

17 We are also developing food oils and powdered ingredients targeted at the Food Products  
18 market. Our food oils are formulated to offer a variety of functional benefits such as  
19 enhanced structuring capabilities and stability while providing robust formulation and  
20 process flexibility. In addition, we have developed novel methods of preparing powdered  
21 forms of triglyceride oils and vegan proteins, and our powdered ingredients are composed  
22 of unmodified whole algal cells. AlgaVia™ Lipid Powder (also known as whole algal  
23 flour) and AlgaVia™ Protein (also known as whole algal protein) can improve the  
24 nutritional profile of foods and beverages. AlgaVia™ Lipid Powder is a new fat source  
25 that allows for the reduction or replacement of dairy fats, oils, and eggs.  
26 AlgaVia™ Protein is a new vegan source of protein that is free of known allergens and  
27 gluten. Both AlgaVia™ Lipid Powder and AlgaVia™ Protein can be used across a range  
28 of applications such as beverages (ready-to-drink and powdered), bakery, snacks, bars,  
dressings, sauces and frozen desserts.

51. The Q1 2015 10-Q contained signed certifications pursuant to SOX by Defendants  
Wolfson and Painter, stating that the financial information contained in the Q1 2015 10-Q was accurate  
and disclosed any material changes to the Company's internal control over financial reporting.

52. On August 10, 2015, TerraVia filed a Quarterly Report on Form 10-Q with the SEC,  
announcing the Company's financial and operating results for the quarter ended June 30, 2015 (the "Q2  
2015 10-Q"). For the quarter, TerraVia reported a net loss of \$37.17 million, or \$0.46 per diluted share,



1 on revenue of \$11.74 million, compared to a net loss of \$42.92 million, or \$0.56 per diluted share, on  
2 revenue of \$15.94 million for the same period in the prior year.

3 53. In the Q2 2015 10-Q, the Company stated, in relevant part:

4 Starting with microalgae, we create new, sustainable, high-performance products. Our  
5 proprietary technology uses highly optimized microalgae in an industrial fermentation  
6 process to transform a range of abundant plant-based sugars into high-value triglyceride  
7 oils and other bioproducts.

8 We tailor the composition of our oils and bioproducts to address specific customer  
9 requirements, via a renewable pathway, by replacing or improving intermediates and  
10 ingredients in major markets currently served by conventional oils and specialty markets.  
11 We are commercializing our primary products as either Intermediates/Ingredients that  
12 include branded products such as Encapso™, AlgaVia™ Lipid Powder and  
13 AlgaVia™ Protein, or as Personal Care Products that include branded products such as  
14 Algenist® skin and personal care products, targeted at customers in the: (1) Industrial  
15 Products, (2) Food Products, and (3) Personal Care Products markets. Algenist® skin and  
16 personal care line is formulated with our proprietary ingredients, Alguronic Acid® and  
17 Microalgal Oil, which is incorporated into a full-range of branded skin and personal care  
18 products.

19 ...

20 We are also developing food oils and powdered ingredients targeted at the Food Products  
21 market. Our food oils are formulated to offer a variety of functional benefits such as  
22 enhanced structuring capabilities and stability while providing robust formulation and  
23 process flexibility. In addition, we have developed novel methods of preparing powdered  
24 forms of triglyceride oils and vegan proteins, and our powdered ingredients are composed  
25 of unmodified whole algal cells. AlgaVia™ Lipid Powder (also known as whole algal  
26 flour) and AlgaVia™ Protein (also known as whole algal protein) can improve the  
27 nutritional profile of foods and beverages. AlgaVia™ Lipid Powder is a new fat source  
28 that allows for the reduction or replacement of dairy fats, oils, and eggs. AlgaVia™ Protein is a new vegan source of protein that is free of known allergens and gluten. Both AlgaVia™ Lipid Powder and AlgaVia™ Protein can be used across a range of applications such as beverages (ready-to-drink and powdered), bakery, snacks, bars, dressings, sauces and frozen desserts.

54. The Q2 2015 10-Q contained signed certifications pursuant to SOX by Defendants  
Wolfson and Painter, stating that the financial information contained in the Q2 2015 10-Q was accurate  
and disclosed any material changes to the Company's internal control over financial reporting.

1           55.     On November 9, 2015, TerraVia filed a Quarterly Report on Form 10-Q with the SEC,  
2 announcing the Company's financial and operating results for the quarter ended September 30, 2015  
3 (the "Q3 2015 10-Q"). For the quarter, TerraVia reported a net loss of \$34.92 million, or \$0.43 per  
4 diluted share, on revenue of \$4.52 million, compared to a net loss of \$39.68 million, or \$0.50 per  
5 diluted share, on revenue of \$17.56 million for the same period in the prior year.

