

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

Form 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) August 1, 2023

AquaBounty Technologies, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

001-36426
(Commission
File Number)

04-3156167
(IRS Employer
Identification No.)

2 Mill & Main Place, Suite 395, Maynard, Massachusetts
(Address of principal executive offices)

01754
(Zip Code)

978-648-6000

(Registrant's telephone number, including area code)

(Former name or former address, if changed since last report.)

| Title of each class | Trading Symbol(s) | Name of exchange on which registered |
|--|-------------------|--------------------------------------|
| Common Stock, par value \$0.001 per share | AQB | The NASDAQ Stock Market LLC |

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 or Rule 12b-2 of the Securities Exchange Act of 1934.

Emerging growth company

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

Item 2.02 Results of Operations and Financial Condition.

On August 1, 2023, AquaBounty Technologies, Inc. issued a press release regarding its financial and corporate updates for the quarter ended June 30, 2023. A copy of the press release is furnished herewith as Exhibit 99.1 and is incorporated herein by reference.

The information included in this Current Report on Form 8-K pursuant to Item 2.02, including Exhibit 99.1 attached hereto, is intended to be furnished and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934 or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except as expressly set forth by specific reference in such filing.

Item 9.01 Financial Statements and Exhibits.*(d) Exhibits.*

| <u>Exhibit No.</u> | <u>Description</u> |
|-----------------------------|---|
| <u>99.1</u> | <u>Press release issued by AquaBounty Technologies, Inc. on August 1, 2023, furnished herewith.</u> |
| 104 | Cover Page Interactive Data File (embedded within the Inline XBRL document). |

SIGNATURES

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

August 1, 2023

AquaBounty Technologies, Inc.
(Registrant)

/s/ David A. Frank
David A. Frank
Chief Financial Officer



AquaBounty Technologies Announces Second Quarter 2023 Financial Results

MAYNARD, Mass., August 1, 2023 -- AquaBounty Technologies, Inc. (NASDAQ: AQB) (“AquaBounty” or the “Company”), a land-based aquaculture company utilizing technology to enhance productivity and sustainability, today announced the Company’s financial results for the second quarter and six months ended June 30, 2023.

Second Quarter 2023 Highlights and Recent Developments

- Generated \$788 thousand in product revenue in the second quarter, a year-over-year decrease of 26% as compared to \$1.1 million in the second quarter of 2022.
- Net loss in the second quarter of 2023 was \$6.5 million, as compared to \$5.5 million in the second quarter of 2022.
- Cash and cash equivalents and restricted cash totaled \$43.8 million as of June 30, 2023, as compared to \$102.6 million as of December 31, 2022.

Management Commentary

“Our second quarter results were impacted by a significant decline in market prices for Atlantic salmon, despite the fact that our Indiana farm had its highest quarterly output to date,” said Sylvia Wulf, Board Chair and Chief Executive Officer of AquaBounty. “The demand for our fish continues to exceed our supply and we continue to identify opportunities to increase our production to meet this demand.”

“We announced in early June that the Company was pausing the construction of our farm in Pioneer, Ohio due to a substantial increase in its estimated cost of completion. The Company is currently evaluating both the cost estimate and our options for moving forward, including alternative financing solutions to bring the project to completion. We previously announced our entry into a contractual commitment with a new construction firm who is assisting us in evaluating construction costs and who would lead construction of the facility going forward.

“Progress continues on the expansion of our broodstock and egg production capabilities at our farm on Prince Edward Island; and we continue to explore new business development opportunities which leverage our core strengths, and which could be applied to new species, including conventional salmon and other finfish, and new geographical territories worldwide. As always, I look forward to providing my fellow shareholders with an update in the near future,” concluded Wulf.

About AquaBounty

At AquaBounty Technologies, Inc. (NASDAQ: AQB), we believe we are a leader in land-based sustainable aquaculture from start to finish. As a vertically integrated Company from broodstock to grow out, we are leveraging decades of expertise in fish breeding, genetics, and health & nutrition to deliver disruptive solutions that address food insecurity and climate change issues. We are committed to feeding the world efficiently, sustainably and profitably. AquaBounty provides fresh Atlantic salmon to nearby markets by raising its fish in carefully monitored land-based fish farms through a safe, secure and sustainable process. The Company’s land-based Recirculating Aquaculture System (“RAS”) farms, including a grow-out farm located in Indiana, United States and a broodstock and egg production farm located on Prince Edward Island, Canada, are close to key consumption markets and are designed to prevent disease and to include multiple levels of fish containment to protect wild fish populations. AquaBounty is raising nutritious salmon that is free of antibiotics and contaminants and provides a solution resulting in a reduced carbon footprint and no risk of pollution to marine ecosystems as compared to traditional sea-cage farming. For more information on AquaBounty, please visit www.aquabounty.com or follow us on Facebook, Twitter, LinkedIn and Instagram.

