

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

**Form 10-Q**

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

For the quarterly period ended June 30, 2021

or

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: 001-36426

**AquaBounty Technologies, Inc.**

(Exact name of the registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of  
incorporation or organization)

**04-3156167**

(I.R.S. Employer  
Identification No.)

**2 Mill & Main Place, Suite 395**  
**Maynard, Massachusetts 01754**  
**(978) 648-6000**

(Address and telephone number of the registrant's principal executive offices)

Title of each class  
**Common Stock, par value \$0.001 per share**

Trading Symbol(s)  
**AQB**

Name of exchange on which registered  
**The NASDAQ Stock Market LLC**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 (the "Exchange Act") during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or such shorter period that the registrant was required to submit such files).

Yes  No

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

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

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes  No

At August 3, 2021, the registrant had 71,025,738 shares of common stock, par value \$0.001 per share ("Common Shares") outstanding.

**AquaBounty Technologies, Inc.**  
**FORM 10-Q**  
**For the Quarterly Period Ended June 30, 2021**

**TABLE OF CONTENTS**

<b><u>PART I</u></b>	<b><u>FINANCIAL INFORMATION</u></b>	<b><u>Page</u></b>
<u>Item 1.</u>	<u>Financial Statements</u>	1
<u>Item 2.</u>	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	13
<u>Item 3.</u>	<u>Quantitative and Qualitative Disclosures About Market Risk</u>	17
<u>Item 4.</u>	<u>Controls and Procedures</u>	18
<b><u>PART II</u></b>	<b><u>OTHER INFORMATION</u></b>	
<u>Item 1.</u>	<u>Legal Proceedings</u>	19
<u>Item 1A.</u>	<u>Risk Factors</u>	19
<u>Item 2.</u>	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	19
<u>Item 3.</u>	<u>Defaults Upon Senior Securities</u>	19
<u>Item 4.</u>	<u>Mine Safety Disclosures</u>	19
<u>Item 5.</u>	<u>Other Information</u>	20
<u>Item 6.</u>	<u>Exhibits</u>	21
<u>Signatures</u>		22

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## Cautionary Note Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q, particularly the sections titled “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” contains forward looking statements. All statements other than present and historical facts and conditions contained in this Quarterly Report on Form 10-Q, including statements regarding our future results of operations and financial positions, business strategy, plans, and our objectives for future operations, are forward-looking statements. When used in this Quarterly Report on Form 10-Q, the words “anticipate,” “believe,” “can,” “could,” “estimate,” “expect,” “intend,” “is designed to,” “may,” “might,” “plan,” “potential,” “predict,” “objective,” “should,” or the negative of these and similar expressions identify forward-looking statements. These forward-looking statements include statements that are not historical facts, including statements regarding management’s expectations for future financial and operational performance and operating expenditures, expected growth, and business outlook; the nature of and progress toward our commercialization plan; the future introduction of our products to consumers; the countries in which we may obtain regulatory approval and the progress toward such approvals; the volume of eggs or fish we may be able to produce; the timeline for our production of saleable fish; the expected advantages of land-based systems over sea cage production; the validity and impact of legal actions; the completion of renovations at our farms; and the establishment of a larger-scale grow-out facility.

We have based these forward-looking statements on our current expectations, assumptions, estimates, and projections. While we believe these expectations, assumptions, estimates, and projections are reasonable, such forward-looking statements are only predictions and involve known and unknown risks, uncertainties, and other factors, many of which are outside of our control, which could cause our actual results, performance, or achievements to differ materially from any results, performance, or achievements expressed or implied by such forward-looking statements. Forward-looking statements in this Quarterly Report on Form 10-Q include, but are not limited to, statements about:

- the anticipated benefits and characteristics of AquaBounty’s genetically engineered (“GE”) Atlantic salmon product;
- the implementation and likelihood of achieving the business plan, future revenue, and operating results;
- our plans for (including without limitation, projected costs, locations and third-party involvement) and the timing of the development of new farms and the output of those farms;
- developments concerning our research projects;
- our expectations regarding our ability to successfully enter new markets or develop additional products;
- our competitive position and developments and projections relating to our competitors and our industry;
- expectations regarding anticipated operating results;
- our cash position and ability to raise additional capital to finance our activities;
- the impact of the evolving COVID-19 pandemic (the “COVID-19 pandemic”) on our business, operations and financial results, any of which could be significantly impaired by the COVID-19 pandemic;
- our ability to protect our intellectual property and other proprietary rights and technologies;
- the impact of and our ability to adapt to changes in laws or regulations and policies;
- the ability to secure any necessary regulatory approvals to commercialize any products;
- the rate and degree of market acceptance of any products developed through the application of bioengineering, including bioengineered fish;
- our ability to retain and recruit key personnel;
- the success of any of our future acquisitions or investments;
- our expectations regarding the time during which we will be an emerging growth company under the Jumpstart Our Business Startups Act (the “JOBS Act”);
- our estimates regarding expenses, future revenue, capital requirements, and needs for additional financing; and
- other risks and uncertainties referenced under “Risk Factors” below and in any documents incorporated by reference herein.

We caution you that the foregoing list may not contain all of the risks to which the forward-looking statements made in this Quarterly Report on Form 10-Q are subject. We may not actually achieve the plans, intentions, or expectations disclosed in our forward-looking statements, and you should not place undue reliance on our forward-looking statements. Actual results or events could differ materially from the plans, intentions, and expectations disclosed in the forward-looking statements we make. We have included important factors in the cautionary statements included, particularly in the section titled “Risk Factors,” that could cause actual results or events to differ materially from the forward-looking statements that we make. Our forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, joint ventures, or investments that we may make.

Given these risks and uncertainties, you are cautioned not to place undue reliance on such forward-looking statements. These forward-looking statements are made only as of the date of this Quarterly Report on Form 10-Q. We do not undertake and specifically decline any obligation to update any such statements or to publicly announce the results of any revisions to any such statements to reflect future events or developments unless required by federal securities law. New risks emerge from time to time, and it is not possible for us to predict all such risks.

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

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

	As of	
	June 30, 2021	December 31, 2020
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 132,345,351	\$ 95,751,160
Marketable securities	71,693,675	—
Inventory	2,655,098	1,525,377
Prepaid expenses and other current assets	1,285,168	405,370
<b>Total current assets</b>	<b>207,979,292</b>	<b>97,681,907</b>
Property, plant and equipment, net	29,159,517	26,930,338
Right of use assets, net	313,318	341,997
Intangible assets, net	238,694	245,546
Restricted cash	500,000	500,000
Other assets	81,629	76,715
<b>Total assets</b>	<b>\$ 238,272,450</b>	<b>\$ 125,776,503</b>
<b>Liabilities and stockholders' equity</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 1,980,365	\$ 1,760,103
Other current liabilities	63,902	62,483
Current debt, net	501,553	259,939
<b>Total current liabilities</b>	<b>2,545,820</b>	<b>2,082,525</b>
Long-term lease obligations	257,826	290,327
Long-term debt, net	8,766,986	8,528,490
<b>Total liabilities</b>	<b>11,570,632</b>	<b>10,901,342</b>
Commitments and contingencies		
Stockholders' equity:		
Common stock, \$0.001 par value, 80,000,000 shares authorized; 71,025,738 and 55,497,133 shares outstanding as of June 30, 2021 and December 31, 2020, respectively	71,026	55,497
Additional paid-in capital	384,674,939	263,629,116
Accumulated other comprehensive loss	(112,325)	(267,258)
Accumulated deficit	(157,931,822)	(148,542,194)
<b>Total stockholders' equity</b>	<b>226,701,818</b>	<b>114,875,161</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 238,272,450</b>	<b>\$ 125,776,503</b>

See accompanying notes to these condensed interim consolidated financial statements.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
<b>Revenues</b>				
Product revenues	\$ 227,393	\$ 2,950	\$ 301,765	\$ 9,703
<b>Costs and expenses</b>				
Product costs	1,847,596	1,041,316	3,402,251	1,882,750
Sales and marketing	548,881	137,434	867,516	188,222
Research and development	431,373	635,655	931,993	1,204,417
General and administrative	2,578,958	1,693,544	4,364,468	3,330,734
Total costs and expenses	5,406,808	3,507,949	9,566,228	6,606,123
<b>Operating loss</b>	<b>(5,179,415)</b>	<b>(3,504,999)</b>	<b>(9,264,463)</b>	<b>(6,596,420)</b>
<b>Other income (expense)</b>				
Interest expense	(80,210)	(18,147)	(159,014)	(35,192)
Other income (expense), net	28,888	(538)	33,849	(1,690)
Total other income (expense)	(51,322)	(18,685)	(125,165)	(36,882)
<b>Net loss</b>	<b>\$ (5,230,737)</b>	<b>\$ (3,523,684)</b>	<b>\$ (9,389,628)</b>	<b>\$ (6,633,302)</b>
<b>Other comprehensive income (loss):</b>				
Foreign currency	65,924	165,501	145,963	(216,484)
Unrealized gains	8,970	—	8,970	—
Total other comprehensive income (loss)	74,894	165,501	154,933	(216,484)
<b>Comprehensive loss</b>	<b>\$ (5,155,843)</b>	<b>\$ (3,358,183)</b>	<b>\$ (9,234,695)</b>	<b>\$ (6,849,786)</b>
<b>Basic and diluted net loss per share</b>				
Basic and diluted net loss per share	\$ (0.07)	\$ (0.11)	\$ (0.14)	\$ (0.22)
Weighted average number of common shares - basic and diluted	71,021,141	32,097,992	67,803,904	29,607,373

See accompanying notes to these condensed interim consolidated financial statements.

**AquaBounty Technologies, Inc.**  
**Condensed Consolidated Statements of Changes in Stockholders' Equity**  
**(Unaudited)**

	Common stock issued and outstanding	Par value	Additional paid-in capital	Accumulated other comprehensive loss	Accumulated deficit	Total
Balance at December 31, 2019	21,635,365	\$ 21,635	\$ 156,241,363	\$ (360,160)	\$ (132,142,209)	\$ 23,760,629
Net loss					(3,109,618)	(3,109,618)
Other comprehensive income (loss)				(381,985)		(381,985)
Issuance of common stock, net of issuance costs	10,350,000	10,350	14,511,354			14,521,704
Share based compensation	100,319	101	205,252			205,353
Balance at March 31, 2020	32,085,684	32,086	170,957,969	(742,145)	(135,251,827)	34,996,083
Net loss					(3,523,684)	(3,523,684)
Other comprehensive income (loss)				165,501		165,501
Issuance of common stock, net of issuance costs	20,000	20	40,580			40,600
Share based compensation			103,891			103,891
Balance at June 30, 2020	32,105,684	32,106	171,102,440	(576,644)	(138,775,511)	31,782,391

	Common stock issued and outstanding	Par value	Additional paid-in capital	Accumulated other comprehensive loss	Accumulated deficit	Total
Balance at December 31, 2020	55,497,133	\$ 55,497	\$ 263,629,116	\$ (267,258)	\$ (148,542,194)	\$ 114,875,161
Net loss					(4,158,891)	(4,158,891)
Other comprehensive income (loss)				80,039		80,039
Cashless exercise of options for common stock	4,354	4	(4)			—
Issuance of common stock, net of issuance costs	14,950,000	14,950	119,105,487			119,120,437
Exercise of warrants for common stock	491,133	491	1,595,691			1,596,182
Share based compensation	40,525	41	129,674			129,715
Balance at March 31, 2021	70,983,145	70,983	384,459,964	(187,219)	(152,701,085)	231,642,643
Net loss					(5,230,737)	(5,230,737)
Other comprehensive income (loss)				74,894		74,894
Exercise of warrants for common stock	39,281	39	127,625			127,664
Share based compensation	3,312	4	87,350			87,354
Balance at June 30, 2021	71,025,738	71,026	384,674,939	(112,325)	(157,931,822)	226,701,818

See accompanying notes to these condensed interim consolidated financial statements.

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

	<b>Six Months Ended June 30,</b>	
	<b>2021</b>	<b>2020</b>
<b>Operating activities</b>		
Net loss	\$ (9,389,628)	\$ (6,633,302)
Adjustment to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	857,842	701,593
Share-based compensation	217,069	309,244
Other non-cash charge	8,565	40,600
Changes in operating assets and liabilities:		
Inventory	(1,122,422)	(1,261,930)
Prepaid expenses and other assets	(876,139)	(409,635)
Accounts payable and accrued liabilities	(153,120)	280,142
Net cash used in operating activities	<b>(10,457,833)</b>	<b>(6,973,288)</b>
<b>Investing activities</b>		
Purchase of property, plant and equipment	(2,437,911)	(1,588,497)
Proceeds from sale of asset held for sale	—	98,000
Purchases of marketable securities	(71,702,645)	—
Proceeds from legal settlement, net	—	1,014,008
Other investing activities	(11,010)	(12,460)
Net cash used in investing activities	<b>(74,151,566)</b>	<b>(488,949)</b>
<b>Financing activities</b>		
Proceeds from issuance of debt	406,378	221,130
Repayment of term debt	(79,600)	(41,262)
Proceeds from the issuance of common stock, net	119,120,437	14,521,704
Proceeds from the exercise of stock options and warrants	1,723,846	—
Net cash provided by financing activities	<b>121,171,061</b>	<b>14,701,572</b>
Effect of exchange rate changes on cash, cash equivalents and restricted cash	32,529	(16,685)
Net change in cash, cash equivalents and restricted cash	<b>36,594,191</b>	<b>7,222,650</b>
Cash, cash equivalents and restricted cash at beginning of period	<b>96,251,160</b>	<b>2,798,744</b>
<b>Cash, cash equivalents and restricted cash at end of period</b>	<b>\$ 132,845,351</b>	<b>\$ 10,021,394</b>
<b>Reconciliation of cash, cash equivalents and restricted cash reported in the consolidated balance sheet:</b>		
Cash and cash equivalents	\$ 132,345,351	\$ 10,021,394
Restricted cash	<b>500,000</b>	<b>—</b>
Total cash, cash equivalents and restricted cash	<b>\$ 132,845,351</b>	<b>\$ 10,021,394</b>
<b>Supplemental disclosure of cash flow information and non-cash transactions:</b>		
Interest paid in cash	\$ 149,533	\$ 17,058
Property and equipment included in accounts payable and accrued liabilities	\$ 388,495	\$ 238,235

See accompanying notes to these condensed interim consolidated financial statements.

# **AquaBounty Technologies, Inc.**

## **Notes to the condensed consolidated financial statements**

### **(unaudited)**

#### **1. Nature of business and organization**

AquaBounty Technologies, Inc. (the “Parent” and, together with its subsidiaries, the “Company”) was incorporated in December 1991 in the State of Delaware for the purpose of conducting research and development of the commercial viability of a group of proteins commonly known as antifreeze proteins. In 1996, the Parent obtained the exclusive licensing rights for a gene construct (transgene) used to create a breed of farm-raised Atlantic salmon that exhibit growth rates that are substantially faster than conventional salmon. In 2015, the Parent obtained approval from the US Food and Drug Administration (the “FDA”) for the production and sale of its GE Atlantic salmon in the United States and in 2016, the Parent obtained regulatory approval from Health Canada for the production and sale of its GE Atlantic salmon in Canada. In 2021, the Parent obtained regulatory approval from Brazil’s National Biosafety Technical Commission for the sale of its GE Atlantic salmon in Brazil.

AquaBounty Farms, Inc. (the “U.S. Subsidiary”) was incorporated in December 2014 in the State of Delaware for the purpose of conducting field trials and commercializing the Parent’s products in the United States. During June 2021, the Company established AquaBounty Farms Ohio LLC (the “Ohio Subsidiary”), a wholly owned entity of the U.S. Subsidiary.

#### **2. Basis of presentation**

The unaudited interim condensed consolidated financial statements include the accounts of AquaBounty Technologies, Inc. and its wholly owned direct subsidiaries, AQUA Bounty Canada Inc.; AquaBounty Farms, Inc.; AquaBounty Panama, S. de R.L.; and AquaBounty Brasil Participações Ltda. The entities are collectively referred to herein as the “Company.” All intercompany transactions and balances have been eliminated upon consolidation.

The unaudited interim condensed consolidated financial statements have been prepared in conformity with generally accepted accounting principles in the United States (“GAAP”) consistent with those applied in, and should be read in conjunction with, the Company’s audited financial statements and related footnotes for the year ended December 31, 2020. The unaudited interim consolidated financial statements reflect all adjustments, consisting only of normal recurring adjustments, which are, in the opinion of management, necessary for a fair presentation of the Company’s financial position as of June 30, 2021. The Company’s results of operations and cash flows for the interim periods presented are not necessarily indicative of results for subsequent interim periods or for the full year. The unaudited interim consolidated financial statements do not include all of the information and footnotes required by GAAP for complete financial statements, as allowed by the relevant U.S. Securities and Exchange Commission (“SEC”) rules and regulations; however, the Company believes that its disclosures are adequate to ensure that the information presented is not misleading.

#### **Liquidity**

In February 2021, the Company completed an equity raise with net proceeds of \$119.1 million and has \$204 million in cash, cash equivalents and marketable securities as of June 30, 2021. While the Company has experienced net losses and negative cash flows from operations since inception, management believes that it has sufficient cash to meet the Company’s requirements beyond the next twelve months from the filing date of these condensed consolidated financial statements. However, until such time as the Company reaches profitability, it may require additional financing to fund its operations and execute its business plan.