6  
7           56.     In the Q3 2015 10-Q, the Company stated, in relevant part:

8           Starting with microalgae, we create new, sustainable, high-performance products. Our  
9 proprietary technology uses highly optimized microalgae in an industrial fermentation  
10 process to transform a range of abundant plant-based sugars into high-value triglyceride  
11 oils and other bioproducts.

12           We tailor the composition of our oils and bioproducts to address specific customer  
13 requirements, via a renewable pathway, by replacing or improving intermediates and  
14 ingredients in major markets currently served by conventional oils and specialty markets.  
15 We are commercializing our primary products as either Intermediates/Ingredients that  
16 include branded products such as Encapso™, AlgaVia™ Lipid Powder and  
17 AlgaVia™ Protein, or as Personal Care Products that include branded products such as  
18 Algenist® skin and personal care products, targeted at customers in the: (1) Industrial  
19 Products, (2) Food Products, and (3) Personal Care Products markets. Algenist® skin and  
20 personal care line is formulated with our proprietary ingredients, Alguronic Acid® and  
21 Microalgal Oil, which is incorporated into a full-range of branded skin and personal care  
22 products.

23           ...

24           We are also developing food oils and powdered ingredients targeted at the Food Products  
25 market. Our food oils are formulated to offer a variety of functional benefits such as  
26 enhanced structuring capabilities and stability while providing robust formulation and  
27 process flexibility. In addition, we have developed novel methods of preparing powdered  
28 forms of triglyceride oils and vegan proteins, and our powdered ingredients are composed  
of unmodified whole algal cells. AlgaVia™ Lipid Powder (also known as whole algal  
flour) and AlgaVia™ Protein (also known as whole algal protein) can improve the  
nutritional profile of foods and beverages. AlgaVia™ Lipid Powder is a new fat source  
that allows for the reduction or replacement of dairy fats, oils, and eggs.  
AlgaVia™ Protein is a new vegan source of protein that is free of known allergens and  
gluten. Both AlgaVia™ Lipid Powder and AlgaVia™ Protein can be used across a range  
of applications such as beverages (ready-to-drink and powdered), bakery, snacks, bars,  
dressings, sauces and frozen desserts.

1           57.     The Q3 2015 10-Q contained signed certifications pursuant to SOX by Defendants  
2 Wolfson and Painter, stating that the financial information contained in the Q3 2015 10-Q was accurate  
3 and disclosed any material changes to the Company's internal control over financial reporting.

4           58.     On March 15, 2016, TerraVia filed an Annual Report on Form 10-K with the SEC,  
5 announcing the Company's financial and operating results for the quarter and year ended December 31,  
6 2015 (the "2015 10-K"). For the quarter, TerraVia reported a net loss of \$34.69 million, or \$0.43 per  
7 diluted share, on revenue of \$10.39 million, compared to a net loss of \$44.87 million, or \$0.57 per  
8 diluted share, on revenue of \$14.50 million for the same period in the prior year. For 2015, TerraVia  
9 reported a net loss of \$141.45 million, or \$1.76 per diluted share, on revenue of \$46.13 million,  
10 compared to a net loss of \$162.14 million, or \$2.14 per diluted share, on revenue of \$60.39 million for  
11 2014.  
12

13  
14           59.     In the 2015 10-K, TerraVia stated, in relevant part:

15           ***Food and Nutrition Products***

16           We believe that some of the largest opportunities and most valuable uses for our oils and  
17 powdered ingredients are in food and nutrition. We have developed and commercialized  
18 microalgae-based food ingredients that can enhance the nutritional profile and  
19 functionality of a wide range of foods and beverages. We currently have two commercial  
20 food ingredient platforms with four commercially available products. The AlgaVia™  
21 Microalgae Food Ingredients include a lipid-rich powder and a protein powder, and the  
22 AlgaWise™ algae oils family, which currently includes the Ultra Omega-9 Oil and the  
23 High Stability Oil. The AlgaVia™ ingredients are new, sustainable sources of food with  
24 benefits that can enhance nutrition, performance and taste. AlgaVia™ ingredients are  
25 sold to food and beverage manufacturers and foodservice providers through a  
26 combination of direct sales, distributors and strategic partnerships. The AlgaWise™ oils  
27 are based on unique nutrition and performance characteristics and the oils are among the  
28 most sustainably produced cooking oils, with more oil produced per acre of land, and a  
lower carbon and water footprint than nearly all cooking oils.

