



## **Aqua Bounty Tech Inc - Preliminary Results for the Year Ended 31 December 2015 and Notification of AGM**

February 29, 2016

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Aqua Bounty Technologies, Inc.

29 February 2016

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### **AquaBounty Technologies ("AquaBounty" or "the Company")**

#### **Preliminary Results for the year ended 31 December 2015 and Notification of AGM**

AquaBounty Technologies, Inc. (AIM: ABTU; OTC: AQBТ), a biotechnology company focused on enhancing productivity in the aquaculture market and a majority-owned subsidiary of Intrexon Corporation (NYSE: XON), announces the Company's preliminary financial results for the year ended 31 December 2015 and gives notice of its 2016 Annual General Meeting ("AGM").

#### **Financial and operational summary:**

- Significant milestone achieved as US Food and Drug Administration ("FDA") approves application for the production, sale and consumption of the Company's AquAdvantage<sup>®</sup> Salmon ("AAS")
- Federal Court of Canada dismisses the entire application brought before it by the Ecology Action Centre and Living Oceans Society to stop production of AAS in Canada
- Good progress made with plan to expand the Company's international commercial efforts by seeking to gain approval for the importation of AAS eggs for local field trials initially in Argentina, Brazil and China
- Operating spend was broadly similar at US\$7.0 million (2014: US\$7.1 million)
- Net loss broadly similar at US\$7.0 million (2014: US\$7.1 million net loss)
- Cash used during the year, net of new equity provided, increased to US\$6.8 million (2014: US\$6.5 million)

Ronald Stotish, Chief Executive Officer of AquaBounty, stated: "The approval of the AquAdvantage Salmon New Animal Drug Application in November 2015 was a milestone for AquaBounty as well as a giant step forward for global food production. We believe AquAdvantage will improve productivity and sustainability for an important food product and

opens the door for the application of similar and new approaches to global protein production. We are now preparing for the commercialization phase and look forward to continuing to build our business and create new opportunities to meet the challenges of safe and sustainable food production."

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**AGM Notification**

AquaBounty will hold its Annual General Meeting on 26 April 2016 at 08:30 a.m. (Eastern Daylight Time) at the Nine Zero Hotel, 90 Tremont Street, Boston, Massachusetts. Stockholders of record on 18 March 2016 shall be entitled to vote at the AGM.

**Chairman's Statement**

The US Food and Drug Administration, after 20 years of investigation and deliberation, issued its approval of the New Animal Drug Application for the production, sale and consumption of AquAdvantage Salmon. On 19 November 2015, the FDA released its final Environmental Assessment and Finding of No Significant Impact, in conjunction with its approval of AAS, confirming that our AquAdvantage Salmon was safe as food, safe to the fish and safe to the environment. This is the first regulatory approval anywhere in the world for the human consumption of a genetically-modified animal.

In December 2015, the Company received another boost when the Federal Court of Canada stated that the Ministers of Environment and Health were correct to approve production of AquAdvantage Salmon in Canada for commercial use, and dismissed the entire application brought before it by the Ecology Action Centre and Living Oceans Society. We expect to receive approval from Health Canada for the sale and consumption of AAS in 2016.

**Commercial Activities**

During the year, the Company continued its plan to expand its international commercial efforts by seeking to gain approval for the importation of AAS eggs for local field trials initially in Argentina, Brazil and China. The timescales involved in this are outside our control, however, the Company is encouraged by the progress that has been made to date, particularly in Argentina and Brazil whose combined markets consume over 80,000 metric tons of Atlantic salmon annually.

In Panama, we moved forward on a regulatory application for the commercial production, sale and consumption of AAS. Though the regulatory pathway is new, we expect to receive approval in 2016.

The Company also progressed the development of its AquAdvantage Trout ("AAT") line of finfish, which grows faster than traditional Rainbow trout. We are now designing the required studies in preparation for the regulatory review process.

## **US Listing of Shares**

In 2014, the Company initiated its application to list on the NASDAQ exchange, with the view to registering its shares with the US Securities and Exchange Commission this was not completed at the time but it is still the objective of the Company to list on NASDAQ.