#### **Inventories**

Inventories are mainly comprised of feed, eggs and fish in process. Fish in process inventory is measured based on the estimated biomass of fish on hand. The Company has established a standard procedure to estimate the biomass of fish on hand using counting and sampling techniques. The Company measures inventory at the lower of cost or net realizable value (NRV). The NRV calculation contains various estimates and assumptions in regard to the calculation of the biomass, including expected yield, the market value of the biomass and estimated costs of completion and transportation. The Company also considers capacity utilization in calculating its inventory value with any excess capacity charged to production costs as idle capacity. Inventory reserves are recorded as needed to represent the difference between the carrying value and the NRV calculation, taking into consideration the expected timing and disposition of the inventory.

#### **Revenue recognition**

The Company records revenue on the sale of a product when all revenue recognition criteria are fulfilled, including identifying the contract with a customer; identifying the performance obligations in the contract; determining the transaction price; allocating the

transaction price to the performance obligations in the contract; and recognizing revenue when (or as) the Company satisfies a performance obligation. The Company evaluates customer credit risk in order to conclude it is “probable” it will collect the amount of consideration due in exchange for the goods or services.

### **Net loss per share**

Basic and diluted net loss per share available to common stockholders has been calculated by dividing net loss by the weighted average number of common shares outstanding during the year. Basic net loss per share is based solely on the number of common shares outstanding during the year. Fully diluted net loss per share includes the number of shares of common stock issuable upon the exercise of warrants and options with an exercise price less than the fair value of the common stock unless the impact of the warrant or option is anti-dilutive to the calculation. Since the Company is reporting a net loss for all periods presented, all potential common shares are considered anti-dilutive and are excluded from the calculation of diluted net loss per share.

At June 30, 2021, the Company had 1,100,607 potentially dilutive securities outstanding, consisting of 418,441 warrants and 682,166 stock options.

### **Accounting Pronouncements**

Management does not expect any recently issued, but not yet effective, accounting standards to have a material effect on its results of operations or financial condition.

### **3. Risks and uncertainties**

The Company is subject to risks and uncertainties common in the biotechnology and aquaculture industries. Such risks and uncertainties include, but are not limited to: (i) results from current and planned product development studies and trials; (ii) decisions made by the FDA or similar regulatory bodies in other countries with respect to approval and commercial sale of any of the Company’s proposed products; (iii) the commercial acceptance of any products approved for sale and the Company’s ability to produce, distribute, and sell for a profit any products approved for sale; (iv) the Company’s ability to obtain the necessary patents and proprietary rights to effectively protect its technologies; and (v) the outcome of any collaborations or alliances entered into by the Company.

#### **COVID-19**

Although the COVID-19 pandemic has diminished in the United States and other parts of the world as vaccines have become more readily available, several variants of the virus continue to spread. Local governmental authorities in the United States and Canada have issued, and continue to update, directives aimed at minimizing the spread of the virus and the Company continues to monitor its status.

The ultimate impact of the evolving COVID-19 pandemic on the Company’s operations will depend on future developments, which cannot be predicted with confidence, and the Company cannot predict the extent or impact of the extended period of continued business interruption and reduced operations caused by the COVID-19 pandemic or any additional preventative or protective measures taken in response. To date, the Company’s farm operations have not been materially affected by the pandemic, although management made modifications to biosecurity procedures and the farm sites in early 2020 to adapt to local requirements and to provide a safe work environment. The Company’s current preventative and protective measures include, but are not limited to, segregating farm workers to specific locations, rotating shifts, and monitoring worker temperatures upon arrival at the Company’s facilities. To the extent possible, work-from-home is utilized for employees that do not have fish care responsibilities.

The Company has experienced delays in capital projects due to the pandemic and continues to experience extended lead times on equipment purchases. The Company may continue to experience delays on purchases of capital equipment and supplies and other materials required in its operations due to vendor shortages or it could be impacted by transportation or other supply chain disruptions to its partners or customers.

The Company was primarily impacted by a reduction in the market price and demand for Atlantic salmon due to the pandemic’s impact on the food service sector. This had a negative impact on revenue and inventory value, as the Company is not yet an established vendor and customers were reluctant to add a new supplier during a period of depressed demand.

The Company remains focused on maintaining a strong balance sheet, liquidity, and financial flexibility and continues to monitor developments as it deals with the disruptions and uncertainties from a business and financial perspective relating to the evolving COVID-19 pandemic.

### Concentration of credit risk

Financial instruments that potentially subject the Company to credit risk consist principally of cash, cash equivalents, marketable securities and debt. This risk is mitigated by the Company's policy of maintaining all balances with highly rated financial institutions, investing cash equivalents with maturities of less than 90 days, and investing marketable securities with maturities of less than 180 days. The Company's cash balances may at times exceed insurance limitations. The Company holds cash balances in bank accounts located in Canada to fund its local operations. These amounts are subject to foreign currency exchange risk, which is minimized by the Company's policy to limit the balances held in these accounts. Balances in Canadian bank accounts totaled \$273 thousand at June 30, 2021. The Company also holds cash equivalent investments in a highly liquid investment account at a major financial institution. At June 30, 2021 the cash equivalent investment balance was \$108.3 million. All of the Company's interest-bearing debt is at fixed rates, except for the loan with First Farmer's Bank and Trust, which has a rate reset in July 2025.

### 4. Marketable Securities

Marketable securities are classified as available-for-sale. The following table summarizes the amortized cost, gross unrealized gains and losses, and the fair value as of June 30, 2021:

	Amortized Cost	Unrealized Gains	Unrealized Losses	Market Value
	June 30, 2021			
Government bonds	\$ 37,650,869	\$ 1,751	\$ (8,101)	\$ 37,644,519
Corporate bonds	3,558,858		(1,493)	3,557,365
Commercial paper	30,491,791	-	-	30,491,791
Marketable securities	\$ 71,701,518	\$ 1,751	\$ (9,594)	\$ 71,693,675

### 5. Inventory

Major classifications of inventory are summarized as follows:

	June 30, 2021	December 31, 2020
Feed	\$ 281,171	244,311
Eggs and fry	48,396	54,929
Packaging	—	6,452
Fish in process	2,325,531	1,219,685
Inventory	\$ 2,655,098	1,525,377

### 6. Property, plant and equipment

Major classifications of property, plant and equipment are summarized as follows:

	June 30, 2021	December 31, 2020
Land	\$ 733,012	\$ 724,785
Building and improvements	14,525,837	14,048,917
Construction in process	4,879,476	3,212,287
Equipment	14,788,329	13,819,210
Office furniture and equipment	218,063	202,596
Vehicles	37,164	28,700
Total property and equipment	\$ 35,181,881	\$ 32,036,495
Less accumulated depreciation and amortization	(6,022,364)	(5,106,157)
Property, plant and equipment, net	\$ 29,159,517	\$ 26,930,338

Depreciation expense was \$845 thousand and \$695 thousand, for the six-month period ended June 30, 2021 and 2020.

Included in construction in process is \$2.0 million for construction related to the Rollo Bay farm site and improvements to the Fortune Bay hatchery, \$1.8 million for construction related to the Indiana farm site, and \$1.1 million related to design work for a new 10,000 metric ton farm. An additional \$1.4 million has been committed to these projects.

## 7. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities include the following:

	June 30, 2021	December 31, 2020
Accounts payable	\$ 820,534	\$ 799,888
Accrued payroll including vacation	581,132	583,301
Accrued professional fees and contract services	515,499	278,165
Accrued other	63,200	98,749
<b>Accounts payable and accrued liabilities</b>	<b>\$ 1,980,365</b>	<b>\$ 1,760,103</b>

## 8. Debt

The current material terms and conditions of debt outstanding are as follows:

	Interest rate	Monthly repayment	Maturity date	June 30, 2021	December 31, 2020
ACOA AIF Grant	0%	Royalties	-	\$ 2,316,490	\$ 2,253,595
ACOA term loan #1	0%	C\$3,120	Feb 2027	171,161	181,203
ACOA term loan #2	0%	C\$4,630	Sep 2029	369,689	381,451
Kubota Canada Ltd	0%	C\$1,142	Jan 2025	39,622	43,925
PEI Finance term loan	4%	C\$16,313	Nov 2023	2,033,484	2,014,321
DFO term loan	0%	C\$2,091	Aug 2032	415,593	—
First Farmers Bank & Trust term loan (FFBT)	5.375%	\$56,832	Oct 2028	4,000,000	4,000,000
Total debt				\$ 9,346,039	\$ 8,874,495
less: debt issuance costs				(77,500)	(86,066)
less: current portion				(501,553)	(259,939)
<b>Long-term debt, net</b>				<b>\$ 8,766,986</b>	<b>\$ 8,528,490</b>

Estimated principal payments remaining on loan debt are as follows:

	AIF	ACOA	Kubota	FPEI	DFO	FFBT	Total
Remainder of 2021	\$ —	\$ 37,507	\$ 5,529	\$ 38,485	\$ —	\$ 116,675	\$ 198,196
2022	—	75,014	11,057	79,545	—	482,306	647,922
2023	—	75,014	11,057	1,915,454	36,455	509,256	2,547,236
2024	—	75,014	11,057	—	43,747	537,276	667,094
2025	—	75,013	922	—	43,747	567,735	687,417
Thereafter	2,316,490	203,288	—	—	291,644	1,786,752	4,598,174
<b>Total</b>	<b>\$ 2,316,490</b>	<b>\$ 540,850</b>	<b>\$ 39,622</b>	<b>\$ 2,033,484</b>	<b>\$ 415,593</b>	<b>\$ 4,000,000</b>	<b>\$ 9,346,039</b>

In September 2020, the Canadian Subsidiary entered into a Contribution Agreement with DFO's Atlantic Fisheries Fund, whereby it is eligible to receive up to C\$1.9 million (\$1.4 million) to finance new equipment for its Rollo Bay farm (the "DFO Term Loan"). On February 25, 2021, the Canadian Subsidiary borrowed C\$238,400 (\$187,120) and on April 27, 2021 the Canadian Subsidiary borrowed C\$276,840 (\$221,470) under the DFO Term Loan. Borrowings are interest free and monthly repayments commence in March 2023, with maturity in August 2032. All funding requests must be submitted by August 22, 2022.

The Company recognized interest expense of \$159 thousand and \$35 thousand for the six months ended June 2021 and 2020, respectively, on its interest-bearing debt.

## 9. Leases

Lease expense for the six months ended June 30, 2021 and 2020, amounted to \$43 thousand and \$40 thousand, respectively. The weighted average remaining lease term of the Company's operating leases was 24 years as of June 30, 2021. Lease payments included in operating cash flows totaled \$42 thousand for the six months ended June 30, 2021 and 2020.

The table below summarizes the Company's lease obligations and remaining payments a June 30, 2021:

	Lease Type	Lease Term	Remaining Years	June 30, 2021		December 31, 2020	
				Remaining Payments	Lease Liability	Remaining Payments	Lease Liability
Maynard Office Lease	Operating	Mar 2023	1.67	118,007	106,390	150,918	134,099
Indiana Auto Lease	Operating	Feb 2021		-	-	1,157	821
Indiana Well Lease	Operating	Dec 2048	27.44	678,810	215,338	686,809	217,890
Total				796,817	321,728	838,884	352,810
Less: current portion				(83,543)	(63,902)	(83,571)	(62,483)
Long-term leases				\$ 713,274	\$ 257,826	\$ 755,313	\$ 290,327

Remaining payments under leases are as follows at June 30, 2021:

Year	Office	Well	Amount
Remainder of 2021	33,505	7,999	41,504
2022	67,602	16,478	84,080
2023	16,900	16,972	33,872
2024	-	17,481	17,481
2025	-	18,006	18,006
Thereafter	-	601,874	601,874
Total Lease Payments	118,007	678,810	796,817

## 10. Stockholders' equity

### Recent issuances

On February 8, 2021, the Company completed a public offering of 14,950,000 Common Shares for net proceeds of approximately \$119.1 million.

### Warrants

The following table summarizes information about outstanding warrants at June 30, 2021, all of which were issued in conjunction with a public equity offering in January 2018:

	Number of options	Weighted average exercise price
Outstanding at December 31, 2020	948,855	\$ 3.25
Exercised	(530,414)	3.25
Outstanding at June 30, 2021	418,441	3.25
Exercisable at June 30, 2021	418,441	3.25

All remaining warrants have an expiration date of January 17, 2023.

### Share-based compensation

At June 30, 2021, the Company has reserved 682,166 Common Shares issuable upon the exercise of outstanding stock options under its 2006 and 2016 Equity Incentive Plans. An additional 904,016 Common Shares are reserved for future issuance under the 2016 Equity Incentive Plan.

*Restricted stock*

A summary of the Company's restricted Common Shares as of June 30, 2021, is as follows:

	Shares		Weighted average grant date fair value
Balance at December 31, 2020	72,653	\$	1.90
Granted	43,837		6.67
Vested	(46,327)		3.23
Balance at June 30, 2021	70,163	\$	4.00

During the six months ended June 30, 2021 and 2020, the Company expensed \$149 thousand and \$122 thousand, respectively, related to the restricted stock awards. At June 30, 2021, the balance of unearned share-based compensation to be expensed in future periods related to the restricted stock awards is \$238 thousand. The period over which the unearned share-based compensation is expected to be earned is approximately 3 years.

*Stock options*

The Company's option activity is summarized as follows:

	Number of options		Weighted average exercise price
Outstanding at December 31, 2020	657,414	\$	4.28
Granted	48,914		6.72
Exercised	(16,667)		6.90
Forfeited	(1,959)		6.72
Expired	(5,536)		6.90
Outstanding at June 30, 2021	682,166	\$	4.36
Exercisable at June 30, 2021	600,470	\$	4.39

Unless otherwise indicated, options issued to employees, members of the Board of Directors, and non-employees are vested daily over one to three years and are exercisable for a term of ten years from the date of issuance.

The fair values of stock option grants to employees and members of the Board of Directors during 2021 were measured on the date of grant using Black-Scholes, with the following weighted average assumptions:

	March 2021
Expected volatility	111%
Risk free interest rate	0.80%
Expected dividend yield	0%
Expected life (in years)	5

The weighted average fair value of stock options granted during the six months ended June 30, 2021, was \$5.36.

The total intrinsic value of all options outstanding was \$1.7 million and \$3.6 million at June 30, 2021, and December 31, 2020, respectively. The total intrinsic value of exercisable options was \$1.5 million and \$3.2 million at June 30, 2021 and December 31, 2020, respectively.

The following table summarizes information about options outstanding and exercisable at June 30, 2021:

Weighted average exercise price of outstanding options	Number of options outstanding	Weighted average remaining estimated life (in years)	Number of options exercisable
\$1.88 - \$2.50	531,519	7.8	488,509
\$3.30 - \$6.72	58,557	8.4	19,871
\$7.50 - \$10.80	20,503	3.0	20,503
\$14.20 - \$23.40	71,587	4.8	71,587
	682,166		600,470

Total share-based compensation on stock options amounted to \$68 thousand and \$187 thousand for the six months ended June 30, 2021 and 2020, respectively. At June 30, 2021, the balance of unearned share-based compensation to be expensed in future periods related to unvested share-based awards was \$268 thousand. The period over which the unearned share-based compensation is expected to be earned is approximately 2.8 years.

## 11. Commitments and contingencies

The Company recognizes and discloses commitments when it enters into executed contractual obligations with other parties. The Company accrues contingent liabilities when it is probable that future expenditures will be made and such expenditures can be reasonably estimated.

See Note 5 for commitments related to the Company's renovation and construction costs.

The Company is subject to legal proceedings and claims arising in the normal course of business. The Company records estimated losses from these legal proceedings and claims when it determines that it is probable a liability has been incurred and the amount of loss can be reasonably estimated. Litigation is subject to many factors that are difficult to predict so that there can be no assurance, in the event of a material unfavorable result in one or more claims, the Company will not incur material costs. There have been no other material changes to the commitments and contingencies disclosed in the Company's Annual Report on Form 10-K as of and for the year ended December 31, 2020.

## 12. Income Taxes

The Company estimates an annual effective tax rate of 0% for the year ending December 31, 2021 as the Company incurred losses for the six months ended June 30, 2021 and is forecasting additional losses through the remainder of fiscal year ending December 31, 2021, resulting in an estimated net loss for both financial statement and tax purposes for the year ending December 31, 2021. Therefore, no federal or state income taxes are expected and none have been recorded at this time. Income taxes have been accounted for using the liability method.

Due to the Company's history of losses since inception, there is not enough evidence at this time to support that the Company will generate future income of a sufficient amount and nature to utilize the benefits of its net deferred tax assets. Accordingly, the deferred tax assets have been reduced by a full valuation allowance, since the Company does not currently believe that realization of its deferred tax assets is more likely than not.

As of June 30, 2021, the Company had no unrecognized income tax benefits that would reduce the Company's effective tax rate if recognized.