25           Powdered Ingredients

26           We have developed novel methods of preparing powdered forms of triglyceride oils and  
27 vegan proteins, and our powdered ingredients are composed of unmodified whole algae  
28 cells. Our whole algae products include:

- 1 • **AlgaVia™ Lipid Rich Powder** (commonly known as whole algae flour) is a  
2 lipid-rich ingredient that can replace or reduce dairy fat, egg yolks and oil in  
3 recipes to reduce fat, cholesterol and calories with the added benefits of texture  
4 enhancement, water binding and flavor delivery. This is a new fat source that can  
5 enable the creation of healthier products with taste and texture similar to or better  
6 than foods made with conventional animal or vegetable oils. We believe the total  
7 addressable market for our lipid powders is greater than \$2.5 billion annually.
- 8 • **AlgaVia™ Protein** (commonly known as whole algae protein) is a vegan protein  
9 source that is non-allergenic, gluten-free and a sustainable source of high quality  
10 protein. This ingredient delivers protein along with a rich collection of fiber,  
11 lipids and micronutrients. The protein present in AlgaVia™ protein is protected  
12 by the natural cell wall and enables protein fortification in challenging  
13 applications such as low pH beverages, dressings and crackers. We believe the  
14 total addressable market for our protein powders is greater than \$8.0 billion  
15 annually.

16 Both AlgaVia™ Lipid Rich Powder and Protein can be used across a range of  
17 applications such as beverages (ready-to-drink and powdered), bakery, snacks, bars,  
18 dressings, sauces and frozen desserts. We have received FDA GRAS “No Questions”  
19 letters for each of these powdered ingredients. They may also be sold in other  
20 regions/countries including Europe, Mexico, Australia, and New Zealand. Additionally,  
21 we successfully produced at scale a new food powder intended for use in animal nutrition  
22 applications and this ingredient is intended for commercial launch in 2016.

23 60. The 2015 10-K contained signed certifications pursuant to SOX by Defendants Wolfson  
24 and Painter, stating that the financial information contained in the 2015 10-K was accurate and  
25 disclosed any material changes to the Company’s internal control over financial reporting.

26 61. On May 6, 2016, TerraVia filed a Quarterly Report on Form 10-Q with the SEC,  
27 announcing the Company’s financial and operating results for the quarter ended March 31, 2016 (the  
28 “Q1 2016 10-Q”). For the quarter, TerraVia reported a net loss of \$26.51 million, or \$0.32 per diluted  
share, on revenue of \$10.86 million, compared to a net loss of \$34.67 million, or \$0.44 per diluted  
share, on revenue of \$12.61 million for the same period in the prior year.

62. In the Q1 2016 10-Q, the Company stated, in relevant part:

We are a food, nutrition and specialty ingredients company that harnesses the power of  
algae, the origin of all plants. Our innovative platform uses microalgae to produce high-  
value triglyceride oils, proteins, fibers, micronutrients and other ingredients. The inherent

1 flexibility of our technology platform and the broad usage of these materials across  
2 multiple industries, allow us to approach a wide range of customers across myriad end  
3 markets. Moving forward, Solazyme will be known as TerraVia™.

4 The unique composition of our oils, powders and other algae-derived products address  
5 specific customer requirements. We are commercializing high-value oils and powder  
6 products to companies that primarily use them as ingredients. We have developed and are  
7 commercializing products for specialty food ingredients, animal nutrition ingredients,  
8 consumer food products and specialty skin and personal care ingredients. Over our  
9 history, we have invested in and developed products, technology and market  
10 opportunities in the industrials area, which includes fuels, industrial oils, and the  
11 oilfield/Encapso™ business. In line with our strategy to focus our commercial efforts on  
12 food and specialty personal care ingredients, we expect to pursue strategic alternatives for  
13 the industrial business and our objective will be to identify partners who have the  
14 operational capabilities needed to realize the potential of those businesses.

15 Our food oils are formulated to offer a variety of functional benefits such as enhanced  
16 structuring capabilities and stability while providing robust formulation and process  
17 flexibility. These food oils have the potential to improve upon conventionally utilized  
18 specialty fats and oils and our high oleic algae oil has received an FDA generally  
19 recognized as safe (GRAS) "No Questions" letter. Currently, these oils are commercially  
20 available in our AlgaWise™ branded food oil platform and in our consumer culinary oil  
21 Thrive® brand. In addition, we have developed novel methods of preparing powdered  
22 forms of triglyceride oils and vegan proteins, and our powdered ingredients are composed  
23 of unmodified whole algae cells. AlgaVia® Lipid Powder (commonly known as whole  
24 algae flour) and AlgaVia® Protein (commonly known as whole algae protein) are whole  
25 algae ingredients that can improve the nutritional profile of foods and beverages.  
26 AlgaVia® Lipid Powder is a new fat source that allows for the reduction or replacement of  
27 dairy fats, oils, and eggs. AlgaVia® Protein is a new vegan source of protein that is free of  
28 known allergens and gluten. Both AlgaVia® Lipid Powder and Protein can be used across  
a range of applications such as beverages (ready-to-drink and powdered), bakery, snacks,  
bars, dressings, sauces and frozen desserts and have received FDA GRAS "No  
Questions" letters.