## **Funding**

In June 2015, Intrexon Corporation ("Intrexon") agreed to undertake a subscription for new common shares to the value of US\$3.0 million (approximately £1.9 million) before expenses. The subscription price was 15.0 pence per share (US\$0.2357) and the aggregate number of common shares subscribed was 12,728,044. The transaction closed on 30 June 2015 with net proceeds to the Company of approximately US\$3.0 million. This further increased Intrexon's shareholding to 62.96%.

## **Financial Outcome**

Operating expenses for the year amounted to US\$7.0 million (2014: US\$7.1 million). The slight decrease was due to a reduction in legal costs, while the Company continued to invest in pre-commercial activities for AAS. Sales and marketing expenses were US\$1.7 million (2014: US\$1.4 million); research and development expenses were US\$2.6 million (2014: US\$2.5 million); and general and administrative expenses were US\$2.7 million (2014: US\$3.2 million). As a result, the net loss for the year was lower at US\$7.0 million (2014: US\$7.1 million) and cash used for the year, net of new equity received, was US\$6.8 million (2014: US\$6.5 million). Funds available at the year-end amounted to US\$1.3 million.

## **Outlook**

Having reached the historic milestone of regulatory acceptance of our salmon, AquaBounty can now focus its efforts on commercial development. Though the FDA recently placed an import hold on AAS as a result of language included in the Omnibus 2016 spending bill relating to labelling guidelines, this does not affect current operations and the Company expects the required guidelines will be issued by FDA during the year and that the import alert will then be lifted.

Your Board has been carefully considering the commercial options open to us and the Company is now in the final stages of completing a medium term plan of action, which we will report in due course.

## **Post-period Development**

On 24 February 2016, AquaBounty announced that it has agreed to a debt facility of US\$10.0 million with Intrexon to fund the next stage of development. This debt facility, together with the US\$1.3 million of cash on hand at the start of 2016, will provide the Company with sufficient funds to advance its plans. Subject to the progress of these plans, it is likely a larger fundraising will follow before the end of 2016.

R J Clothier

## Consolidated balance sheet

As of 31 December	2015	2014
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$1,313,421	\$5,163,262
Certificate of deposit	10,339	12,353
Other receivables	41,897	26,717
Prepaid expenses and other assets	109,898	101,679
Total current assets	1,475,555	5,304,011
Property, plant and equipment, net	741,340	913,703
Definite lived intangible assets, net	206,381	177,119
Indefinite lived intangible assets	191,800	191,800
Other assets	21,628	21,628
Total assets	\$2,636,704	\$6,608,261
<b>LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$621,909	\$677,162
Total current liabilities	621,909	677,162
Long-term debt	2,070,366	2,421,720
Total liabilities	2,692,275	3,098,882
Commitments and contingencies		
Stockholders' equity (deficit):		
Common stock, \$0.001 par value, 200,000,000 shares authorized; 157,425,309 (2014: 144,537,265) shares outstanding	157,425	144,537
Additional paid-in capital	90,816,636	87,591,702
Accumulated other comprehensive loss	(226,432)	(455,172)
Accumulated deficit	(90,803,200)	(83,771,688)
Total stockholders' equity (deficit)	(55,571)	3,509,379
Total liabilities and stockholders' equity (deficit)	\$2,636,704	\$6,608,261

## Consolidated statements of operations and comprehensive loss

Years ended 31 December	2015	2014	2013
<b>COSTS AND EXPENSES</b>			
Sales and marketing	\$1,694,916	\$1,444,628	\$678,153
Research and development	2,635,289	2,497,935	1,895,056
General and administrative	2,696,369	3,192,716	2,302,279
Total costs and expenses	7,026,574	7,135,279	4,875,488
<b>OPERATING LOSS</b>	(7,026,574)	(7,135,279)	(4,875,488)
<b>OTHER INCOME (EXPENSE)</b>			
Gain on royalty based financing instrument	-	-	186,980
Interest and other income (expense), net	(4,938)	7,904	(530)
Total other income (expense)	(4,938)	7,904	186,450
<b>NET LOSS</b>	<b>\$(7,031,512)</b>	<b>\$(7,127,375)</b>	<b>\$(4,689,038)</b>
<b>OTHER COMPREHENSIVE INCOME</b>			

Foreign currency translation gain	<b>228,740</b>	111,138	93,891
Total other comprehensive income	<b>228,740</b>	111,138	93,891
<b>COMPREHENSIVE LOSS</b>	<b>\$(6,802,772)</b>	\$(7,016,237)	\$(4,595,147)
Basic and diluted net loss per share	<b>\$(0.05)</b>	\$(0.05)	\$(0.04)
Weighted average number of common shares - basic and diluted	<b>151,122,602</b>	140,389,712	120,613,246