### **13. Subsequent Events**

#### **ACOA Loan**

On July 8, 2021, the Canadian Subsidiary entered into a contribution agreement with the Atlantic Canada Opportunities Agency under its REGI-Business Scale-up and Productivity program that can provide up to C\$250 thousand (\$200 thousand) in funding assistance. All funds received are to be repaid over a 36-month term commencing January 2023 at a 0% interest rate.

#### **Site Purchase**

On July 23, 2021, the Company executed a Purchase and Sale Agreement with Kidston Consultants, Ltd for the purchase of approximately 85 acres of land in the Village of Pioneer, Williams County Ohio for \$2.1 million. The sale is subject to the satisfaction of certain contingencies and customary closing conditions. The transaction is expected to close in early 2022, though the Company has an option to commence work on the site prior to close.

#### **Related Party Agreement**

On July 30, 2021, the Company executed an agreement with its largest shareholder, Third Security and its affiliates (“TS”), to file a resale registration statement on behalf of TS to register its holdings in the Company’s Common Shares for sale. The agreement includes, among other things, that TS will reimburse the Company for all fees associated with the filing of the registration statement and any future sales transaction fees.

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

The following "Management's Discussion and Analysis of Financial Condition and Results of Operations" should be read in conjunction with the unaudited financial information and the notes thereto included in this Quarterly Report on Form 10-Q and our Annual Report on Form 10-K for the year ended December 31, 2020, which was filed on March 9, 2021.

### Overview

We believe that we are a leader in the field of land-based aquaculture and the use of technology for improving its productivity and sustainability. Our lead product is our GE Atlantic salmon, which received FDA approval in 2015 as the first bioengineered animal available for sale for human consumption. We have commenced commercial activities with operations in the United States and Canada where we have received regulatory approval. We are actively engaged in genetic, genomic, fish health and fish nutrition research, which drive continuous improvement in our operations and may lead to new, disruptive technologies and products that could further expand our competitive offerings.

### COVID-19

Although the COVID-19 pandemic has diminished in the United States and other parts of the world as vaccines have become more readily available, several variants of the virus continue to spread. Local governmental authorities in the United States and Canada have issued, and continue to update, directives aimed at minimizing the spread of the virus and we continue to monitor their status.

The ultimate impact of the evolving COVID-19 pandemic on our operations will depend on future developments, which cannot be predicted with confidence, and we cannot predict the extent or impact of the extended period of continued business interruption and reduced operations caused by the COVID-19 pandemic or any additional preventative or protective measures taken in response. To date, our farm operations have not been materially affected by the pandemic, although we made modifications to biosecurity procedures and the farm sites in early 2020 to adapt to local requirements and to provide a safe work environment. Our current preventative and protective measures include, but are not limited to, segregating farm workers to specific locations, rotating shifts, and monitoring worker temperatures upon arrival at our facilities. To the extent possible, work-from-home is utilized for employees that do not have fish care responsibilities.

We have experienced delays in capital projects due to the pandemic and continue to experience extended lead times on equipment purchases. We may continue to experience delays on purchases of capital equipment and supplies and other materials required in our operations due to vendor shortages or we could be impacted by transportation or other supply chain disruptions to our partners or customers.

Our operations were primarily impacted by a reduction in the market price and demand for Atlantic salmon due to the pandemic's impact on the food service sector. This had a negative impact on revenue and inventory value, as we are not yet an established vendor and customers were reluctant to add a new supplier during a period of depressed demand.

We remain focused on maintaining a strong balance sheet, liquidity, and financial flexibility and continue to monitor developments as we deal with the disruptions and uncertainties from a business and financial perspective relating to the evolving COVID-19 pandemic.

### Revenue

We currently generate product revenue through the sales of our GE Atlantic salmon, conventional Atlantic salmon eggs and fry, and salmon byproducts. We expect revenues for the second half of 2021 to slowly grow as we increase our harvesting capability at our Indiana and Rollo Bay farm sites. In the future, we believe that our revenue will depend upon the number and capacity of grow-out farms we have in operation and the market acceptance we achieve.

### Production Costs

Production costs include the labor and related costs to grow out our fish, including feed, oxygen, and other direct costs; overhead; and the cost to process and ship our products to customers. A portion of production costs are absorbed into inventory as fish in process to the extent that these costs do not exceed the net realizable value of the fish in process. The costs that are not absorbed into inventory, as well as any net realizable inventory value adjustments, are classified as production costs. As of June 30, 2021, we had fifty employees engaged in production activities.

## Sales and Marketing Expenses

Our sales and marketing expenses currently include consulting fees for market-related activities and the cost of our salmon donation program. As of June 30, 2021, we had one employee dedicated to sales and marketing. We expect our sales and marketing expenses to increase as our production output and revenues grow.

## Research and Development Expenses

As of June 30, 2021, we employed nineteen scientists and technicians at our facilities on Prince Edward Island to oversee our broodstock of GE Atlantic salmon, as well as the lines of fish we maintain for research and development purposes. We recognize research and development expenses as they are incurred. Our research and development expenses consist primarily of:

- salaries and related overhead expenses for personnel in research, development functions, and brood-stock husbandry;
- fees paid to contract research organizations and consultants who perform research for us;
- costs related to laboratory supplies used in our research and development efforts; and
- costs related to the operation of our field trials.

## General and Administrative Expenses

General and administrative expenses consist primarily of salaries and related costs for employees in executive, corporate, and finance functions. Other significant general and administrative expenses include corporate governance and public company costs, regulatory affairs, rent and utilities, insurance, and legal service. We had fifteen employees in our general and administrative group at June 30, 2021.

## Other Income (Expense)

Interest expense includes the interest on our outstanding loans and amortization of debt issuance costs. Other income (expense) includes bank charges, fees, interest income, and miscellaneous gains or losses on asset disposals.

## Results of Operations

### Comparison of the three months ended June 30, 2021, to the three months ended June 30, 2020.

The following table summarizes our results of operations for the three months ended June 30, 2021 and 2020, together with the changes in those items in dollars and as a percentage (all dollar amounts in thousands):

	<b>Three Months Ended June 30,</b>		<b>Dollar Change</b>	<b>% Change</b>
	<b>2021</b>	<b>2020</b>		
	<b>(unaudited)</b>			
Product revenue	\$ 227	\$ 3	224	7,467%
Operating expenses:				
Product costs	<b>1,848</b>	1,041	807	78%
Sales and marketing	<b>549</b>	137	412	301%
Research and development	<b>431</b>	636	(205)	(32)%
General and administrative	<b>2,579</b>	1,694	885	52%
Operating loss	<b>5,180</b>	3,505	1,675	48%
Total other expense	<b>51</b>	19	32	168%
Net loss	<b>\$ 5,231</b>	\$ 3,524	1,707	48%

### *Product Revenue*

Product revenue for the three months ended June 30, 2021 consisted of sales of our GE Atlantic salmon and conventional Atlantic salmon fry and eggs. Product revenue for the three months ended June 30, 2020 consisted of sales of conventional Atlantic salmon fry and eggs. During the current period, we began harvesting and selling our GE Atlantic salmon from both our Indiana and Rollo Bay farms. We expect revenues for the second half of 2021 to slowly grow as we increase our harvesting capability at our Indiana and Rollo Bay farm sites.

### *Production Costs*

Production costs for the three months ended June 30, 2021, were up from the corresponding period in 2020, due to production cost increases related to increasing fish biomass at the Indiana and Rollo Bay farms. Increases included headcount additions, feed costs

and other direct supplies. Current period costs also included processing and transportation costs to bring our product to market as a result of higher product revenue volume.

#### *Sales and Marketing Expenses*

Sales and marketing expenses for the three months ended June 30, 2021, were up from the corresponding period in 2020 due to an increase in head count and promotional expenses related to marketing activities for our salmon. Costs for the current period also include a \$335 thousand charge related to the donation program of conventional Atlantic salmon to local food charities.

#### *Research and Development Expenses*

Research and development expenses for the three months ended June 30, 2021, were down from the corresponding period in 2020 due a decrease in outside contract service fees and an increase in broodstock cost transferred to production costs for related product revenue during the period, partly offset by increased personnel costs. During the current period, research activities included feed nutrition trials, discovery research in salmon immunology and work on a genome study to identify genes associated with economically important traits in salmon.

#### *General and Administrative Expenses*

General and administrative expenses for the three months ended June 30, 2021, were up from the corresponding period in 2020 due to an increase in outside consulting and advisory fees, auditing fees, insurance costs, legal fees, personnel costs and travel, partially offset by a decrease in stock compensation charges.

#### *Total Other (Income) Expense*

Total other (income) expense is comprised of interest on debt, bank charges, and interest income for the three months ended June 30, 2021, and 2020.

### **Comparison of the six months ended June 30, 2021, to the six months ended June 30, 2020.**

The following table summarizes our results of operations for the six months ended June 30, 2021 and 2020, together with the changes in those items in dollars and as a percentage (all dollar amounts in thousands):

	<b>Six Months Ended June 30,</b>		<b>Dollar</b>	<b>%</b>
	<b>2021</b>	<b>2020</b>		
	<b>(unaudited)</b>			
Product revenue	\$ 302	\$ 10	292	2,920%
Operating expenses:				
Product costs	3,402	1,883	1,519	81%
Sales and marketing	868	188	680	362%
Research and development	932	1,204	(272)	(23)%
General and administrative	4,365	3,331	1,034	31%
Operating loss	9,265	6,596	2,669	40%
Total other expense	125	37	88	238%
Net loss	\$ 9,390	\$ 6,633	2,757	42%

#### *Product Revenue*

Product revenue for the six months ended June 30, 2021 consisted of sales of our GE Atlantic salmon and conventional Atlantic salmon fry and eggs. Product revenue for the six months ended June 30, 2020 consisted of sales of conventional Atlantic salmon fry and eggs. During the current period, we began harvesting and selling our GE Atlantic salmon from both our Indiana and Rollo Bay farms. We expect revenues for the second half of 2021 to slowly grow as we increase our harvesting capability at our Indiana and Rollo Bay farm sites.

#### *Production Costs*

Production costs for the six months ended June 30, 2021, were up from the corresponding period in 2020, due to production cost increases related to increasing fish biomass at the Indiana and Rollo Bay farms. Increases included headcount additions, feed costs and other direct supplies. Current period costs also included processing and transportation costs to bring our product to market as a result of higher product revenue volume.

### *Sales and Marketing Expenses*

Sales and marketing expenses for the six months ended June 30, 2021, were up from the corresponding period in 2020 due to an increase in headcount, promotional expenses related to marketing activities for our salmon. Costs for the period also include a \$509 thousand charge related to the donation program of conventional Atlantic salmon to local food charities.

### *Research and Development Expenses*

Research and development expenses for the six months ended June 30, 2021, were down from the corresponding period in 2020 due a decrease in outside contract service fees and an increase in broodstock cost transferred to production costs for related product revenue during the period, partly offset by increased personnel costs. During the current period, research activities included feed nutrition trials, discovery research in salmon immunology and work on a genome study to identify genes associated with economically important traits in salmon.

### *General and Administrative Expenses*

General and administrative expenses for the six months ended June 30, 2021, were up from the corresponding period in 2020 due to an increase in outside consulting and advisory fees, auditing fees, insurance costs, legal fees, and personnel costs, partially offset by a decrease in stock compensation charges and travel.

### *Total Other (Income) Expense*

Total other (income) expense is comprised of interest on debt, bank charges, and interest income for the six months ended June 30, 2021, and 2020.

## **Cash Flows**

The following table sets forth the significant sources and uses of cash for the periods set forth below (in thousands):

	<b>Six Months Ended June 30,</b>		<b>Dollar Change</b>	<b>% Change</b>
	<b>2021</b>	<b>2020</b>		
	<b>(unaudited)</b>			
Net cash provided by (used in):				
Operating activities	\$ (10,458)	\$ (6,973)	(3,485)	50%
Investing activities	(74,152)	(489)	(73,663)	15,064%
Financing activities	121,171	14,702	106,469	724%
Effect of exchange rate changes on cash	33	(17)	50	(294)%
Net increase in cash	\$ 36,594	\$ 7,223	29,371	407%

### *Cash Flows from Operating Activities*

Net cash used in operating activities during the six months ended June 30, 2021 was primarily comprised of our \$9.4 million net loss, offset by non-cash depreciation and stock compensation charges of \$1.1 million and increased by working capital uses of \$2.1 million. Net cash used in operating activities during the six months ended June 30, 2020 was primarily comprised of our \$6.6 million net loss, offset by non-cash depreciation and stock compensation charges of \$1 million and increased by working capital uses of \$1.4 million.

Spending on operations increased in the current period due to increases in production activities at our Rollo Bay and Indiana farm sites and outside consulting and advisory fees. Cash used by working capital increased in the current period and was driven by increases in inventory, prepaid expenses and other current assets, receivables and a reduction in accounts payable and accrued liabilities.

### *Cash Flows from Investing Activities*

During the six months ended June 30, 2021, we used \$2.2 million for renovations to our Indiana farm site, construction charges at our Rollo Bay farm site and renovations at our Fortune Bay hatchery, \$254 thousand on deposits on equipment purchases and \$71.7 million on marketable securities purchases. During the same period in 2020, we used \$1.6 million for renovations to our Indiana farm site and for construction charges at our Rollo Bay site, offset by \$1.0 million in net proceeds from a legal settlement.

### *Cash Flows from Financing Activities*

During the six months ended June 30, 2021, we received approximately \$119.1 million in net proceeds from the issuance of Common Shares in a public offering, \$1.7 million from the exercise of warrants, and \$406 thousand from new debt. During the same period in 2020, we received approximately \$14.5 million in net proceeds from the issuance of Common Shares in a public offering and \$221 thousand from new debt.

#### **Future Capital Requirements**

In February 2021, we completed an equity raise with net proceeds of \$119.1 million and we have \$204 million of cash, cash equivalents and marketable securities as of June 30, 2021. While we have experienced net losses and negative cash flows from operations since inception, we believe that we have sufficient cash to meet our requirements for at least the next twelve months from the filing date.

Until such time, if ever, as we can generate positive operating cash flows, we may finance our cash needs through a combination of equity offerings, debt financings, government or other third-party funding, strategic alliances, and licensing arrangements. To the extent that we raise additional capital through the sale of equity or convertible debt securities, the ownership interests of holders of our common stock will be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect the rights of holders of our common stock. Debt financing, if available, may involve agreements that include covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures, or declaring dividends. If we raise additional funds through government or other third-party funding; marketing and distribution arrangements; or other collaborations, strategic alliances, or licensing arrangements with third parties, we may have to relinquish valuable rights to our technologies, future revenue streams, research programs, or product candidates or to grant licenses on terms that may not be favorable to us.

If we are unable to generate additional funds in the future through financings, sales of our products, government grants, loans, or from other sources or transactions, we will exhaust our resources and will be unable to maintain our currently planned operations. If we cannot continue as a going concern, our stockholders would likely lose most or all of their investment in us.

#### **Off-Balance Sheet Arrangements**

We do not have any off-balance sheet arrangements.

#### **Critical Accounting Policies and Estimates**

This Management's Discussion and Analysis of Financial Condition and Results of Operations is based on our consolidated financial statements, which we have prepared in accordance with GAAP. The preparation of our consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported revenues and expenses during the reporting periods. We evaluate these estimates and judgments on an ongoing basis. We base our estimates on historical experience and on various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Our actual results may differ from these estimates under different assumptions or conditions.

There have been no material changes to these estimates, or the policies related to them, during the six months ended June 30, 2021. For a full discussion of these estimates and policies, see "Critical Accounting Policies and Estimates" within "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K for the year ended December 31, 2020.

### **Item 3. Quantitative and Qualitative Disclosures About Market Risk**

The following sections provide quantitative information on our exposure to interest rate risk and foreign currency exchange risk. We make use of sensitivity analyses, which are inherently limited in estimating actual losses in fair value that can occur from changes in market conditions.

#### **Interest Rate Risk**

Our primary exposure to market risk is interest rate risk associated with debt financing that we utilize from time to time to fund operations or specific projects. The interest on this debt is usually determined based on a fixed rate and is contractually set in advance. At June 30, 2021, and December 31, 2020, we had \$6.0 million in interest-bearing debt instruments on our consolidated balance sheet.

All of our interest-bearing debt is at fixed rates, except for our loan with First Farmers Bank and Trust, which has a rate reset in July 2025.

### **Foreign Currency Exchange Risk**

Our functional currency is the U.S. Dollar. The functional currency of our Canadian subsidiary is the Canadian Dollar, and the functional currency of our U.S., and Brazil subsidiaries is the U.S. Dollar. For the Canadian Subsidiary, assets and liabilities are translated at the exchange rates in effect at the balance sheet date, equity accounts are translated at the historical exchange rate, and the income statement accounts are translated at the average rate for each period during the year. Net translation gains or losses are adjusted directly to a separate component of accumulated other comprehensive loss within shareholders' equity.

## **Item 4. Controls and Procedures**

### **Disclosure Controls and Procedures**

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this Form 10-Q. Based on such evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of the quarter ended June 30, 2021, the Company's disclosure controls and procedures are effective in recording, processing, summarizing, and reporting, on a timely basis, information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act and are effective in ensuring that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

### **Changes in Internal Control Over Financial Reporting**

There were no changes in our internal control over financial reporting (as defined in Rules 13a-15(g) and 15d-15(f)) that occurred during the fiscal quarter covered by this report that have materially affected or are reasonably likely to materially affect our internal control over financial reporting.