63. The Q1 2016 10-Q contained signed certifications pursuant to SOX by Defendants  
Wolfson and Painter, stating that the financial information contained in the Q1 2016 10-Q was accurate  
and disclosed any material changes to the Company's internal control over financial reporting.

64. On August 8, 2016, TerraVia filed a Quarterly Report on Form 10-Q with the SEC,  
announcing the Company's financial and operating results for the quarter ended June 30, 2016 (the "Q2  
2016 10-Q"). For the quarter, TerraVia reported a net loss of \$27.44 million, or \$0.33 per diluted share,

1 on revenue of \$9.95 million, compared to a net loss of \$37.17 million, or \$0.46 per diluted share, on  
2 revenue of \$11.74 million for the same period in the prior year.

3 65. In the Q2 2016 10-Q, the Company stated, in relevant part:

4 We are a food, nutrition and specialty ingredients company that harnesses the power of  
5 algae, the origin of all plants. Our innovative platform uses microalgae to produce high-  
6 value triglyceride oils, proteins, fibers, micronutrients and other ingredients. The inherent  
7 flexibility of our technology platform and the broad usage of these materials across  
8 multiple industries allow us to approach a wide range of customers across myriad end  
9 markets. In May 2016, we changed our name from “Solazyme, Inc.” to “TerraVia  
10 Holdings, Inc.”, and changed our Nasdaq ticker listing from SZYM to TVIA. With the  
11 transition to the TerraVia brand and our refined focus on food, nutrition and specialty  
12 ingredients, we announced in March 2016 our intention to attract a new CEO with proven  
13 industry experience in food and nutrition to drive commercial growth. On August 8,  
14 2016, we announced the appointment of Apu Mody as our Chief Executive Officer,  
15 effective upon the commencement of his employment with TerraVia, expected to occur  
16 on or about August 22, 2016.

17 The unique composition of our oils, powders and other algae-derived products address  
18 specific customer requirements. We are commercializing high-value oils and powder  
19 products with companies that primarily use them as ingredients. We have developed and  
20 are commercializing products for specialty food ingredients, animal nutrition ingredients,  
21 consumer food products and specialty skin and personal care ingredients. Over our  
22 history, we have also invested in and developed products, technology and market  
23 opportunities in the industrials area, which includes fuels, industrial oils, and the  
24 oilfield/Encapso<sup>®</sup> business. In line with our strategy to focus our commercial efforts on  
25 food and specialty personal care ingredients, we expect to pursue strategic alternatives for  
26 the industrials business and our objective will be to identify partners who have the  
27 operational capabilities needed to realize the potential of those businesses.

28 Our food oils are formulated to offer a variety of functional benefits such as enhanced  
structuring capabilities and stability while providing robust formulation and process  
flexibility. These food oils have the potential to improve upon conventionally utilized  
specialty fats and oils and our high oleic algae oil has received an FDA generally  
recognized as safe (GRAS) "No Questions" letter. Currently, these oils are commercially  
available in our AlgaWise<sup>®</sup> branded food oil platform and in our consumer culinary oil  
Thrive<sup>®</sup> brand. In addition, we have developed novel methods of preparing powdered  
forms of triglyceride oils and vegan proteins, and our powdered ingredients are composed  
of unmodified whole algae cells. AlgaVia<sup>®</sup> Lipid Powder (commonly known as whole  
algae flour) and AlgaVia<sup>®</sup> Protein (commonly known as whole algae protein) are whole  
algae ingredients that can improve the nutritional profile of foods and beverages.  
AlgaVia<sup>®</sup> Lipid Powder is a new fat source that allows for the reduction or replacement of  
dairy fats, oils, and eggs. AlgaVia<sup>®</sup> Protein is a new vegan source of protein that is free of  
known allergens and gluten. Both AlgaVia<sup>®</sup> Lipid Powder and Protein can be used across  
a range of applications such as beverages (ready-to-drink and powdered), bakery, snacks,

1 bars, dressings, sauces and frozen desserts and have received FDA GRAS “No  
2 Questions” letters. In May 2016, we and Bunge announced that we launched a native,  
3 whole algae DHA, docosahexaenoic acid, a long chain omega-3 fatty acid as a  
4 sustainable specialty feed ingredient, prioritizing the aquaculture market.