Forward-Looking Statements

This press release contains “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995, as amended, including regarding the timing of the contemplated bond financing; timing of construction; and expansion of potential business and partnership opportunities. The forward-looking statements in this press release are neither promises nor guarantees, and you should not place undue reliance on these statements because they involve significant risks and uncertainties about AquaBounty.

AquaBounty may use words such as “continue,” “moving forward,” “believe,” “will,” “may,” the negative forms of these words and similar expressions to identify such forward-looking statements. Among the important factors that could cause actual results to differ materially from those indicated by such forward-looking statements are, among other things, the potential for additional delays and increased costs related to construction of our new farms and renovations to existing farms; a failure to raise additional capital to finance our activities on acceptable terms; an inability to produce and sell our products in sufficient volume and at acceptable cost and prices; any inability to protect our intellectual property and other proprietary rights and technologies; the effect of changes in applicable laws, regulations and policies; our ability to secure any necessary regulatory approvals; the degree of market acceptance of our products; our failure to retain and recruit key personnel; and the price and volatility of our common stock. Forward-looking statements speak only as of the date hereof, and, except as required by law, AquaBounty undertakes no obligation to update or revise these forward-looking statements. For information regarding the risks faced by us, please refer to our public filings with the Securities and Exchange Commission (“SEC”), available on the Investors section of our website at www.aquabounty.com and on the SEC’s website at www.sec.gov.

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AquaBounty Technologies, Inc.
Condensed Consolidated Balance Sheets
(Unaudited)

| | June 30, | December 31, |
|--|-----------------|---------------------|
| | 2023 | 2022 |
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 42,842,280 | \$ 101,638,557 |
| Inventory | 2,353,616 | 2,276,592 |
| Prepaid expenses and other current assets | 3,375,949 | 2,133,583 |
| Total current assets | 48,571,845 | 106,048,732 |
| Property, plant and equipment, net | 160,174,487 | 106,286,186 |
| Right of use assets, net | 205,565 | 222,856 |
| Intangible assets, net | 211,287 | 218,139 |
| Restricted cash | 1,000,000 | 1,000,000 |
| Other assets | 52,793 | 64,859 |
| Total assets | \$ 210,215,977 | \$ 213,840,772 |
| Liabilities and stockholders' equity | | |
| Current liabilities: | | |
| Accounts payable and accrued liabilities | \$ 20,875,113 | \$ 12,000,592 |
| Accrued employee compensation | 943,248 | 1,021,740 |
| Current debt | 2,406,147 | 2,387,231 |
| Other current liabilities | 4,586 | 20,830 |
| Total current liabilities | 24,229,094 | 15,430,393 |
| Long-term lease obligations | 200,979 | 203,227 |
| Long-term debt, net | 6,441,077 | 6,286,109 |
| Total liabilities | 30,871,150 | 21,919,729 |
| Commitments and contingencies | | |
| Stockholders' equity: | | |
| Common stock, \$0.001 par value, 150,000,000 shares authorized at June 30, 2023 and December 31, 2022; 71,345,649 and 71,110,713 shares outstanding at June 30, 2023 and December 31, 2022, respectively | 71,346 | 71,111 |
| Additional paid-in capital | 385,691,274 | 385,388,684 |
| Accumulated other comprehensive loss | (401,002) | (516,775) |
| Accumulated deficit | (206,016,791) | (193,021,977) |
| Total stockholders' equity | 179,344,827 | 191,921,043 |
| Total liabilities and stockholders' equity | \$ 210,215,977 | \$ 213,840,772 |

AquaBounty Technologies, Inc.
Condensed Consolidated Statements of Operations and Comprehensive Loss
(Unaudited)