## **PART II. OTHER INFORMATION**

### **Item 1. Legal Proceedings**

We are not party to any legal proceedings the outcome of which, we believe, if determined adversely to us, would individually or in the aggregate have a material adverse effect on our future business, consolidated results of operations, cash flows, or financial position. We may, from time to time, be subject to legal proceedings and claims arising from the normal course of business activities.

### **Item 1A. Risk Factors**

As disclosed in “Item 1A. Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2020, which was filed on March 9, 2021, and our Quarterly Report on Form 10-Q for the quarter ended March 31, 2021, there are a number of risks factors that could affect our business, financial condition, and results of operations. The following risk factors are either new or have changed materially from those set forth in our Annual Report on Form 10-K for the year ended December 31, 2020 or our 10-Q for the quarter ended March 31, 2021. You should carefully review the risks described below and those described in our Annual Report on Form 10-K and our Quarterly Report on Form 10-Q, including our consolidated financial statements and related notes, and in other reports we file with the Securities and Exchange Commission, in evaluating our business. We cannot assure you that any of the events discussed in the risk factors below will not occur. These risks could have a material and adverse impact on our business, results of operations, financial condition, or prospects. If that were to happen, the trading price of our common stock could decline, and you could lose all or part of your investment.

This Quarterly Report on Form 10-Q also contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks faced by us described below, elsewhere in this Quarterly Report on Form 10-Q, in our Annual Report on Form 10-K, and in our Quarterly Report on 10-Q for the quarter ended March 31, 2021. See “Cautionary Note Regarding Forward-Looking Statements” for information relating to these forward-looking statements.

#### ***Risks Relating to our Business and Operations***

##### **We have a history of net losses and will likely incur future losses and may not achieve or maintain profitability.**

In the period from incorporation to June 30, 2021, we have incurred cumulative net losses of approximately \$158 million. These losses reflect our personnel, research and development, production and marketing costs. We have constructed a 250-metric-ton annual capacity production facility in Rollo Bay and in 2017 we acquired a facility in Indiana, which has undergone renovations to increase its annual capacity to 1,200 metric tons. We expect revenues to be modest and infrequent for the remainder of 2021 as we increase our harvesting capability at our Indiana and Rollo Bay farms. However, our ability to realize revenues and the timing thereof are not certain, and achieving revenues does not assure that we will become profitable.

##### **We may experience a significant fish mortality event in our broodstock or our production facilities that could impact our share price.**

In recent periods, other companies in the land-based aquaculture industry have experienced fish mortality events that resulted in a decline in their share price. It is possible that our operations could experience a significant fish mortality event due to, among other causes, disease, pathogens, human error, intentional malfeasance, a weather event, loss of access to electricity or water, or damage to our farms, or other factors beyond our control. If we were to have a significant fish mortality event, this could lead to a reduction in production harvests, loss of broodstock, loss of revenue, increased production costs, and public relations damage, the result of which could impact our share price.

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

None.

### **Item 3. Defaults Upon Senior Securities**

None.

### **Item 4. Mine Safety Disclosures**

Not applicable.

## **Item 5. Other Information**

### *Letter Agreement with Third Security*

On July 30, 2021, we entered into a letter agreement (the “Letter Agreement”) with TS Aquaculture LLC and certain of its affiliates that requires that we file a registration statement to register the shares of Common Stock held by TS Aquaculture LLC and certain of its affiliates and keep it effective for a period of not less than 24 months. TS Aquaculture LLC agreed to pay all expenses incurred in connection with such registration statements. We and TS Aquaculture LLC also agreed to modify the terms of the relationship agreement between us and TS Aquaculture LLC as successor in interest to Intrexon Corporation (the “Relationship Agreement”) so as to restrict assignments of the rights of TS Aquaculture LLC thereunder.

The entry into this agreement constituted a “related party transaction” as defined by Item 404 of Regulation S-K because TS Aquaculture is an affiliate and has appointed three members of our board pursuant to the Relationship Agreement. Because of this, the agreement was approved by only the disinterested directors and the Audit Committee was responsible for reviewing, negotiating and approving the terms of the Letter Agreement. Additionally, the Company has a policy that the Audit Committee is responsible for the review and approval of any “related party transaction”, as such term is defined in Item 404 of Regulation S-K, after it has reviewed and considered all relevant facts and circumstances, including, but not limited to, whether the transaction is on terms comparable to those that could be obtained in an arm’s length transaction and the extent of the related party’s interest in the transaction. This transaction was approved by the disinterested members of the Board on July 27, 2021, upon the recommendation of the Audit Committee.

### *Indemnification Agreements*

On July 27, 2021, the Board approved an Indemnification Agreement for our officers and directors. A separate version of the Indemnification Agreement was approved for directors appointed by Third Security.

**Item 6. Exhibits****EXHIBIT INDEX**

<b>Exhibit Number</b>	<b>Exhibit Description</b>
<a href="#">10.1</a>	<a href="#">Letter Agreement between the Registrant and Third Security and its affiliates dated July 30, 2021</a>
<a href="#">10.2</a>	<a href="#">Form of Indemnification Agreement for directors and officers</a>
<a href="#">10.3</a>	<a href="#">Form of Indemnification Agreement for RJ Kirk Appointees to the Registrant's Board of Directors</a>
<a href="#">31.1</a>	<a href="#">Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>
<a href="#">31.2</a>	<a href="#">Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>
<a href="#">32.1+</a>	<a href="#">Certification of the Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>
101.INS	XBRL instance document.
101.SCH	XBRL taxonomy extension schema document.
101.CAL	XBRL taxonomy extension calculation linkbase document.
101.LAB	XBRL taxonomy label linkbase document.
101.PRE	XBRL taxonomy extension presentation linkbase document.
101.DEF	XBRL taxonomy extension definition linkbase document.
104	Cover Page Interactive Data File-the cover page interactive data file does not appear in the Interactive Data File because the XBRL tags are embedded within the Inline XBRL document.

- + The certification furnished in Exhibit 32.1 hereto is deemed to accompany this Form 10-Q and will not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended. Such certification will not be deemed to be incorporated by reference into any filings under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent that the Registrant specifically incorporates it by reference.

## Signatures

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

August 4, 2021

AQUABOUTY TECHNOLOGIES, INC.

/s/ Sylvia Wulf

Sylvia Wulf  
President, Chief Executive Officer, and Director  
(Principal Executive Officer)

August 4, 2021

/s/ David A. Frank

David A. Frank  
Chief Financial Officer and Treasurer  
(Principal Financial Officer and Principal  
Accounting Officer)

## LETTER AGREEMENT

THIS LETTER AGREEMENT (this “Agreement”) is made as of July 30, 2021, by and among AquaBounty Technologies, Inc., a Delaware corporation (the “Company”), TS AquaCulture LLC, a Virginia limited liability company (the “Rights Holder”) and the holders of the Company’s capital stock listed on Schedule A attached hereto (each, a “Holder” and collectively, the “Holders”).

1. **Definitions.** For purposes of this Agreement:

1.1. “**Affiliate**” means, with respect to any specified Person, any other Person who, directly or indirectly, controls, is controlled by, or is under common control with such Person, including without limitation any partner, general partner, managing member, officer, director or trustee of such Person, or any venture capital fund or registered investment company now or hereafter existing that is controlled by one or more general partners, managing members or investment adviser of, or shares the same management company or investment adviser with, such Person.

1.2. “**Common Stock**” means the Company’s Common Stock, par value \$0.001 per share.

1.3. “**Exchange Act**” means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

1.4. “**Person**” means any individual, corporation, partnership, trust, limited liability company, association or other entity.

1.5. “**Registrable Securities**” means (i) Common Stock that is held by the Holders and outstanding as of the date hereof; and (ii) any Common Stock issued as (or issuable upon the conversion or exercise of any warrant, right, or other security that is issued as) a dividend or other distribution with respect to, or in exchange for or in replacement of, the shares referenced in clause (i) above; excluding in all cases, however, any Registrable Securities sold by a Holder and/or any shares for which registration rights have terminated pursuant to this Agreement.

1.6. “**SEC**” means the Securities and Exchange Commission.

1.7. “**SEC Rule 144**” means Rule 144 promulgated by the SEC under the Securities Act.

1.8. “**SEC Rule 145**” means Rule 145 promulgated by the SEC under the Securities Act.

1.9. “**Securities Act**” means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

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## 2. Registration Rights.

2.1. Form S-3 Registration Statement. Subject to the limitations of Section 2.2 and each Holder's compliance with the requirements of Section 2.4, the Company shall as soon as reasonably practicable, and in any event within three (3) business days after filing of the Company's next Quarterly Report on Form 10-Q after the date of this Agreement, file a Form S-3 registration statement (the "**Registration Statement**") under the Securities Act covering all Registrable Securities requested to be included in such registration by the Holders, as specified next to such Holder's name on Schedule A hereto. Notwithstanding the foregoing sentence, if the Company determines in good faith and in its sole discretion that it would be materially detrimental to the Company and its shareholders for such Registration Statement to become effective, remain effective or be used for the sales of Registrable Securities because such action would (i) materially interfere with a significant acquisition, disposition, corporate reorganization, or other similar transaction involving the Company; (ii) require premature disclosure of material information that the Company has a bona fide business purpose for preserving as confidential; (iii) occur during the marketing period of an underwritten financing or similar engagement with an investment bank or a non-deal roadshow; or (iv) render the Company unable to comply with requirements under the Securities Act or Exchange Act, then the Company shall have the right to defer taking action with respect to the Registration Statement (including without limitation, causing the Registration Statement to become effective, remain effective or be used for the sales of Registrable Securities), and any time periods with respect to filing or effectiveness thereof shall be tolled correspondingly, for a period of not more than ninety (90) days. The Registration Statement will include the plan of distribution attached hereto as Exhibit A. As long as any Holder shall own Registrable Securities, the Company, at all times while it shall be a reporting company under the Exchange Act, covenants to file timely (or obtain extensions in respect thereof and file within the applicable grace period) all reports required to be filed by the Company after the date hereof pursuant to Sections 13(a) or 15(d) of the Exchange Act.

2.2. Underwriting Requirements. If, pursuant to Subsection 2.1, the Rights Holder intends to distribute the Registrable Securities covered by the Registration Statement by means of an underwriting, it shall so advise the Company. The underwriter(s) will be selected by the Rights Holder and shall be reasonably acceptable to the Company. In such event, the right of any Holder to include such Holder's Registrable Securities in such registration shall be conditioned upon such Holder's participation in such underwriting and the inclusion of such Holder's Registrable Securities in the underwriting to the extent provided herein. All Holders proposing to distribute their securities through such underwriting shall (together with the Company as provided in Subsection 2.3(e)) enter into an underwriting agreement in customary form with the underwriter(s) selected for such underwriting.

2.3. Obligations of the Company. The Company shall, as expeditiously as reasonably possible:

(a) use its commercially reasonable efforts to cause the Registration Statement to become effective and keep such registration statement effective for a period of up to twenty-four (24) months or, if earlier, until the distribution contemplated in the registration statement has been completed (such period, as may be extended by the following proviso, the "**Effective Period**"); provided, however, that such twenty-four (24) month period shall be extended for a period of time equal to the period the Rights Holder refrains, at the request of the Company or an underwriter of Common Stock (or other securities), from selling any securities included in such registration;

(b) prepare and file with the SEC such amendments and supplements to such registration statement, and the prospectus used in connection with such registration statement, as may be necessary to comply with the Securities Act in order to enable the disposition of all securities covered by such registration statement;

(c) furnish to the selling Holders such numbers of copies of a prospectus, including a preliminary prospectus, as required by the Securities Act, and such other documents as the Holders may reasonably request in order to facilitate their disposition of their Registrable Securities;

(d) use its commercially reasonable efforts to register and qualify the securities covered by such registration statement under such other securities or blue-sky laws of such jurisdictions as shall be reasonably requested by the Rights Holder; provided that the Company shall not be required to qualify to do business or to file a general consent to service of process in any such states or jurisdictions, unless the Company is already

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subject to service in such jurisdiction and except as may be required by the Securities Act;

(e) in the event of any underwritten public offering, enter into and perform its obligations under an underwriting agreement, in usual and customary form, with the underwriter(s) of such offering, including obtaining a customary comfort letter from the Company's independent registered public accounting firm and, if reasonably requested, making senior executives of the Company reasonably available to participate in customary "roadshow" presentations with respect to such offering;

(f) use its commercially reasonable efforts to cause all such Registrable Securities covered by such registration statement to be listed on a national securities exchange or trading system and each securities exchange and trading system (if any) on which similar securities issued by the Company are then listed;

(g) provide a transfer agent and registrar for all Registrable Securities registered pursuant to this Agreement and provide a CUSIP number for all such Registrable Securities, in each case not later than the effective date of such registration;

(h) promptly make available for inspection by the selling Holders, any managing underwriter(s) participating in any disposition pursuant to such registration statement, and any attorney or accountant or other agent retained by any such underwriter or selected by the selling Holders, all financial and other records, pertinent corporate documents, and properties of the Company, and cause the Company's officers, directors, employees, and independent accountants to supply all information reasonably requested by any such seller, underwriter, attorney, accountant, or agent, in each case, as necessary or advisable to verify the accuracy of the information in such registration statement and to conduct appropriate due diligence in connection therewith;

(i) notify each selling Holder, promptly after the Company receives notice thereof, of the time when such registration statement has been declared effective or a supplement to any prospectus forming a part of such registration statement has been filed; and

(j) after such registration statement becomes effective, notify each selling Holder of any request by the SEC that the Company amend or supplement such registration statement or prospectus.

2.4. Obligations of the Holders. It shall be a condition precedent to the obligations of the Company to take any action pursuant to this Section 2 with respect to the Registrable Securities of any selling Holder that such Holder hereby:

(a) agrees to furnish to the Company such information regarding itself, the Registrable Securities held by it, and the intended method of disposition of such securities as is reasonably required to effect the registration of such Holder's Registrable Securities, including without limitation completing the Questionnaire attached as Exhibit B;

(b) agrees to be represented by the Rights Holder in connection with the Registration Statement, any sales of securities pursuant to the Registration Statement and any other transactions in connection with this Section 2;

(c) authorizes (and if requested by the Company, agrees to enter into and deliver a power of attorney in form acceptable to the Company) the Rights Holder to take and/or enter into, such actions, agreements, documents and/or other instruments, on behalf of and in the name of such Holder as the Rights Holder may deem advisable, appropriate or necessary in connection with the Registration Statement, any sales of securities pursuant to the Registration Statement and any other transactions in connection with this Section 2;

(d) agrees to abide by the terms of the Company's insider trading policy and applicable securities laws and regulations (including without limitation, the Securities Act, Exchange Act and Regulation M promulgated thereunder) and not to engage in any short sales, derivative transactions or other similar transactions with respect to the Company's securities; and

(e) timely file all section 16 and section 13 filings.

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2.5. Expenses of Registration. All reasonable fees, expenses and other costs incurred by the Company and/or any Holder in connection with or pursuant to this Section 2, the preparation, negotiation, approval and execution of this Agreement, the filing of any Registration Statement(s) and any amendments and/or offerings therefrom or thereunder whether incurred before, during or after the Effective Period (including but not limited to those in connection with all registrations, filings, qualifications or sales of Registrable Securities in connection with Section 2; underwriting discounts, selling commissions, and share transfer taxes applicable to the sale of Registrable Securities; fees and disbursements of counsel, accountants, auditors and other professionals of any Holder or the Company; registration, filing, and qualification fees; printers' fees and all other fees and expenses associated) shall be borne and promptly paid by the Rights Holder. In connection with any expenses to be reimbursed by the Rights Holder pursuant to this Section 2.5, the Company shall provide reasonable documentation with respect to such expenses to the Rights Holder.

2.6. Termination of Registration Rights. The rights of the Rights Holder and each of the Holders pursuant to Section 2 shall terminate upon the earliest to occur of:

(a) the end of the Effective Period;

(b) the liquidation, dissolution and winding up of the Company or the consummation of a sale, lease, license, transfer, conveyance or other disposition to an independent third party, directly or indirectly, in one transaction or a series of related transactions (including by way of merger, consolidation, recapitalization, reorganization or sale of securities) of all or substantially all of the shares of capital stock of the Company or all or substantially all of the assets of the Company and its subsidiaries, taken as a whole (a "**Sale Transaction**"); and

(c) with respect to the Holders, such time as SEC Rule 144 or another similar exemption under the Securities Act is available for the sale of all of such Holders' shares without limitation during a three (3)-month period without registration.

3. Relationship Agreement. Section 9 of that certain Relationship Agreement by and between the Company and Rights Holder as successor in interest to Intrexon Corporation dated as of December 5, 2012 (the "Relationship Agreement") is hereby amended and restated in its entirety to read as follows:

#### **"9. ASSIGNMENT**

No party to this Agreement may assign, transfer or charge all or any of the other parties' obligations nor any of its rights or benefits arising under this Agreement without the prior written consent of the other party; provided that AquaBounty may transfer or assign its right and obligations under this Agreement in connection with the consummation of a sale, lease, license, transfer, conveyance or other disposition to an independent third party, directly or indirectly, in one transaction or a series of related transactions (including by way of merger, consolidation, recapitalization, reorganization or sale of securities) of all or substantially all of the shares of capital stock of AquaBounty or all or substantially all of the assets of AquaBounty and its subsidiaries, taken as a whole."