### Consolidated statements of changes in stockholders' equity (deficit)

	Common stock issued and outstanding	Par Value	Additional paid-in capital	Accumulated other comprehensive loss	Accumulated deficit	Total
Balance at 31 December 2012	102,255,688	\$102,256	\$71,733,509	\$(660,201)	\$(71,955,275)	\$(779,711)
Net loss					(4,689,038)	(4,689,038)
Other comprehensive income				93,891		93,891
Issuance of common stock, net of expenses	22,883,295	22,883	5,702,724			5,725,607
Exercise of options for common stock	29,500	29	3,971			4,000
Exercise of options for common stock - cashless	71,771	72	(72)			-
Share based compensation	65,217	65	142,078			142,143
Balance at 31 December 2013	125,305,471	\$125,305	\$77,582,210	\$(566,310)	\$(76,644,313)	\$496,892
Net loss					(7,127,375)	(7,127,375)
Other comprehensive income				111,138		111,138
Issuance of common stock, net of expenses	19,040,366	19,041	9,724,445			9,743,486
Exercise of options for common stock	120,000	120	12,180			12,300
Share based compensation	71,428	71	272,867			272,938
Balance at 31 December 2014	144,537,265	\$144,537	\$87,591,702	\$(455,172)	\$(83,771,688)	\$3,509,379
Net loss					(7,031,512)	(7,031,512)
Other comprehensive income				228,740		228,740
Issuance of common stock, net of expenses	12,728,044	12,728	2,987,272			3,000,000
Share based compensation	160,000	160	237,662			237,822
Balance at 31 December 2015	157,425,309	\$157,425	\$90,816,636	\$(226,432)	\$(90,803,200)	\$(55,571)

### Consolidated statements of cash flows

Years ended 31 December	<b>2015</b>	<b>2014</b>	<b>2013</b>
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**OPERATING ACTIVITIES**

Net loss	<b>\$(7,031,512)</b>	\$(7,127,375)	\$(4,689,038)
Adjustment to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization	<b>105,952</b>	140,742	147,101
Share-based compensation	<b>237,822</b>	272,938	142,143
Gain on royalty based financing instrument	-	-	(186,980)
Gain on disposal of fixed asset	<b>(1,912)</b>	-	-
Changes in operating assets and liabilities:			
Other receivables	<b>(21,195)</b>	48,054	(57,264)
Prepaid expenses and other assets	<b>(12,421)</b>	117,876	(94,935)
Accounts payable and accrued liabilities	<b>(25,032)</b>	(13,135)	281,345
Net cash used in operating activities	<b>(6,748,298)</b>	(6,560,900)	(4,457,628)

**INVESTING ACTIVITIES**

Purchases of equipment	<b>(74,113)</b>	(116,911)	(99,500)
Paid out (reinvested) interest on certificate of deposit	-	-	(6)
Payment of patent costs	<b>(30,372)</b>	(35,340)	(42,249)
Net cash used in investing activities	<b>(104,485)</b>	(152,251)	(141,755)

**FINANCING ACTIVITIES**

Proceeds from issuance of bridge loan	-	-	300,000
Repayment of bridge loan	-	-	(500,000)
Proceeds from issuance of long-term debt	<b>44,004</b>	268,491	665,199
Repayment of other term debt	-	-	(68,327)
Proceeds from issuance of common stock, net	<b>3,000,000</b>	9,743,486	5,725,607
Proceeds from exercise of stock options	-	12,300	4,000
Net cash provided by financing activities	<b>3,044,004</b>	10,024,277	6,126,479

Effect of exchange rate changes on cash and cash equivalents	<b>(41,062)</b>	(23,613)	132
Net change in cash and cash equivalents	<b>(3,849,841)</b>	3,287,513	1,527,228
Cash and cash equivalents at beginning of year	<b>5,163,262</b>	1,875,749	348,521
Cash and cash equivalents at end of year	<b>\$1,313,421</b>	\$5,163,262	\$1,875,749

**SUPPLEMENTAL CASH FLOW INFORMATION**

Interest paid in cash	<b>\$10</b>	\$62	\$4,223
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