5 66. The Q2 2016 10-Q contained signed certifications pursuant to SOX by Defendants  
6 Wolfson and Painter, stating that the financial information contained in the Q2 2016 10-Q was accurate  
7 and disclosed any material changes to the Company’s internal control over financial reporting.

8 67. On November 4, 2016, TerraVia filed a Quarterly Report on Form 10-Q with the SEC,  
9 announcing the Company’s financial and operating results for the quarter ended September 30, 2016  
10 (the “Q3 2016 10-Q”). For the quarter, TerraVia reported a net loss of \$20.49 million, or \$0.24 per  
11 diluted share, on revenue of \$4.31 million, compared to a net loss of \$34.92 million, or \$0.43 per  
12 diluted share, on revenue of \$4.52 million for the same period in the prior year.

13 68. In the Q3 2016 10-Q, the Company stated, in relevant part:

14 We are a food, nutrition and specialty ingredients company that harnesses the power of  
15 algae, the origin of all plants. Our innovative platform uses microalgae to produce high-  
16 value triglyceride oils, proteins, fibers, micronutrients and other ingredients. The inherent  
17 flexibility of our technology platform and the broad usage of these materials across  
18 multiple industries allow us to approach a wide range of customers across myriad end  
19 markets. We have streamlined our strategy to focus on food, nutrition and specialty  
20 ingredient products and began to more broadly commercialize these products in 2015,  
21 and in May 2016, we changed our name from “Solazyme, Inc.” to “TerraVia Holdings,  
22 Inc.”, and changed our Nasdaq ticker listing symbol from SZYM to TVIA. With the  
23 transition to the TerraVia brand and our refined focus on food, nutrition and specialty  
24 ingredients, we announced in March 2016 our intention to attract a new CEO with proven  
25 industry experience in food and nutrition to drive commercial growth. On August 8,  
26 2016, we announced the appointment of Apu Mody as our Chief Executive Officer,  
27 effective upon the commencement of his employment with TerraVia, which occurred on  
28 August 22, 2016. Additionally, in August 2016, we sold our Algenist skincare brand, a  
transaction in line with our strategy to focus efforts on core growth engines in food,  
nutrition and specialty ingredients.

The unique composition of our oils, powders and other algae-derived products address  
specific customer requirements. We are commercializing high-value oils and powder  
products with companies that primarily use them as ingredients. We have developed and  
are commercializing products for specialty food ingredients, animal nutrition ingredients,  
consumer food products and specialty personal care ingredients. Over our history, we  
have also invested in and developed products, technology and market opportunities in the

1 industrials area, which includes fuels, industrial oils, and the oilfield/Encapso<sup>®</sup> business.  
2 In line with our strategy to focus our commercial efforts on food and specialty personal  
3 care ingredients, we expect to pursue strategic alternatives for the industrials business and  
4 our objective will be to identify partners who have the operational capabilities needed to  
5 realize the potential of those businesses.

6 Our food oils are formulated to offer a variety of functional benefits such as enhanced  
7 structuring capabilities and stability while providing robust formulation and process  
8 flexibility. These food oils have the potential to improve upon conventionally utilized  
9 specialty fats and oils and our high oleic algae oil has received an FDA generally  
10 recognized as safe (GRAS) "No Questions" letter. Currently, these oils are commercially  
11 available in our AlgaWise<sup>®</sup> branded food oil platform and in our consumer culinary oil  
12 Thrive<sup>®</sup> brand. In addition, we have developed novel methods of preparing powdered  
13 forms of triglyceride oils and vegan proteins, and our powdered ingredients are composed  
14 of unmodified whole algae cells. AlgaVia<sup>®</sup> Lipid Powder (commonly known as whole  
15 algae flour) and AlgaVia<sup>®</sup> Protein (commonly known as whole algae protein) are whole  
16 algae ingredients that can improve the nutritional profile of foods and beverages.  
17 AlgaVia<sup>®</sup> Lipid Powder is a new fat source that allows for the reduction or replacement  
18 of dairy fats, oils, and eggs. AlgaVia<sup>®</sup> Protein is a new vegan source of protein that is free  
19 of known allergens and gluten. Both AlgaVia<sup>®</sup> Lipid Powder and Protein can be used  
20 across a range of applications such as beverages (ready-to-drink and powdered), bakery,  
21 snacks, bars, dressings, sauces and frozen desserts and each ingredient received a FDA  
22 GRAS "No Questions" letter. In May 2016, we and Bunge announced that we launched a  
23 native, whole algae DHA, docosahexaenoic acid, a long chain omega-3 fatty acid as a  
24 sustainable specialty feed ingredient, prioritizing the aquaculture market.