#### 4. Miscellaneous.

4.1. Successors and Assigns. The rights under this Agreement may not be transferred or otherwise assigned by the Rights Holder or any Holder without the prior written consent of the Company. In the event the Company consents to a transfer, as a condition precedent to such transfer, the transferee must agree in a written instrument delivered to the Company to be bound by and subject to the terms and conditions of this Agreement as if it were a Holder hereunder. The Company may transfer or assign its right and obligations under this Agreement in connection with a Sale Transaction. Subject to the foregoing, the terms and conditions of this Agreement inure to the benefit of and are binding upon the respective permitted successors and permitted assignees of the parties. Nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties hereto or their respective successors and permitted assignees any rights, remedies, obligations or liabilities under or by reason of this Agreement, except as expressly provided herein.

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4.2. **Governing Law.** This Agreement shall be governed by the internal law of the State of Delaware, without regard to conflict of law principles that would result in the application of any law other than the law of the State of Delaware.

4.3. **Counterparts.** This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Counterparts may be delivered via facsimile, electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, e.g., [www.docuSign.com](http://www.docuSign.com)) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

4.4. **Titles and Subtitles.** The titles and subtitles used in this Agreement are for convenience only and are not to be considered in construing or interpreting this Agreement.

4.5. **Notices.** All notices and other communications given or made pursuant to this Agreement shall be in writing and shall be deemed effectively given upon the earlier of actual receipt or: (i) personal delivery to the party to be notified; (ii) when sent, if sent by electronic mail or facsimile during the recipient's normal business hours, and if not sent during normal business hours, then on the recipient's next business day; (iii) five (5) days after having been sent by registered or certified mail, return receipt requested, postage prepaid; or (iv) one (1) business day after the business day of deposit with a nationally recognized overnight courier, freight prepaid, specifying next-day delivery, with written verification of receipt. All communications shall be sent to the respective parties at their addresses as set forth on Schedule A hereto, or to the principal office of the Company and to the attention of the Chief Executive Officer, in the case of the Company, or to such email address, facsimile number, or address as subsequently modified by written notice given in accordance with this Subsection 4.5.

4.6. **Amendments and Waivers.** Any term of this Agreement may be amended and the observance of any term of this Agreement may be waived (either generally or in a particular instance, and either retroactively or prospectively) only with the written consent of the Company and the Rights Holder; provided that any provision hereof may be waived by any waiving party on such party's own behalf, without the consent of any other party. The Company shall give prompt notice of any amendment or termination hereof or waiver hereunder to any party hereto that did not consent in writing to such amendment, termination, or waiver. Any amendment, termination, or waiver effected in accordance with this Subsection 4.6 shall be binding on all parties hereto, regardless of whether any such party has consented thereto. No waivers of or exceptions to any term, condition, or provision of this Agreement, in any one or more instances, shall be deemed to be or construed as a further or continuing waiver of any such term, condition, or provision.

4.7. **Severability.** In case any one or more of the provisions contained in this Agreement is for any reason held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision of this Agreement, and such invalid, illegal, or unenforceable provision shall be reformed and construed so that it will be valid, legal, and enforceable to the maximum extent permitted by law.

4.8. **Entire Agreement.** This Agreement (including any Schedules and Exhibits hereto) and the Relationship Agreement, as amended herein, constitute the full and entire understanding and agreement among the parties with respect to the subject matter hereof, and any other written or oral agreement relating to the subject matter hereof existing between the parties is expressly canceled.

4.9. **Dispute Resolution.** The parties (a) hereby irrevocably and unconditionally submit to the jurisdiction of the state courts of the Commonwealth of Massachusetts and to the jurisdiction of the United States District Court for the District of the Commonwealth of Massachusetts for the purpose of any suit, action or other proceeding arising out of or based upon this Agreement, (b) agree not to commence any suit, action or other proceeding arising out of or based upon this Agreement except in the state courts of the Commonwealth of Massachusetts or the United States District Court for the District of the Commonwealth of Massachusetts, and (c) hereby waive, and agree not to assert, by way of motion, as a defense, or otherwise, in any such suit, action or proceeding, any claim that it is not subject personally to the jurisdiction of the above-named courts, that its property is exempt or immune from attachment or execution, that the suit, action or proceeding is brought in an inconvenient forum, that the venue of the suit, action or proceeding is improper or that this Agreement or the subject matter hereof may not be enforced in or by such court.

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4.10. Delays or Omissions. No delay or omission to exercise any right, power, or remedy accruing to any party under this Agreement, upon any breach or default of any other party under this Agreement, shall impair any such right, power, or remedy of such nonbreaching or non-defaulting party, nor shall it be construed to be a waiver of or acquiescence to any such breach or default, or to any similar breach or default thereafter occurring, nor shall any waiver of any single breach or default be deemed a waiver of any other breach or default theretofore or thereafter occurring. All remedies, whether under this Agreement or by law or otherwise afforded to any party, shall be cumulative and not alternative.

4.11. Public Announcements; Confidentiality. The Company and each Holder will, prior to any public announcement, press release or other communication describing the Registration Statement and this Agreement, agree on a communication plan and written script for such public announcement, press release or other communication. Each party to this Agreement agrees that it shall not disclose any terms of the transactions contemplated by this Agreement without the Company's prior written consent and any reference to the Company in any release, communication or other material by a Holder is subject to the Company's prior written approval, which may be given or withheld in the Company's reasonable discretion; provided, that the foregoing shall not prohibit any Holder from making any disclosures to: (A) such Holder's attorneys, accountants, actual or prospective lenders, investment bankers, consultants, other professionals and representatives that have a "need-to-know" such information to the extent necessary to obtain their services or in connection with their services, (B) to bona fide potential acquirers of the Company's Common Stock and (C) to the extent required under applicable law or by any regulatory or governmental authority; provided that each person to whom disclosure is made pursuant to (A) and (B) is under an obligation of confidentiality to the disclosing person.

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AQUABOUNTY TECHNOLOGIES, INC.

/s/ Sylvia Wulf

Name: Sylvia Wulf

Title: Pres. & CEO

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TS AQUACULTURE LLC

By: /s/ Randal J. Kirk  
Name: Randal J. Kirk  
Title: Manager, Third Security, LLC, which is the  
Manager of TS AquaCulture LLC

R.J. KIRK DECLARATION OF TRUST

By: /s/ Randal J. Kirk  
Name: Randal J. Kirk  
Title: Trustee

ALANA D. KIRK

By: /s/ Alana D. Kirk

JPK 2008, LLC

By: /s/ Randal J. Kirk  
Name: Randal J. Kirk  
Title: Manager, Third Security, LLC, which is  
the Manager of JPK 2008, LLC

MGK 2008, LLC

By: /s/ Randal J. Kirk  
Name: Randal J. Kirk  
Title: Manager, Third Security, LLC, which is  
the Manager of MGK 2008, LLC

ZSK 2008, LLC

By: /s/ Randal J. Kirk  
Name: Randal J. Kirk  
Title: Manager, Third Security, LLC, which is  
the Manager of ZSK 2008, LLC

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JPK 2009, LLC

By: /s/ Randal J. Kirk  
Name: Randal J. Kirk  
Title: Manager, Third Security, LLC, which is  
the Manager of JPK 2009, LLC

MGK 2009, LLC

By: /s/ Randal J. Kirk  
Name: Randal J. Kirk  
Title: Manager, Third Security, LLC, which is  
the Manager of MGK 2009, LLC

ZSK 2009, LLC

By: /s/ Randal J. Kirk  
Name: Randal J. Kirk  
Title: Manager, Third Security, LLC, which is  
the Manager of ZSK 2009, LLC

ADC 2010, LLC

By: /s/ Randal J. Kirk  
Name: Randal J. Kirk  
Title: Manager, Third Security, LLC, which is  
the Manager of ADC 2010, LLC

MGK 2011, LLC

By: /s/ Randal J. Kirk  
Name: Randal J. Kirk  
Title: Manager, Third Security, LLC, which is  
the Manager of MGK 2011, LLC

JPK 2012, LLC

By: /s/ Randal J. Kirk  
Name: Randal J. Kirk  
Title: Manager, Third Security, LLC, which is  
the Manager of JPK 2012, LLC

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KELLIE L. BANKS (2009) LONG TERM TRUST

By: /s/ Randal J. Kirk  
Name: Randal J. Kirk  
Title: Trustee

SUNSET 2020, LLC

By: /s/ Randal J. Kirk  
Name: Randal J. Kirk  
Title: Manager

KAPITAL JOE, LLC

By: /s/ Randal J. Kirk  
Name: Randal J. Kirk  
Title: Manager, Third Security, LLC, which is  
the Manager of Kapital Joe, LLC

LOTUS CAPITAL (2000) COMPANY INC.

By: /s/ Randal J. Kirk  
Name: Randal J. Kirk  
Title: President

THIRD SECURITY STAFF 2001 LLC

By: /s/ Randal J. Kirk  
Name: Randal J. Kirk  
Title: Manager, Third Security, LLC, which is  
the Manager of Third Security Staff 2001  
LLC

THIRD SECURITY SENIOR STAFF 2006 LLC

By: /s/ Randal J. Kirk  
Name: Randal J. Kirk  
Title: Manager, Third Security, LLC, which is  
the Manager of Third Security Senior Staff 2006 LLC

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THIRD SECURITY STAFF 2006 LLC

By: /s/ Randal J. Kirk  
Name: Randal J. Kirk  
Title: Manager, Third Security, LLC, which is  
the Manager of Third Security Staff 2006 LLC

THIRD SECURITY INCENTIVE 2006 LLC

By: /s/ Randal J. Kirk  
Name: Randal J. Kirk  
Title: Manager, Third Security, LLC, which is  
the Manager of Third Security Incentive 2006 LLC

THIRD SECURITY SENIOR STAFF 2007 LLC

By: /s/ Randal J. Kirk  
Name: Randal J. Kirk  
Title: Manager, Third Security, LLC, which is  
the Manager of Third Security Senior Staff 2007 LLC

THIRD SECURITY STAFF 2007 LLC

By: /s/ Randal J. Kirk  
Name: Randal J. Kirk  
Title: Manager, Third Security, LLC, which is  
the Manager of Third Security Staff 2007 LLC

THIRD SECURITY INCENTIVE 2007 LLC

By: /s/ Randal J. Kirk  
Name: Randal J. Kirk  
Title: Manager, Third Security, LLC, which is  
the Manager of Third Security Incentive 2007 LLC

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THIRD SECURITY SENIOR STAFF 2008 LLC

By: /s/ Randal J. Kirk  
Name: Randal J. Kirk  
Title: Manager, Third Security, LLC, which is  
the Manager of Third Security Senior Staff 2008 LLC

THIRD SECURITY STAFF 2009 LLC

By: /s/ Randal J. Kirk  
Name: Randal J. Kirk  
Title: Manager, Third Security, LLC, which is  
the Manager of Third Security Staff 2009 LLC

THIRD SECURITY INCENTIVE 2009 LLC

By: /s/ Randal J. Kirk  
Name: Randal J. Kirk  
Title: Manager, Third Security, LLC, which is  
the Manager of Third Security Incentive 2009 LLC

THIRD SECURITY STAFF 2010 LLC

By: /s/ Randal J. Kirk  
Name: Randal J. Kirk  
Title: Manager, Third Security, LLC, which is  
the Manager of Third Security Staff 2010 LLC

THIRD SECURITY INCENTIVE 2010 LLC

By: /s/ Randal J. Kirk  
Name: Randal J. Kirk  
Title: Manager, Third Security, LLC, which is  
the Manager of Third Security Incentive  
2010 LLC

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THIRD SECURITY SENIOR STAFF 2015 LLC

By: /s/ Randal J. Kirk  
Name: Randal J. Kirk  
Title: Manager, Third Security, LLC, which is  
the Manager of Third Security Senior Staff 2015 LLC

THIRD SECURITY STAFF 2015 LLC

By: /s/ Randal J. Kirk  
Name: Randal J. Kirk  
Title: Manager, Third Security, LLC, which is  
the Manager of Third Security Staff 2015 LLC

THIRD SECURITY SENIOR STAFF LLC

By: /s/ Randal J. Kirk  
Name: Randal J. Kirk  
Title: Manager, Third Security, LLC, which is  
the Manager of Third Security Senior Staff LLC

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**SCHEDULE A**  
 **Holders**

<b>Entity Name</b>	<b>Address and Email</b>	<b>Number of Shares of Common Stock Owned</b>
R.J. Kirk Declaration of Trust	1881 Grove Avenue Radford, VA 24141 tad.fisher@thirdsecurity.com april.jones@thirdsecurity.com	6,707,938
Alana D. Kirk	1881 Grove Avenue Radford, VA 24141 tad.fisher@thirdsecurity.com april.jones@thirdsecurity.com	2,159
JPK 2008, LLC	1881 Grove Avenue Radford, VA 24141 tad.fisher@thirdsecurity.com april.jones@thirdsecurity.com	394,081
MGK 2008, LLC	1881 Grove Avenue Radford, VA 24141 tad.fisher@thirdsecurity.com april.jones@thirdsecurity.com	394,793
ZSK 2008, LLC	1881 Grove Avenue Radford, VA 24141 tad.fisher@thirdsecurity.com april.jones@thirdsecurity.com	396,062
JPK 2009, LLC	1881 Grove Avenue Radford, VA 24141 tad.fisher@thirdsecurity.com april.jones@thirdsecurity.com	1,130,803
MGK 2009, LLC	1881 Grove Avenue Radford, VA 24141 tad.fisher@thirdsecurity.com april.jones@thirdsecurity.com	1,162,189
ZSK 2009, LLC	1881 Grove Avenue Radford, VA 24141 tad.fisher@thirdsecurity.com april.jones@thirdsecurity.com	77,032
ADC 2010, LLC	1881 Grove Avenue Radford, VA 24141 tad.fisher@thirdsecurity.com april.jones@thirdsecurity.com	3,199
MGK 2011, LLC	1881 Grove Avenue Radford, VA 24141 tad.fisher@thirdsecurity.com april.jones@thirdsecurity.com	352,733
JPK 2012, LLC	1881 Grove Avenue Radford, VA 24141 tad.fisher@thirdsecurity.com april.jones@thirdsecurity.com	628,993

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Kellie L Banks (2009) Long Term Trust	1881 Grove Avenue Radford, VA 24141 tad.fisher@thirdsecurity.com april.jones@thirdsecurity.com	75,004
Sunset 2020, LLC	2644 Kirkwood Hwy. Suite 300, Dept. 1055 Newark, DE 19711 tad.fisher@thirdsecurity.com april.jones@thirdsecurity.com	6,038,838
Kapital Joe, LLC	1881 Grove Avenue Radford, VA 24141 tad.fisher@thirdsecurity.com april.jones@thirdsecurity.com	99,537
Lotus Capital (2000) Company, Inc.	1881 Grove Avenue Radford, VA 24141 tad.fisher@thirdsecurity.com april.jones@thirdsecurity.com	20
Third Security Staff 2001 LLC	1881 Grove Avenue Radford, VA 24141 tad.fisher@thirdsecurity.com april.jones@thirdsecurity.com	4,659
Third Security Senior Staff 2006 LLC	1881 Grove Avenue Radford, VA 24141 tad.fisher@thirdsecurity.com april.jones@thirdsecurity.com	1,770
Third Security Staff 2006 LLC	1881 Grove Avenue Radford, VA 24141 tad.fisher@thirdsecurity.com april.jones@thirdsecurity.com	885
Third Security Incentive 2006 LLC	1881 Grove Avenue Radford, VA 24141 tad.fisher@thirdsecurity.com april.jones@thirdsecurity.com	295
Third Security Senior Staff 2007 LLC	1881 Grove Avenue Radford, VA 24141 tad.fisher@thirdsecurity.com april.jones@thirdsecurity.com	74,765
Third Security Staff 2007 LLC	1881 Grove Avenue Radford, VA 24141 tad.fisher@thirdsecurity.com april.jones@thirdsecurity.com	37,383
Third Security Incentive 2007 LLC	1881 Grove Avenue Radford, VA 24141 tad.fisher@thirdsecurity.com april.jones@thirdsecurity.com	12,461
Third Security Senior Staff 2008 LLC	1881 Grove Avenue Radford, VA 24141 tad.fisher@thirdsecurity.com april.jones@thirdsecurity.com	44,543

Third Security Staff 2009 LLC	1881 Grove Avenue Radford, VA 24141 tad.fisher@thirdsecurity.com april.jones@thirdsecurity.com	20,712
Third Security Incentive 2009 LLC	1881 Grove Avenue Radford, VA 24141 tad.fisher@thirdsecurity.com april.jones@thirdsecurity.com	10,358
Third Security Staff 2010 LLC	1881 Grove Avenue Radford, VA 24141 tad.fisher@thirdsecurity.com april.jones@thirdsecurity.com	23,831
Third Security Incentive 2010 LLC	1881 Grove Avenue Radford, VA 24141 tad.fisher@thirdsecurity.com april.jones@thirdsecurity.com	11,917
Third Security Senior Staff 2015 LLC	1881 Grove Avenue Radford, VA 24141 tad.fisher@thirdsecurity.com april.jones@thirdsecurity.com	255,992
Third Security Staff 2015 LLC	1881 Grove Avenue Radford, VA 24141 tad.fisher@thirdsecurity.com april.jones@thirdsecurity.com	255,992
Third Security Senior Staff LLC	1881 Grove Avenue Radford, VA 24141 tad.fisher@thirdsecurity.com april.jones@thirdsecurity.com	880
<b>Total Shares Held</b>		<b>18,219,824</b>

## EXHIBIT A

### PLAN OF DISTRIBUTION

We are registering the shares of common stock of AquaBounty, Inc., par value \$0.001 per share, or the Common Stock, which we refer to herein as Shares, issued to the Selling Shareholders to permit the resale of these Shares by the holders of the Shares from time to time after the date of this prospectus. We will not receive any of the proceeds from the sale by the Selling Shareholders of the Shares. The Selling Stockholders will bear all fees and expenses incident to our agreement to register the Shares.