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|--------------------------------|-----------------------|------------------------------|------------------------|
| | 2023 | 2022 | 2023 | 2022 |
| Revenues | | | | |
| Product revenues | \$ 788,430 | \$ 1,069,706 | \$ 1,186,276 | \$ 2,032,587 |
| Costs and expenses | | | | |
| Product costs | 3,790,878 | 3,250,106 | 7,350,118 | 6,525,796 |
| Sales and marketing | 194,254 | 349,917 | 392,539 | 597,489 |
| Research and development | 178,394 | 208,292 | 301,311 | 375,481 |
| General and administrative | 3,067,533 | 2,831,930 | 6,068,015 | 5,208,166 |
| Total costs and expenses | 7,231,059 | 6,640,245 | 14,111,983 | 12,706,932 |
| Operating loss | (6,442,629) | (5,570,539) | (12,925,707) | (10,674,345) |
| Other expense | | | | |
| Interest expense | (65,789) | (74,694) | (132,063) | (149,982) |
| Other (expense) income, net | (328) | 109,191 | 62,956 | 176,559 |
| Total other (expense) income | (66,117) | 34,497 | (69,107) | 26,577 |
| Net loss | \$ (6,508,746) | \$ (5,536,042) | \$ (12,994,814) | \$ (10,647,768) |
| Other comprehensive income (loss): | | | | |
| Foreign currency translation gain (loss) | 111,346 | (153,602) | 115,773 | (70,697) |
| Unrealized gain on marketable securities | — | 121,796 | — | 7,731 |
| Total other comprehensive income (loss) | 111,346 | (31,806) | 115,773 | (62,966) |
| Comprehensive loss | \$ (6,397,400) | \$ (5,567,848) | \$ (12,879,041) | \$ (10,710,734) |
| Basic and diluted net loss per share | | | | |
| Basic and diluted net loss per share | \$ (0.09) | \$ (0.08) | \$ (0.18) | \$ (0.15) |
| Weighted average number of Common Shares - basic and diluted | | | | |
| Weighted average number of Common Shares - basic and diluted | 71,344,025 | 71,068,671 | 71,256,782 | 71,036,562 |

AquaBounty Technologies, Inc.
Condensed Consolidated Statements of Cash Flows
(Unaudited)

| | Six Months Ended June 30, | |
|---|------------------------------|-----------------------|
| | 2023 | 2022 |
| Operating activities | | |
| Net loss | \$ (12,994,814) | \$ (10,647,768) |
| Adjustment to reconcile net loss to net cash used in operating activities: | | |
| Depreciation and amortization | 1,066,476 | 988,292 |
| Share-based compensation | 302,825 | 318,608 |
| Other non-cash charge | 9,408 | 14,860 |
| Changes in operating assets and liabilities: | | |
| Inventory | (74,789) | (661,090) |
| Prepaid expenses and other assets | (1,225,343) | (2,883,505) |
| Accounts payable and accrued liabilities | 748,443 | 1,705,335 |
| Accrued employee compensation | (78,492) | (91,140) |
| Net cash used in operating activities | (12,246,286) | (11,256,408) |
| Investing activities | | |
| Purchases of and deposits on property, plant and equipment | (46,586,998) | (30,472,704) |
| Maturities of marketable securities | — | 120,047,915 |
| Purchases of marketable securities | — | (47,621,291) |
| Other investing activities | (3,263) | 12,500 |
| Net cash (used in) provided by investing activities | (46,590,261) | 41,966,420 |
| Financing activities | | |
| Proceeds from issuance of debt | 394,156 | 42,338 |
| Repayment of term debt | (359,704) | (318,600) |
| Proceeds from the exercise of stock options and warrants | — | 1,538 |
| Net cash provided by (used in) financing activities | 34,452 | (274,724) |
| Effect of exchange rate changes on cash, cash equivalents and restricted cash | 5,818 | (1,387) |
| Net change in cash, cash equivalents and restricted cash | (58,796,277) | 30,433,901 |
| Cash, cash equivalents and restricted cash at beginning of period | 102,638,557 | 89,454,988 |
| Cash, cash equivalents and restricted cash at end of period | \$ 43,842,280 | \$ 119,888,889 |
| Reconciliation of cash, cash equivalents and restricted cash reported in the consolidated balance sheet: | | |
| Cash and cash equivalents | \$ 42,842,280 | \$ 118,888,889 |
| Restricted cash | 1,000,000 | 1,000,000 |
| Total cash, cash equivalents and restricted cash | \$ 43,842,280 | \$ 119,888,889 |
| Supplemental disclosure of cash flow information and non-cash transactions: | | |
| Interest paid in cash | \$ 124,430 | \$ 141,490 |
| Property and equipment included in accounts payable and accrued liabilities | \$ 18,682,066 | \$ 3,758,842 |