25 69. The Q3 2016 10-Q contained signed certifications pursuant to SOX by Defendants  
26 Mody and Painter, stating that the financial information contained in the Q3 2016 10-Q was accurate  
27 and disclosed any material changes to the Company's internal control over financial reporting.

28 70. The statements referenced in ¶¶ 22-69 were materially false and misleading because  
29 Defendants made false and/or misleading statements, as well as failed to disclose material adverse facts  
30 about the Company's business, operational and compliance policies. Specifically, Defendants made  
31 false and/or misleading statements and/or failed to disclose that: (i) ingestion of TerraVia's algal flour  
32 caused gastrointestinal distress, including nausea and vomiting; (ii) the Company's algal flour was  
33 therefore unlikely to be a competitive product in the market for nutrition foods; (iii) consequently, the  
34 Company had overstated the commercial viability of its algal flour; and (iv) as a result of the foregoing,  
35 TerraVia's public statements were materially false and misleading at all relevant times.



### The Truth Emerges

1  
2 71. On November 7, 2016, *Bloomberg* published an article entitled “Soylent Thinks It Found  
3 What Was Making People Sick: Algae”, stating that an algal flour ingredient provided by TerraVia for  
4 use in Rosa Foods’ flagship meal replacement drink, Soylent, caused consumers to experience  
5 gastrointestinal distress, including nausea and vomiting, and that Rosa Foods would be removing the  
6 ingredient altogether from its product formulations by early 2017. Despite TerraVia Senior Vice  
7 President Mark Brooks’s adamant denial that TerraVia’s algal flour was responsible, *Bloomberg* further  
8 reported that TerraVia had sent a letter in July to a distributor of Honey Stinger, a Colorado energy bar  
9 company owned by EN-R-G Foods, LLC, “*warning that [TerraVia] had received a ‘modest number*  
10 *of reports’ showing that algal protein can cause ‘gastrointestinal distress,’ according to a copy seen*  
11 *by Bloomberg*”—similar ailments to those reported by Soylent consumers. (Emphasis added.)  
12  
13

14 72. On this news, TerraVia’s share price fell \$0.15, or 8.11%, to close at \$1.70 on November  
15 7, 2016, damaging investors.

16 73. As a result of Defendants’ wrongful acts and omissions, and the precipitous decline in  
17 the market value of the Company’s securities, Plaintiff and other Class members have suffered  
18 significant losses and damages.  
19

### CLASS ACTION ALLEGATIONS

20  
21 74. Plaintiff brings this action as a class action pursuant to Federal Rules of Civil Procedure  
22 23(a) and (b)(3) on behalf of a Class, consisting of all those who purchased or otherwise acquired  
23 TerraVia securities traded on NASDAQ during the Class Period; and were damaged upon the revelation  
24 of the alleged corrective disclosures. Excluded from the Class are Defendants herein, the officers and  
25 directors of the Company at all relevant times, members of their immediate families and their legal  
26 representatives, heirs, successors or assigns and any entity in which Defendants have or had a  
27 controlling interest.  
28

1           75.     The members of the Class are so numerous that joinder of all members is impracticable.  
2 Throughout the Class Period, the Company's securities were actively traded on the NASDAQ. While  
3 the exact number of Class members is unknown to Plaintiff at this time, and can only be ascertained  
4 through appropriate discovery, Plaintiff believes that there are at least hundreds of members in the  
5 proposed Class. Members of the Class may be identified from records maintained by TerraVia or its  
6 transfer agent, and may be notified of the pendency of this action by mail using a form of notice  
7 customarily used in securities class actions.  
8

9           76.     Plaintiff's claims are typical of the claims of the members of the Class as all members of  
10 the Class are similarly affected by Defendants' wrongful conduct in violation of federal law that is  
11 complained of herein.  
12

13           77.     Plaintiff will fairly and adequately protect the interests of the members of the Class and  
14 has retained counsel competent and experienced in class and securities litigation. Plaintiff has no  
15 interests antagonistic to or in conflict with those of the Class.  
16

17           78.     Common questions of law and fact exist as to all members of the Class and predominate  
18 over any questions solely affecting individual members of the Class. Among the questions of law and  
19 fact common to the Class are:

- 20           • whether the federal securities laws were violated by Defendants' acts as alleged herein;
- 21           • whether statements made by Defendants to the investing public during the Class Period  
22           misrepresented material facts about the business, operations and management of  
23           TerraVia;
- 24           • whether the Individual Defendants caused TerraVia to issue false and misleading  
25           statements during the Class Period;  
26

- 1 • whether Defendants acted knowingly or recklessly in issuing false and misleading
- 2 statements;
- 3 • whether the prices of TerraVia securities during the Class Period were artificially
- 4 inflated because of the Defendants' conduct complained of herein; and,
- 5 • whether the members of the Class have sustained damages and, if so, what is the proper
- 6 measure of damages.
- 7

8 79. A class action is superior to all other available methods for the fair and efficient  
9 adjudication of this controversy since joinder of all members is impracticable. Furthermore, as the  
10 damages suffered by individual Class members may be relatively small, the expense and burden of  
11 individual litigation make it impossible for members of the Class to individually redress the wrongs  
12 done to them. There will be no difficulty in the management of this action as a class action.