The Selling Shareholders may sell all or a portion of the Shares beneficially owned by them and offered hereby from time to time directly or through one or more underwriters, broker-dealers or agents. If the Shares are sold through underwriters or broker-dealers, the Selling Shareholders will be responsible for underwriting discounts or commissions or agent's commissions. The Shares may be sold on any national securities exchange or quotation service on which the securities may be listed or quoted at the time of sale, in the over-the-counter market or in transactions otherwise than on these exchanges or systems or in the over-the-counter market and in one or more transactions at fixed prices, at prevailing market prices at the time of the sale, at varying prices determined at the time of sale, or at negotiated prices. These sales may be effected in transactions, which may involve crosses or block transactions. The Selling Shareholders may use any one or more of the following methods when selling shares:

- an underwritten offering;
- ordinary brokerage transactions and transactions in which the broker-dealer solicits purchasers;
- block trades in which the broker-dealer will attempt to sell the shares as agent but may position and resell a portion of the block as principal to facilitate the transaction;
- purchases by a broker-dealer as principal and resale by the broker-dealer for its account;
- an exchange distribution in accordance with the rules of the applicable exchange;
- privately negotiated transactions;
- broker-dealers may agree with the Selling Shareholders to sell a specified number of such shares at a stipulated price per share; and
- a combination of any such methods of sale.

The Selling Shareholders also may resell all or a portion of the shares in open market transactions in reliance upon Rule 144 under the Securities Act, as amended, or the Securities Act, as permitted by that rule, or Section 4(a)(1) under the Securities Act, if available, rather than under this prospectus, provided that they meet the criteria and conform to the requirements of those provisions.

Broker-dealers engaged by the Selling Shareholders may arrange for other broker-dealers to participate in sales. If the Selling Shareholders effect such transactions by selling Shares to or through underwriters, broker-dealers or agents, such underwriters, broker-dealers or agents may receive commissions in the form of discounts, concessions or commissions from the Selling Shareholders or commissions from purchasers of the Shares for whom they may act as agent or to whom they may sell as principal. Such commissions will be in amounts to be negotiated, but, except as set forth in a supplement to this Prospectus, in the case of an agency transaction will not be in excess of a customary brokerage commission in compliance with FINRA Rule 2121; and in the case of a principal transaction a markup or markdown in compliance with FINRA Rule 2121.01.

The Selling Shareholders may transfer and donate the Shares in other circumstances in which case the transferees or donees, pledgees will be the selling beneficial owners for purposes of this prospectus.

Any broker-dealer or agents participating in the distribution of the Shares may be deemed to be "underwriters" within the

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meaning of Section 2(11) of the Securities Act in connection with such sales. In such event, any commissions paid, or any discounts or concessions allowed to, any such broker-dealer or agent and any profit on the resale of the shares purchased by them may be deemed to be underwriting commissions or discounts under the Securities Act.

Each Selling Shareholder has informed the Company that it is not a registered broker-dealer and does not have any written or oral agreement or understanding, directly or indirectly, with any person to distribute the Shares. Upon the Company being notified in writing by a Selling Shareholder that any material arrangement has been entered into with a broker-dealer for the sale of Common Stock through a block trade, special offering, exchange distribution or secondary distribution or a purchase by a broker or dealer, a supplement to this prospectus will be filed, if required, pursuant to Rule 424(b) under the Securities Act, disclosing (i) the name of each such Selling Shareholder and of the participating broker-dealer(s), (ii) the number of shares involved, (iii) the price at which such the Shares were sold, (iv) the commissions paid or discounts or concessions allowed to such broker-dealer(s), where applicable, (v) that such broker-dealer(s) did not conduct any investigation to verify the information set out or incorporated by reference in this prospectus, and (vi) other facts material to the transaction.

Under the securities laws of some U.S. states, the Shares may be sold in such states only through registered or licensed brokers or dealers. In addition, in some U.S. states the Shares may not be sold unless such shares have been registered or qualified for sale in such state or an exemption from registration or qualification is available and is complied with.

There can be no assurance that any Selling Shareholder will sell any or all of the Shares registered pursuant to the shelf registration statement, of which this prospectus forms a part.

Each Selling Shareholder and any other person participating in such distribution will be subject to applicable provisions of the Exchange Act and the rules and regulations thereunder, including, without limitation, to the extent applicable, Regulation M of the Exchange Act, which may limit the timing of purchases and sales of any of the Shares by the Selling Shareholder and any other participating person. To the extent applicable, Regulation M may also restrict the ability of any person engaged in the distribution of the Shares to engage in market-making activities with respect to the Shares. All of the foregoing may affect the marketability of the Shares and the ability of any person or entity to engage in market-making activities with respect to the Shares.

The Selling Shareholders will pay all of the expenses incurred in connection with the registration of the Shares, including, without limitation, Securities and Exchange Commission filing fees and expenses of compliance with state securities or "blue sky" laws, all underwriting discounts and selling commissions, if any, and any legal or other expenses incurred by us or them in connection with the registration and offer and sale of the Shares.

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**EXHIBIT B**

**SELLING SHAREHOLDER  
QUESTIONNAIRE RELATING TO  
REGISTRATION OF  
AQUABOUNTY TECHNOLOGIES, INC. COMMON STOCK  
ON REGISTRATION STATEMENT ON FORM S-3**

TO: [SELLING SHAREHOLDER NAME]  
FROM: AquaBounty Technologies, Inc.  
DATE: [ ], 2021

This questionnaire (this “**Questionnaire**”) is being distributed in connection with the anticipated filing by AquaBounty Technologies, Inc. (the “**Corporation**”) with the Securities and Exchange Commission of a registration statement on Form S-3 (the “**Registration Statement**”), pursuant to which the Corporation intends to provide for the resale of certain shares (the “**Shares**”) of the Corporation’s common stock held by you as a selling shareholder

The furnishing of accurate and complete responses to the questions posed in this Questionnaire is an extremely important part of the registration process. The inclusion of inaccurate or incomplete disclosures in the Registration Statement can result in potential liabilities, both civil and criminal, to the Corporation and to the individuals who furnish the information. Accordingly, you are advised to consult your own securities counsel regarding the consequences of being named or not being named as a selling shareholder, as well as the meaning or implication of any of the terminology used in this Questionnaire or as to the significance of any particular fact situation.

**Please complete, sign, and return one copy of this Questionnaire by facsimile, email or overnight courier as soon as possible.**

Goodwin Procter LLP  
100 Northern Avenue  
Boston, MA 02210  
Attention: Aaron Berman, Michael Minahan  
Email: [ABerman@goodwinlaw.com](mailto:ABerman@goodwinlaw.com), [MMinahan@goodwinlaw.com](mailto:MMinahan@goodwinlaw.com)  
Facsimile: +1 617 570 1917, +1 617 570 1021

**The Corporation must receive a signed and fully completed questionnaire from the you in order to include your Shares in the Registration Statement.** Please remember to make a copy of the completed Questionnaire for your files. Please review Annex A for a list of defined terms, which are in ***bold/italics*** in this Questionnaire.

Please give a response to every question, indicating “None” or “Not Applicable” where appropriate. Each question should be answered based on information available to you as of the date you complete this Questionnaire. Please also promptly inform the Corporation if there is any change or inaccuracies in the information supplied in answer to this Questionnaire.

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**A. GENERAL INFORMATION**

1. Please provide the following information about the selling shareholder:

Full legal name of record holder: \_\_\_\_\_

Address of record holder: \_\_\_\_\_

Identity of beneficial owner (if different than record holder): \_\_\_\_\_

Name of contact person: \_\_\_\_\_

Telephone number of contact person: \_\_\_\_\_

Email address of contact person: \_\_\_\_\_

1. Since January 1, 2018, have any of your <b>Affiliates</b> been an officer, director or employee of the Corporation or any of its subsidiaries or <b>Affiliates</b> ? If you mark "Yes," please provide detailed information regarding such relationship on a separate piece of paper.	Yes	No
2. Except as set forth in A.2., since January 1, 2018, have you had any other direct or indirect material relationship with the Corporation or any of its subsidiaries or affiliates? For purposes of this Item, please include information with respect to any other material relationship with the Corporation that any of your " <b>immediate family members</b> " may have had during the relevant period.	Yes	No
4. Are you a registered broker-dealer or an <b>Affiliate</b> of a registered broker-dealer? If so, identify the registered broker-dealer and describe the nature of the affiliation(s) on a separate piece of paper:	Yes	No

**B. SECURITY HOLDINGS**

You must include shares **Beneficially Owned** as of the date you complete this Questionnaire.

1. List below any shares of the Corporation's securities **Beneficially Owned** by the selling shareholder:

Class of Security	Number of Shares	Record Holder of such Shares
_____	_____	_____
_____	_____	_____
_____	_____	_____

Do you claim not to have ("disclaim") **Beneficial Ownership** under the securities laws of any of these securities?

Yes No N/A

If you disclaim **Beneficial Ownership**, please explain why on a separate piece of paper.

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If there are other securities of the Corporation held in the name of another person (for example, a trust or LLC) that the selling shareholder has the power to vote or sell or otherwise **Beneficially Own**, please also list below:

Class of Security	Number of Shares	Record Holder of such Shares
_____	_____	_____
_____	_____	_____
_____	_____	_____

Is there any pledge, lien or charge of any kind against any of the Corporation's securities <b>Beneficially Owned</b> by you?	Yes	No
If "Yes," please provide detailed information regarding such pledge, lien or charge on a separate piece of paper.		
Is there any unresolved dispute regarding the selling shareholder's ownership of the Corporation's securities?	Yes	No
Is the selling shareholder the subject of a bankruptcy or insolvency proceeding, receivership, liquidation, reorganization, or other judicial proceeding?	Yes	No
With respect to any of the Corporation's securities <b>Beneficially Owned</b> by you, do you have just "Voting Power" (the power to vote or direct the voting of such securities) or just "Investment Power" (the power to dispose or direct the disposition of such securities), rather than both Voting Power and Investment Power?	Yes	No
A situation wherein the "Voting Power" and "Investment Power" are held by different persons would arise, for example, where a voting trust is established under a trust agreement requiring the trustee to vote on all corporate matters but reserving to the grantor the power to direct the disposition of the securities. If you mark "Yes," please provide detailed information regarding such powers on a separate piece of paper.		
With respect to any of the Corporation's securities <b>Beneficially Owned</b> by you, is the "Voting Power" or "Investment Power" not exercised exclusively by you (for example, shares held jointly with another person or shares subject to a voting trust)?	Yes	No
In any such instance, you must state whether the "Voting Power" or "Investment Power" is shared by another person with you, or exercised by another person exclusively, naming such person and describing his/her relationship to you and to the Corporation. If you mark "Yes," please provide detailed information regarding such powers on a separate piece of paper.		

## 2. Nature of *Beneficial Ownership*

- Is the selling shareholder a natural person?

Yes.

No.

- Is the selling shareholder required to file, or is it a wholly owned subsidiary of a company that is required to file, periodic and other reports (for example, Form 10K, 10-Q, 8-K) with the SEC pursuant to Section 13(a) or 15(d) of the Exchange Act?

Yes.

No.

- Is the selling shareholder an investment company, or a subsidiary of an investment company, registered under the Investment Company Act of 1940, as amended?

Yes.

No.

If a subsidiary, please identify the publicly held parent entity:

- Please describe the ultimate controlling person or manager of the selling shareholder (publicly traded, privately owned, managed by another entity); and, if controlled or managed by another entity, provide the exact legal description of such entity (repeat this step until the last entity described is managed by a natural person, a reporting entity under the Securities Exchange Act of 1934, or an investment company registered under the Investment Company Act of 1940, as amended).

3. Please provide the names of each person or persons having voting and investment control over the Corporation's securities that the entity owns (e.g., director(s), general partner(s), managing member(s), etc.).

## C. CERTAIN TRANSACTIONS

1. If you, any of your associates, or any immediate family members had or will have any direct or indirect material interest in any transactions or series of transactions to which the Corporation or any of its subsidiaries was a party at any time since January 1, 2018, or in any currently proposed transactions or series of transactions in which the Corporation or any of its subsidiaries will be a party, in which the amount involved exceeds \$120,000, please specify (a) the names of the parties to the transaction(s) and their relationship to you, (b) the nature of the interest in the transaction, (c) the amount involved in the transaction, and (d) the amount of the interest in the transaction. If the answer is "none," please so state.
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The undersigned consents to being named a selling shareholder in the Registration Statement. Further, the undersigned consents to the Corporation's use and disclosure of the information contained herein in the Registration Statement and to the Corporation's reliance on the information contained herein in connection therewith. The answers to the foregoing questions are true and accurate to the best of the undersigned's knowledge and belief after reasonable investigation. The undersigned will promptly notify the Corporation if there are any material changes to, or inaccuracies in, the information provided subsequent to the date hereof for so long as the Corporation's securities are Beneficially Owned by the undersigned.

The undersigned, duly authorized, has caused this Questionnaire to be executed and delivered as of the date above first written.

[SELLING SHAREHOLDER NAME]

By: \_\_\_\_\_

Name:  
Title:

Dated: \_\_\_\_\_

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## INDEMNIFICATION AND ADVANCEMENT AGREEMENT

This Indemnification and Advancement Agreement (“Agreement”) is made as of \_\_\_\_\_, 20\_\_ by and between AquaBounty Technologies, Inc., a Delaware corporation (the “Company”), and \_\_\_\_\_, [a member of the Board of Directors / an officer] of the Company (“Indemnitee”). This Agreement supersedes and replaces any and all previous agreements between the Company and Indemnitee covering indemnification and advancement.

## RECITALS

WHEREAS, the Board of Directors of the Company (the “Board”) believes that highly competent persons have become more reluctant to serve publicly-held corporations as directors, officers, or in other capacities unless they are provided with adequate protection through insurance or adequate indemnification and advancement of expenses against inordinate risks of claims and actions against them arising out of their service to and activities on behalf of the corporation;

WHEREAS, the Board has determined that, in order to attract and retain qualified individuals, the Company will attempt to maintain on an ongoing basis, at its sole expense, liability insurance to protect persons serving the Company and its subsidiaries from certain liabilities. Although the furnishing of such insurance has been a customary and widespread practice among United States-based corporations and other business enterprises, the Company believes that, given current market conditions and trends, such insurance may be available to it in the future only at higher premiums and with more exclusions. At the same time, directors, officers, and other persons in service to corporations or business enterprises are being increasingly subjected to expensive and time-consuming litigation relating to, among other things, matters that traditionally would have been brought only against the Company or business enterprise itself. The Bylaws and Certificate of Incorporation of the Company provide for indemnification of the officers and directors of the Company and advancement of expenses. Indemnitee may also be entitled to indemnification pursuant to the General Corporation Law of the State of Delaware (the “DGCL”). The Bylaws, Certificate of Incorporation, and the DGCL expressly provide that the indemnification and advancement of expenses provisions set forth therein are not exclusive, and thereby contemplate that contracts may be entered into between the Company and members of the board of directors, officers and other persons with respect to indemnification and advancement of expenses;

WHEREAS, the uncertainties relating to such insurance, to indemnification, and to advancement of expenses may increase the difficulty of attracting and retaining such persons;

WHEREAS, the Board has determined that the increased difficulty in attracting and retaining such persons is detrimental to the best interests of the Company and its stockholders and that the Company should act to assure such persons that there will be increased certainty of such protection in the future;

WHEREAS, it is reasonable, prudent and necessary for the Company contractually to obligate itself to indemnify, and to advance expenses on behalf of, such persons so that they will serve or continue to serve the Company free from undue concern that they will not be so indemnified or receive advancement of expenses;

WHEREAS, this Agreement is a supplement to and in furtherance of the Bylaws, Certificate of Incorporation and any resolutions adopted pursuant thereto, and is not a substitute therefor, nor diminishes or abrogates any rights of Indemnitee thereunder; and

WHEREAS, Indemnitee does not regard the protection available under the Bylaws, Certificate of Incorporation, DGCL and insurance as adequate in the present circumstances, and may not be willing to serve or continue to serve the Company without adequate additional protection, and the Company desires Indemnitee

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to serve or continue to serve in such capacity. Indemnitee is willing to serve, continue to serve and to take on additional service for or on behalf of the Company on the condition that Indemnitee be so indemnified and be advanced expenses.