13  
14 80. Plaintiff will rely, in part, upon the presumption of reliance established by the fraud-on-  
15 the-market doctrine in that:

- 16 • Defendants made public misrepresentations or failed to disclose material facts during the
- 17 Class Period;
- 18 • the omissions and misrepresentations were material;
- 19 • TerraVia securities are traded in efficient markets;
- 20 • the Company's shares were liquid and traded with moderate to heavy volume during the
- 21 Class Period;
- 22 • the Company traded on NASDAQ, and was covered by multiple analysts;
- 23 • the misrepresentations and omissions alleged would tend to induce a reasonable investor
- 24 to misjudge the value of the Company's securities; and
- 25
- 26
- 27
- 28

- Plaintiff and members of the Class purchased and/or sold TerraVia securities between the time the Defendants failed to disclose or misrepresented material facts and the time the true facts were disclosed, without knowledge of the omitted or misrepresented facts.

81. Based upon the foregoing, Plaintiff and the members of the Class are entitled to a presumption of reliance upon the integrity of the market.

82. Alternatively, Plaintiff and the members of the Class are entitled to the presumption of reliance established by the Supreme Court in *Affiliated Ute Citizens of the State of Utah v. United States*, 406 U.S. 128, 92 S. Ct. 2430 (1972), as Defendants omitted material information in their Class Period statements in violation of a duty to disclose such information, as detailed above.

**COUNT I**  
**Violation of Section 10(b) Of**  
**The Exchange Act Against and Rule 10b-5**  
**Promulgated Thereunder Against All Defendants**

83. Plaintiff repeats and realleges each and every allegation contained above as if fully set forth herein.

84. During the Class Period, Defendants carried out a plan, scheme and course of conduct which was intended to and, throughout the Class Period, did: (1) deceive the investing public, including plaintiff and other Class members, as alleged herein; and (2) cause plaintiff and other members of the Class to purchase TerraVia's securities at artificially inflated prices. In furtherance of this unlawful scheme, plan and course of conduct, Defendants, and each of them, took the actions set forth herein.

85. Defendants (a) employed devices, schemes, and artifices to defraud; (b) made untrue statements of material fact and/or omitted to state material facts necessary to make the statements not misleading; and (c) engaged in acts, practices, and a course of business that operated as a fraud and deceit upon the purchasers of the Company's common stock in an effort to maintain artificially high market prices for TerraVia's securities in violation of Section 10(b) of the Exchange Act and Rule 10b-

1 5 thereunder. All Defendants are sued either as primary participants in the wrongful and illegal conduct  
2 charged herein or as controlling persons as alleged below.

3 86. Defendants, individually and in concert, directly and indirectly, by the use, means or  
4 instrumentalities of interstate commerce and/or of the mails, engaged and participated in a continuous  
5 course of conduct to conceal adverse material information about the business, operations and future  
6 prospects of TerraVia as specified herein.

7  
8 87. These Defendants employed devices, schemes and artifices to defraud, while in  
9 possession of material adverse non-public information and engaged in acts, practices, and a course of  
10 conduct as alleged herein in an effort to assure investors of TerraVia value and performance and  
11 continued substantial growth, which included the making of, or participation in the making of, untrue  
12 statements of material facts and omitting to state material facts necessary in order to make the  
13 statements made about TerraVia and its business operations and future prospects in the light of the  
14 circumstances under which they were made, not misleading, as set forth more particularly herein, and  
15 engaged in transactions, practices and a course of business that operated as a fraud and deceit upon the  
16 purchasers of TerraVia securities during the Class Period.

17  
18 88. Each of the Defendants' primary liability, and controlling person liability, arises from  
19 the following facts: (1) Individual Defendants were high-level executives, directors, and/or agents of  
20 the Company during the Class Period and members of the Company's management team or had control  
21 thereof; (2) each of these Defendants, by virtue of his responsibilities and activities as a senior officer  
22 and/or director of the Company, was privy to and participated in the creation, development and  
23 reporting of the Company's financial condition; (3) each of these defendants enjoyed significant  
24 personal contact and familiarity with the other defendants and was advised of and had access to other  
25 members of the Company's management team, internal reports and other data and information about  
26 the Company's finances, operations, and sales at all relevant times; and (4) each of these defendants  
27  
28

1 was aware of the Company's dissemination of information to the investing public which they knew or  
2 recklessly disregarded was materially false and misleading.

3 89. Defendants had actual knowledge of the misrepresentations and omissions of material  
4 facts set forth herein, or acted with reckless disregard for the truth in that they failed to ascertain and to  
5 disclose such facts, even though such facts were available to them. Such Defendants' material  
6 misrepresentations and/or omissions were done knowingly or recklessly.  
7

8 90. As a result of the dissemination of the materially false and misleading information and  
9 failure to disclose material facts, as set forth above, the market price of TerraVia's securities was  
10 artificially inflated during the Class Period. In ignorance of the fact that market prices of TerraVia's  
11 publicly-traded securities were artificially inflated, and relying directly or indirectly on the false and  
12 misleading statements made by Defendants, or upon the integrity of the market in which the securities  
13 trade, and/or on the absence of material adverse information that was known to or recklessly  
14 disregarded by Defendants but not disclose in public statements by Defendants during the Class Period,  
15 Plaintiff and the other members of the Class acquired TerraVia securities during the Class Period at  
16 artificially high prices and were or will be damaged thereby.  
17

18 91. At the time of said misrepresentations and omissions, Plaintiff and other members of the  
19 Class were ignorant of their falsity, and believed them to be true. Had Plaintiff and the other members  
20 of the Class and the marketplace known the truth regarding TerraVia financial results, which were not  
21 disclosed by Defendants, Plaintiff and other members of the Class would not have purchased or  
22 otherwise acquired their TerraVia securities, or, if they had acquired such securities during the Class  
23 Period, they would not have done so at the artificially inflated prices that they paid.  
24

25 92. By virtue of the foregoing, Defendants have violated Section 10(b) of the Exchange Act,  
26 and Rule 10b-5 promulgated thereunder.  
27  
28

1 93. As a direct and proximate result of Defendants' wrongful conduct, Plaintiff and the other  
2 members of the Class suffered damages in connection with their respective purchases and sales of the  
3 Company's common stock during the Class Period.

4 94. This action was filed within two years of discovery of the fraud and within five years of  
5 each plaintiff's purchases of securities giving rise to the cause of action.

6  
7 **COUNT II**  
8 **Violation of Section 20(a) Of**  
9 **The Exchange Act Against Individual Defendants**

10 95. Plaintiff repeats and realleges each and every allegation contained above as if fully set  
11 forth herein.

12 96. Individual Defendants are sued herein as a controlling person of TerraVia.

13 97. By virtue of their high-level positions, agency, and their ownership and contractual  
14 rights, participation in and/or awareness and/or intimate knowledge of the misleading statements  
15 disseminated to the investing public, these defendants had the power to influence and control, and did  
16 influence and control, directly or indirectly, the decision-making of the primary violator, including the  
17 content and dissemination of the various statements that plaintiff contends are false and misleading. In  
18 particular, each defendant had the power to control or influence the particular transactions giving rise to  
19 the securities violations as alleged herein, and exercised the same.

20 98. As set forth above, TerraVia violated Section 10(b) and Rule 10b-5 by their acts and  
21 omissions as alleged in this Complaint.

22 99. By virtue of their positions as controlling persons, the Individual Defendants are liable  
23 pursuant to Section 20(a) of the Exchange Act. As a direct and proximate result of Defendants'  
24 wrongful conduct, Plaintiff and other members of the Class suffered damages in connection with their  
25 purchases of the Company's common stock during the Class Period.  
26  
27  
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100. This action was filed within two years of discovery of the fraud and within five years of each Plaintiff's purchases of securities giving rise to the cause of action.

**PRAYER FOR RELIEF**

**WHEREFORE**, Plaintiff prays for relief and judgment, as follows:

A. Determining that this action is a proper class action, designating Plaintiff as class representative under Rule 23 of the Federal Rules of Civil Procedure and Plaintiff's counsel as Class Counsel;

B. Awarding compensatory damages in favor of Plaintiff and the other Class members against all defendants, jointly and severally, for all damages sustained as a result of Defendants' wrongdoing, in an amount to be proven at trial, including interest thereon;

C. Awarding Plaintiff and the Class their reasonable costs and expenses incurred in this action, including counsel fees and expert fees;

D. Such other and further relief as the Court may deem just and proper.

**JURY TRIAL DEMANDED**

Plaintiff hereby demands a trial by jury.

Dated: December 29, 2016

Respectfully submitted,

**POMERANTZ LLP**

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