NOW, THEREFORE, in consideration of the premises and the covenants contained herein, the Company and Indemnitee do hereby covenant and agree as follows:

Section 1. Services to the Company. Indemnitee agrees to serve as [a director / an officer] of the Company. Indemnitee may at any time and for any reason resign from such position (subject to any other contractual obligation or any obligation imposed by operation of law). This Agreement does not create any obligation on the Company to continue Indemnitee in such position and is not an employment contract between the Company (or any of its subsidiaries or any Enterprise) and Indemnitee.

Section 2. Definitions. As used in this Agreement:

(a) "Affiliate" shall have the meaning set forth in Rule 405 under the Securities Act of 1933, as amended (as in effect on the date hereof).

(b) "Agent" means any person who is authorized by the Company or an Enterprise to act for or represent the interests of the Company or an Enterprise, respectively.

(c) A "Change in Control" occurs upon the earliest to occur after the date of this Agreement of any of the following events:

i. Acquisition of Stock by Third Party. Any Person (as defined below) other than a Designated Person (as defined below), becomes the Beneficial Owner (as defined below), directly or indirectly, of securities of the Company representing fifteen percent (15%) or more of the combined voting power of the Company's then outstanding securities unless the change in relative beneficial ownership of the Company's securities by any Person results solely from a reduction in the aggregate number of outstanding shares of securities entitled to vote generally in the election of directors;

ii. Change in Board of Directors. During any period of two (2) consecutive years (not including any period prior to the execution of this Agreement), individuals who at the beginning of such period constitute the Board, and any new director (other than a director designated by a person who has entered into an agreement with the Company to effect a transaction described in Sections 2(b)(i), 2(b)(iii) or 2(b)(iv)) whose election by the Board or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute at least a majority of the members of the Board;

iii. Corporate Transactions. The effective date of a merger or consolidation of the Company with any other entity, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) more than 50% of the combined voting power of the voting securities of the surviving entity outstanding immediately after such merger or consolidation and with the power to elect at least a majority of the board of directors or other governing body of such surviving entity;

iv. Liquidation. The approval by the stockholders of the Company of a complete liquidation of the Company or an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets; and

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v. Other Events. There occurs any other event of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A (or a response to any similar item on any similar schedule or form) promulgated under the Exchange Act (as defined below), whether or not the Company is then subject to such reporting requirement.

vi. For purposes of this Section 2(b), the following terms have the following meanings:

- 1 “Exchange Act” means the Securities Exchange Act of 1934, as amended from time to time.
- 2 “Person” has the meaning as set forth in Sections 13(d) and 14(d) of the Exchange Act; provided, however, that Person excludes (i) the Company, (ii) any trustee or other fiduciary holding securities under an employee benefit plan of the Company, and (iii) any corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company.
- 3 “Beneficial Owner” has the meaning given to such term in Rule 13d-3 under the Exchange Act; provided, however, that Beneficial Owner excludes any Person otherwise becoming a Beneficial Owner by reason of the stockholders of the Company approving a merger of the Company with another entity.

(d) “Corporate Status” describes the status of a person who is or was acting as a director, officer, employee, fiduciary, or Agent of the Company or an Enterprise.

(e) “Designated Person” means Randal J. Kirk, Third Security, TS AquaCulture LLC, and TS Biotechnology Holdings, LLC and their Affiliates and Related Parties (as defined below).

(f) “Disinterested Director” means a director of the Company who is not and was not a party to the Proceeding in respect of which indemnification is sought by Indemnitee.

(g) “Enterprise” means any other corporation, limited liability company, partnership, joint venture, trust, employee benefit plan or other entity for which Indemnitee is or was serving at the request of the Company as a director, officer, employee, or Agent.

(h) “Expenses” includes all reasonable attorneys’ fees, retainers, court costs, transcript costs, fees of experts and other professionals, witness fees, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees, any federal, state, local or foreign taxes imposed on Indemnitee as a result of the actual or deemed receipt of any payments under this Agreement, ERISA excise taxes and penalties, and all other disbursements or expenses of the types customarily incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, being or preparing to be a witness in, or otherwise participating in, a Proceeding. Expenses also include (i) Expenses incurred in connection with any appeal resulting from any Proceeding, including without limitation the premium, security for, and other costs relating to any cost bond, supersedeas bond, or other appeal bond or its equivalent, and (ii) for purposes of Section 14(d) only, Expenses incurred by Indemnitee in connection with the interpretation, enforcement or defense of Indemnitee’s rights under this Agreement, by litigation or otherwise. Expenses, however, do not include amounts paid in settlement by Indemnitee or the amount of judgments or fines against Indemnitee.

(i) “Independent Counsel” means a law firm, or a member of a law firm, that is experienced in matters of corporation law and neither presently is, nor in the past five years has been, retained to represent: (i) the Company or Indemnitee in any matter material to either such party (other than with respect to matters concerning the Indemnitee under this Agreement, or of other indemnitees under similar indemnification

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agreements), or (ii) any other party to the Proceeding giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term “Independent Counsel” does not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or Indemnitee in an action to determine Indemnitee’s rights under this Agreement.

(j) The term “Proceeding” includes any threatened, pending or completed action, suit, claim, counterclaim, cross claim, arbitration, mediation, alternate dispute resolution mechanism, investigation, inquiry, administrative hearing or any other actual, threatened or completed proceeding, whether brought in the right of the Company or otherwise and whether of a civil, criminal, administrative, legislative, or investigative (formal or informal) nature, including any appeal therefrom, in which Indemnitee was, is or will be involved as a party, potential party, non-party witness or otherwise by reason of Indemnitee’s Corporate Status or by reason of any action taken by Indemnitee (or a failure to take action by Indemnitee) or of any action (or failure to act) on Indemnitee’s part while acting pursuant to Indemnitee’s Corporate Status, in each case whether or not serving in such capacity at the time any liability or Expense is incurred for which indemnification or advancement of Expenses can be provided under this Agreement. A Proceeding also includes a situation the Indemnitee believes in good faith may lead to or culminate in the institution of a Proceeding.

(k) “Related Parties” means, with respect to any Person, (i) any controlling stockholder, controlling member, general partner, subsidiary, spouse or immediate family member (in the case of an individual) of such Person, (ii) any estate, trust, corporation, partnership or other entity, the beneficiaries, stockholders, partners or owners of which consist solely of one or more of a Designated Person and their Affiliates (other than the Company and its subsidiaries, if applicable) and Related Parties and/or such other Persons referred to in the immediately preceding clause (i), or (iii) any executor, administrator, trustee, manager, director or other similar fiduciary of any Person referred to in the immediately preceding clause (ii), acting solely in such capacity.

Section 3. Indemnity in Third-Party Proceedings. The Company will indemnify Indemnitee in accordance with the provisions of this Section 3 if Indemnitee is, or is threatened to be made, a party to or a participant in any Proceeding, other than a Proceeding by or in the right of the Company to procure a judgment in its favor. Pursuant to this Section 3, the Company will indemnify Indemnitee to the fullest extent permitted by applicable law against all Expenses, judgments, fines and amounts paid in settlement (including all interest, assessments and other charges paid or payable in connection with or in respect of such Expenses, judgments, fines and amounts paid in settlement) actually and reasonably incurred by Indemnitee or on Indemnitee’s behalf in connection with such Proceeding or any claim, issue or matter therein, if Indemnitee acted in good faith and in a manner Indemnitee reasonably believed to be in or not opposed to the best interests of the Company and, in the case of a criminal Proceeding had no reasonable cause to believe that Indemnitee’s conduct was unlawful.

Section 4. Indemnity in Proceedings by or in the Right of the Company. The Company will indemnify Indemnitee in accordance with the provisions of this Section 4 if Indemnitee is, or is threatened to be made, a party to or a participant in any Proceeding by or in the right of the Company to procure a judgment in its favor. Pursuant to this Section 4, the Company will indemnify Indemnitee to the fullest extent permitted by applicable law against all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee’s behalf in connection with such Proceeding or any claim, issue or matter therein, if Indemnitee acted in good faith and in a manner Indemnitee reasonably believed to be in or not opposed to the best interests of the Company. The Company will not indemnify Indemnitee for Expenses under this Section 4 related to any claim, issue or matter in a Proceeding for which Indemnitee has been finally adjudged by a court to be liable to the Company, unless, and only to the extent that, the Delaware Court of Chancery or any court in which the Proceeding was brought determines upon application by Indemnitee that, despite the adjudication of liability but in view of all the circumstances of the case, Indemnitee is fairly and reasonably entitled to indemnification.

Section 5. Indemnification for Expenses of a Party Who is Wholly or Partly Successful. To the fullest extent permitted by applicable law, the Company will indemnify Indemnitee against all Expenses actually and

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reasonably incurred by Indemnitee in connection with any Proceeding the extent that Indemnitee is successful, on the merits or otherwise. If Indemnitee is not wholly successful in such Proceeding but is successful, on the merits or otherwise, as to one or more but less than all claims, issues or matters in such Proceeding, the Company will indemnify Indemnitee against all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection with or related to each successfully resolved claim, issue or matter to the fullest extent permitted by law. For purposes of this Section 5 and without limitation, the termination of any claim, issue or matter in such a Proceeding by dismissal, with or without prejudice, will be deemed to be a successful result as to such claim, issue or matter.

Section 6. Indemnification For Expenses of a Witness. To the fullest extent permitted by applicable law, the Company will indemnify Indemnitee against all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection with any Proceeding to which Indemnitee is not a party but to which Indemnitee is a witness, deponent, interviewee, or otherwise asked to participate.

Section 7. Partial Indemnification. If Indemnitee is entitled under any provision of this Agreement to indemnification by the Company for some or a portion of Expenses, but not, however, for the total amount thereof, the Company will indemnify Indemnitee for the portion thereof to which Indemnitee is entitled.

Section 8. Additional Indemnification. Notwithstanding any limitation in Sections 3, 4, or 5, the Company will indemnify Indemnitee to the fullest extent permitted by applicable law (including but not limited to, the DGCL and any amendments to or replacements of the DGCL adopted after the date of this Agreement that expand the Company's ability to indemnify its officers and directors) if Indemnitee is a party to or threatened to be made a party to any Proceeding (including a Proceeding by or in the right of the Company to procure a judgment in its favor).

Section 9. Exclusions. Notwithstanding any provision in this Agreement, the Company is not obligated under this Agreement to make any indemnification payment to Indemnitee in connection with any Proceeding:

(a) for which payment has actually been made to or on behalf of Indemnitee under any insurance policy or other indemnity provision, except to the extent provided in Section 15(b) and except with respect to any excess beyond the amount paid under any insurance policy or other indemnity provision; or

(b) for (i) an accounting of profits made from the purchase and sale (or sale and purchase) by Indemnitee of securities of the Company within the meaning of Section 16(b) of the Exchange Act (as defined in Section 2(b) hereof) or similar provisions of state statutory law or common law, (ii) any reimbursement of the Company by the Indemnitee of any bonus or other incentive-based or equity-based compensation or of any profits realized by the Indemnitee from the sale of securities of the Company, as required in each case under the Exchange Act (including any such reimbursements that arise from an accounting restatement of the Company pursuant to Section 304 of the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act"), or the payment to the Company of profits arising from the purchase and sale by Indemnitee of securities in violation of Section 306 of the Sarbanes-Oxley Act) or (iii) any reimbursement of the Company by Indemnitee of any compensation pursuant to any compensation recoupment or clawback policy adopted by the Board or the compensation committee of the Board, including but not limited to any such policy adopted to comply with stock exchange listing requirements implementing Section 10D of the Exchange Act; or

(c) initiated by Indemnitee, including any Proceeding (or any part of any Proceeding) initiated by Indemnitee against the Company or its directors, officers, employees or other indemnitees, unless (i) the Proceeding or part of any Proceeding is to enforce Indemnitee's rights to indemnification or advancement, or Expenses, including a Proceeding (or any part of any Proceeding) initiated pursuant to Section 14 of this Agreement, (ii) the Board authorized the Proceeding (or any part of any Proceeding) prior to its initiation or (iii) the Company provides the indemnification, in its sole discretion, pursuant to the powers vested in the Company under applicable law.

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Section 10. Advancement of Expenses.

(a) The Company will advance, to the extent not prohibited by law, the Expenses incurred by Indemnitee in connection with any Proceeding (or any part of any Proceeding) not initiated by Indemnitee or any Proceeding (or any part of any Proceeding) initiated by Indemnitee if (i) the Proceeding or part of any Proceeding is to enforce Indemnitee's rights to obtain indemnification or advancement of Expenses from the Company or Enterprise, including a proceeding initiated pursuant to Section 14 or (ii) the Board authorized the Proceeding (or any part of any Proceeding) prior to its initiation. The Company will advance the Expenses within thirty (30) days after the receipt by the Company of a statement or statements requesting such advances from time to time, whether prior to or after final disposition of any Proceeding.

(b) Advancement of Expenses will be unsecured and interest free. Indemnitee undertakes to repay the amounts advanced (without interest) to the extent that it is ultimately determined that Indemnitee is not entitled to be indemnified by the Company, thus Indemnitee qualifies for advances upon the execution of this Agreement and delivery to the Company. No other form of undertaking is required other than the execution of this Agreement. The Company will advance Expenses without regard to Indemnitee's ability to repay the Expenses and without regard to Indemnitee's ultimate entitlement to indemnification under the other provisions of this Agreement.

Section 11. Procedure for Notification of Claim for Indemnification or Advancement.

(a) Indemnitee will notify the Company in writing of any Proceeding with respect to which Indemnitee intends to seek indemnification or advancement of Expenses hereunder as soon as reasonably practicable following the receipt by Indemnitee of written notice thereof. Indemnitee will include in the written notification to the Company a description of the nature of the Proceeding and the facts underlying the Proceeding and provide such documentation and information as is reasonably available to Indemnitee and is reasonably necessary to determine whether and to what extent Indemnitee is entitled to indemnification following the final disposition of such Proceeding. Indemnitee's failure to notify the Company will not relieve the Company from any obligation it may have to Indemnitee under this Agreement, and any delay in so notifying the Company will not constitute a waiver by Indemnitee of any rights under this Agreement. The Secretary of the Company will, promptly upon receipt of such a request for indemnification or advancement, advise the Board in writing that Indemnitee has requested indemnification or advancement.

(b) The Company will be entitled to participate in the Proceeding at its own expense.

Section 12. Procedure Upon Application for Indemnification.

(a) Unless a Change of Control has occurred, the determination of Indemnitee's entitlement to indemnification will be made:

i. by a majority vote of the Disinterested Directors, even though less than a quorum of the Board;

ii. by a committee of Disinterested Directors designated by a majority vote of the Disinterested Directors, even though less than a quorum of the Board;

iii. if there are no such Disinterested Directors or, if such Disinterested Directors so direct, by written opinion provided by Independent Counsel selected by the Board; or

iv. if so directed by the Board, by the stockholders of the Company.

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(b) If a Change in Control has occurred, the determination of Indemnitee's entitlement to indemnification will be made by written opinion provided by Independent Counsel selected by Indemnitee (unless Indemnitee requests such selection be made by the Board).

(c) The party selecting Independent Counsel pursuant to subsection (a)(iii) or (b) of this Section 12 will provide written notice of the selection to the other party. The notified party may, within ten (10) days after receiving written notice of the selection of Independent Counsel, deliver to the selecting party a written objection to such selection; provided, however, that such objection may be asserted only on the ground that the Independent Counsel so selected does not meet the requirements of "Independent Counsel" as defined in Section 2 of this Agreement, and the objection will set forth with particularity the factual basis of such assertion. Absent a proper and timely objection, the person so selected will act as Independent Counsel. If such written objection is so made and substantiated, the Independent Counsel so selected may not serve as Independent Counsel unless and until such objection is withdrawn or the Delaware Court has determined that such objection is without merit. If, within thirty (30) days after the later of submission by Indemnitee of a written request for indemnification pursuant to Section 11(a) hereof and the final disposition of the Proceeding, Independent Counsel has not been selected or, if selected, any objection to has not been resolved, either the Company or Indemnitee may petition the Delaware Court for the appointment as Independent Counsel of a person selected by such court or by such other person as such court designates. Upon the due commencement of any judicial proceeding pursuant to Section 14(a) of this Agreement, any selected Independent Counsel will be discharged and relieved of any further responsibility in such capacity (subject to the applicable standards of professional conduct then prevailing).

(d) Indemnitee will cooperate with the person, persons or entity making the determination with respect to Indemnitee's entitlement to indemnification, including providing to such person, persons or entity upon reasonable advance request any documentation or information which is not privileged or otherwise protected from disclosure and which is reasonably available to Indemnitee and reasonably necessary to such determination. The Company will advance Expenses incurred by Indemnitee in so cooperating with the person, persons or entity making the indemnification determination irrespective of the determination as to Indemnitee's entitlement to indemnification and the Company hereby indemnifies and agrees to hold Indemnitee harmless therefrom. The Company promptly will advise Indemnitee in writing of the determination that Indemnitee is or is not entitled to indemnification, including a description of any reason or basis for which indemnification has been denied and providing a copy of any written opinion provided to the Board by Independent Counsel.

(e) If it is determined that Indemnitee is entitled to indemnification, the Company will make payment to Indemnitee within thirty (30) days after such determination.

### Section 13. Presumptions and Effect of Certain Proceedings.

(a) In making a determination with respect to entitlement to indemnification hereunder, the person or persons or entity making such determination will, to the fullest extent not prohibited by law, presume Indemnitee is entitled to indemnification under this Agreement if Indemnitee has submitted a request for indemnification in accordance with Section 11(a) of this Agreement, and the Company will, to the fullest extent not prohibited by law, have the burden of proof to overcome that presumption. Neither the failure of the Company (including by its directors or Independent Counsel) to have made a determination prior to the commencement of any action pursuant to this Agreement that indemnification is proper in the circumstances because Indemnitee has met the applicable standard of conduct, nor an actual determination by the Company (including by its directors or Independent Counsel) that Indemnitee has not met such applicable standard of conduct, will be a defense to the action or create a presumption that Indemnitee has not met the applicable standard of conduct.

(b) If the determination of the Indemnitee's entitlement to indemnification has not made pursuant to Section 12 within sixty (60) days after the later of (i) receipt by the Company of Indemnitee's

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request for indemnification pursuant to Section 11(a) and (ii) the final disposition of the Proceeding for which Indemnitee requested Indemnification (the "Determination Period"), the requisite determination of entitlement to indemnification will, to the fullest extent not prohibited by law, be deemed to have been made and Indemnitee will be entitled to such indemnification, absent (i) a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's statement not materially misleading, in connection with the request for indemnification, or (ii) a prohibition of such indemnification under applicable law. The Determination Period may be extended for a reasonable time, not to exceed an additional thirty (30) days, if the person, persons or entity making the determination with respect to entitlement to indemnification in good faith requires such additional time for the obtaining or evaluating of documentation and/or information relating thereto; and provided, further, the Determination Period may be extended an additional fifteen (15) days if the determination of entitlement to indemnification is to be made by the stockholders pursuant to Section 12(a)(iv) of this Agreement.

(c) The termination of any Proceeding or of any claim, issue or matter therein, by judgment, order, settlement or conviction, or upon a plea of nolo contendere or its equivalent, will not (except as otherwise expressly provided in this Agreement) of itself adversely affect the right of Indemnitee to indemnification or create a presumption that Indemnitee did not act in good faith and in a manner which Indemnitee reasonably believed to be in or not opposed to the best interests of the Company or, with respect to any criminal Proceeding, that Indemnitee had reasonable cause to believe that Indemnitee's conduct was unlawful.

(d) For purposes of any determination of good faith, Indemnitee will be deemed to have acted in good faith if Indemnitee acted based on the records or books of account of the Company, its subsidiaries, or an Enterprise, including financial statements, or on information supplied to Indemnitee by the directors or officers of the Company, its subsidiaries, or an Enterprise in the course of their duties, or on the advice of legal counsel for the Company, its subsidiaries, or an Enterprise, or on information or records given or reports made to the Company or an Enterprise by an independent certified public accountant, or by an appraiser, financial advisor or other expert selected with reasonable care by or on behalf of the Company, its subsidiaries, or an Enterprise. Further, Indemnitee will be deemed to have acted in a manner "not opposed to the best interests of the Company," as referred to in this Agreement if Indemnitee acted in good faith and in a manner Indemnitee reasonably believed to be in the best interests of the participants and beneficiaries of an employee benefit plan. The provisions of this Section 13(d) are not exclusive and do not limit in any way the other circumstances in which the Indemnitee may be deemed to have met the applicable standard of conduct set forth in this Agreement.

(e) The knowledge and/or actions, or failure to act, of any director, officer, trustee, partner, managing member, fiduciary, agent or employee of the Company or an Enterprise may not be imputed to Indemnitee for purposes of determining Indemnitee's right to indemnification under this Agreement.

#### Section 14. Remedies of Indemnitee.

(a) Indemnitee may commence litigation against the Company in the Delaware Court of Chancery to obtain indemnification or advancement of Expenses provided by this Agreement in the event that (i) a determination is made pursuant to Section 12 of this Agreement that Indemnitee is not entitled to indemnification under this Agreement, (ii) the Company does not advance Expenses pursuant to Section 10 of this Agreement, (iii) the determination of entitlement to indemnification is not made pursuant to Section 12 of this Agreement within the Determination Period, (iv) the Company does not indemnify Indemnitee pursuant to Section 5 or 6 or the second to last sentence of Section 12(d) of this Agreement within thirty (30) days after receipt by the Company of a written request therefor, (v) the Company does not indemnify Indemnitee pursuant to Section 3, 4, 7, or 8 of this Agreement within thirty (30) days after a determination has been made that Indemnitee is entitled to indemnification, or (vi) in the event that the Company or any other person takes or threatens to take any action to declare this Agreement void or unenforceable, or institutes any litigation or other action or Proceeding designed to deny, or to recover from, the Indemnitee the benefits provided or intended to

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be provided to the Indemnitee hereunder. Indemnitee must commence such Proceeding seeking an adjudication within one hundred and eighty (180) days following the date on which Indemnitee first has the right to commence such proceeding pursuant to this Section 14(a); provided, however, that the foregoing clause does not apply in respect of a proceeding brought by Indemnitee to enforce Indemnitee's rights under Section 5 of this Agreement. The Company will not oppose Indemnitee's right to seek any such adjudication.

(b) If a determination is made pursuant to Section 12 of this Agreement that Indemnitee is not entitled to indemnification, any judicial proceeding commenced pursuant to this Section 14 will be conducted in all respects as a *de novo* trial on the merits and Indemnitee may not be prejudiced by reason of that adverse determination. In any judicial proceeding commenced pursuant to this Section 14 the Company will have the burden of proving Indemnitee is not entitled to indemnification or advancement of Expenses, as the case may be, and will not introduce evidence of the determination made pursuant to Section 12 of this Agreement.

(c) If a determination is made pursuant to Section 12 of this Agreement that Indemnitee is entitled to indemnification, the Company will be bound by such determination in any judicial proceeding commenced pursuant to this Section 14, absent (i) a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's statement not materially misleading, in connection with the request for indemnification, or (ii) a prohibition of such indemnification under applicable law.

(d) The Company is, to the fullest extent not prohibited by law, precluded from asserting in any judicial proceeding commenced pursuant to this Section 14 that the procedures and presumptions of this Agreement are not valid, binding and enforceable and will stipulate in any such court that the Company is bound by all the provisions of this Agreement.

(e) It is the intent of the Company that, to the fullest extent permitted by law, the Indemnitee not be required to incur legal fees or other Expenses associated with the interpretation, enforcement or defense of Indemnitee's rights under this Agreement by litigation or otherwise because the cost and expense thereof would substantially detract from the benefits intended to be extended to the Indemnitee hereunder. The Company, to the fullest extent permitted by law, will (within thirty (30) days after receipt by the Company of a written request therefor) advance to Indemnitee such Expenses which are incurred by Indemnitee in connection with any action concerning this Agreement, or Indemnitee's right to indemnification or advancement of Expenses from the Company, and will indemnify Indemnitee against any and all such Expenses unless the court determines that Indemnitee's claims in such action were made in bad faith or were frivolous or are prohibited by law.

Section 15. Non-exclusivity; Survival of Rights; Insurance; Subrogation.

(a) The indemnification and advancement of Expenses provided by this Agreement are not exclusive of any other rights to which Indemnitee may at any time be entitled under applicable law, the Certificate of Incorporation, the Bylaws, any agreement, a vote of stockholders or a resolution of directors, or otherwise. The indemnification and advancement of Expenses provided by this Agreement may not be limited or restricted by any amendment, alteration or repeal of this Agreement in any way with respect to any action taken or omitted by Indemnitee in Indemnitee's Corporate Status occurring prior to any amendment, alteration or repeal of this Agreement. To the extent that a change in Delaware law, whether by statute or judicial decision, permits greater indemnification or advancement of Expenses than would be afforded currently under the Bylaws, Certificate of Incorporation, or this Agreement, it is the intent of the parties hereto that Indemnitee enjoy by this Agreement the greater benefits so afforded by such change. No right or remedy herein conferred is intended to be exclusive of any other right or remedy, and every other right and remedy is cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, will not prevent the concurrent assertion or employment of any other right or remedy.

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(b) To the extent that the Company maintains an insurance policy or policies providing liability insurance for directors, officers, employees, or agents of the Company, the Company will obtain a policy or policies covering Indemnitee to the maximum extent of the coverage available for any such director, officer, employee or agent under such policy or policies, including coverage in the event the Company does not or cannot, for any reason, indemnify or advance Expenses to Indemnitee as required by this Agreement. If, at the time of the receipt of a notice of a claim pursuant to this Agreement, the Company has director and officer liability insurance in effect, the Company will give prompt notice of such claim or of the commencement of a Proceeding, as the case may be, to the insurers in accordance with the procedures set forth in the respective policies. The Company will thereafter take all necessary or desirable action to cause such insurers to pay, on behalf of the Indemnitee, all amounts payable as a result of such Proceeding in accordance with the terms of such policies. Indemnitee agrees to assist the Company efforts to cause the insurers to pay such amounts and will comply with the terms of such policies, including selection of approved panel counsel, if required.

(c) The Company's obligation to indemnify or advance Expenses hereunder to Indemnitee for any Proceeding concerning Indemnitee's Corporate Status with an Enterprise will be reduced by any amount Indemnitee has actually received as indemnification or advancement of Expenses from such Enterprise. The Company and Indemnitee intend that any such Enterprise (and its insurers) be the indemnitor of first resort with respect to indemnification and advancement of Expenses for any Proceeding related to or arising from Indemnitee's Corporate Status with such Enterprise. The Company's obligation to indemnify and advance Expenses to Indemnitee is secondary to the obligations the Enterprise or its insurers owe to Indemnitee. Indemnitee agrees to take all reasonably necessary and desirable action to obtain from an Enterprise indemnification and advancement of Expenses for any Proceeding related to or arising from Indemnitee's Corporate Status with such Enterprise.

(d) In the event of any payment made by the Company under this Agreement, the Company will be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee from any Enterprise or insurance carrier. Indemnitee will execute all papers required and take all action necessary to secure such rights, including execution of such documents as are necessary to enable the Company to bring suit to enforce such rights.

Section 16. Duration of Agreement. This Agreement continues until and terminates upon the later of: (a) ten (10) years after the date that Indemnitee ceases to have a Corporate Status or (b) one (1) year after the final termination of any Proceeding then pending in respect of which Indemnitee is granted rights of indemnification or advancement of Expenses hereunder and of any Proceeding commenced by Indemnitee pursuant to Section 14 of this Agreement relating thereto. The indemnification and advancement of Expenses rights provided by or granted pursuant to this Agreement are binding upon and will be enforceable by the parties hereto and their respective successors and assigns (including any direct or indirect successor by purchase, merger, consolidation or otherwise to all or substantially all of the business or assets of the Company), continue as to an Indemnitee who has ceased to be a director, officer, employee or agent of the Company or of any other Enterprise, and inure to the benefit of Indemnitee and Indemnitee's spouse, assigns, heirs, devisees, executors and administrators and other legal representatives.

Section 17. Severability. If any provision or provisions of this Agreement is held to be invalid, illegal or unenforceable for any reason whatsoever: (a) the validity, legality and enforceability of the remaining provisions of this Agreement (including without limitation, each portion of any Section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) will not in any way be affected or impaired thereby and remain enforceable to the fullest extent permitted by law; (b) such provision or provisions will be deemed reformed to the extent necessary to conform to applicable law and to give the maximum effect to the intent of the parties hereto; and (c) to the fullest extent possible, the provisions of this Agreement (including, without limitation, each portion of any Section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) will be construed so as to give effect to the intent manifested thereby.

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Section 18. Interpretation. Any ambiguity in the terms of this Agreement will be resolved in favor of Indemnitee and in a manner to provide the maximum indemnification and advancement of Expenses permitted by law. The Company and Indemnitee intend that this Agreement provide to the fullest extent permitted by law for indemnification and advancement in excess of that expressly provided, without limitation, by the Certificate of Incorporation, the Bylaws, vote of the Company stockholders or disinterested directors, or applicable law.

Section 19. Enforcement.

(a) The Company expressly confirms and agrees that it has entered into this Agreement and assumed the obligations imposed on it hereby in order to induce Indemnitee to serve the Company, and the Company acknowledges that Indemnitee is relying upon this Agreement in serving or continuing to serve the Company.

(b) This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings, oral, written and implied, between the parties hereto with respect to the subject matter hereof; provided, however, that this Agreement is a supplement to and in furtherance of the Certificate of Incorporation, the Bylaws and applicable law, and is not a substitute therefor, nor to diminish or abrogate any rights of Indemnitee thereunder.

Section 20. Modification and Waiver. No supplement, modification or amendment of this Agreement is binding unless executed in writing by the parties hereto. No waiver of any of the provisions of this Agreement will be deemed or constitutes a waiver of any other provisions of this Agreement nor will any waiver constitute a continuing waiver.

Section 21. Notice by Indemnitee. Indemnitee agrees promptly to notify the Company in writing upon being served with any summons, citation, subpoena, complaint, indictment, information or other document relating to any Proceeding or matter which may be subject to indemnification or advancement of Expenses covered hereunder. The failure of Indemnitee to so notify the Company does not relieve the Company of any obligation which it may have to the Indemnitee under this Agreement or otherwise.

Section 22. Notices. All notices, requests, demands and other communications under this Agreement will be in writing and will be deemed to have been duly given if (a) delivered by hand to the other party, (b) sent by reputable overnight courier to the other party or (c) sent by facsimile transmission or electronic mail, with receipt of oral confirmation that such communication has been received:

(a) If to Indemnitee, at the address indicated on the signature page of this Agreement, or such other address as Indemnitee provides to the Company.

(b) If to the Company to:

AquaBounty Technologies, Inc.  
2 Mill & Main Place, Suite 395  
Maynard, Massachusetts 01754  
Attention: Angela Olsen, General Counsel &  
Corporate Secretary  
Email: aolsen@aquabounty.com

or to any other address as may have been furnished to Indemnitee by the Company.

Section 23. Contribution. To the fullest extent permissible under applicable law, if the indemnification provided for in this Agreement is unavailable to Indemnitee for any reason whatsoever, the Company, in lieu of indemnifying Indemnitee, will contribute to the amount incurred by Indemnitee, whether for judgments, fines, penalties, excise taxes, amounts paid or to be paid in settlement and/or for Expenses, in connection with any

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claim relating to an indemnifiable event under this Agreement, in such proportion as is deemed fair and reasonable in light of all of the circumstances of such Proceeding in order to reflect (i) the relative benefits received by the Company and Indemnitee as a result of the event(s) and/or transaction(s) giving cause to such Proceeding; and/or (ii) the relative fault of the Company (and its directors, officers, employees and agents) and Indemnitee in connection with such event(s) and/or transaction(s).

Section 24. Applicable Law and Consent to Jurisdiction. This Agreement and the legal relations among the parties are governed by, and construed and enforced in accordance with, the laws of the State of Delaware, without regard to its conflict of laws rules. The Company and Indemnitee hereby irrevocably and unconditionally (i) agree that any action arising out of or in connection with this Agreement may be brought only in the Delaware Court of Chancery and not in any other state or federal court in the United States of America or any court in any other country, (ii) consent to submit to the exclusive jurisdiction of the Delaware Court for purposes of any action arising out of or in connection with this Agreement, (iii) waive any objection to the laying of venue of any such action in the Delaware Court, and (iv) waive, and agree not to plead or to make, any claim that any such action brought in the Delaware Court has been brought in an improper or inconvenient forum.

Section 25. Identical Counterparts. This Agreement may be executed in one or more counterparts, each of which will for all purposes be deemed to be an original but all of which together constitutes one and the same Agreement. Only one such counterpart signed by the party against whom enforceability is sought needs to be produced to evidence the existence of this Agreement.

Section 26. Headings. The headings of this Agreement are inserted for convenience only and do not constitute part of this Agreement or affect the construction thereof.

IN WITNESS WHEREOF, the parties have caused this Agreement to be signed as of the day and year first above written.

COMPANY

INDEMNITEE

By: \_\_\_\_\_  
Name:

\_\_\_\_\_  
Name:

Angela M. Olsen  
General Counsel & Corporate Secretary  
AquaBounty Technologies, Inc.  
2 Mill & Main Place, Suite 395  
Maynard, MA 01754

Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

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## INDEMNIFICATION AND ADVANCEMENT AGREEMENT

This Indemnification and Advancement Agreement (“Agreement”) is made as of \_\_\_\_\_, 20\_\_ by and between AquaBounty Technologies, Inc., a Delaware corporation (the “Company”), and \_\_\_\_\_, a member of the Board of Directors of the Company (“Indemnitee”). This Agreement supersedes and replaces any and all previous agreements between the Company and Indemnitee covering indemnification and advancement.

## RECITALS

WHEREAS, the Board of Directors of the Company (the “Board”) believes that highly competent persons have become more reluctant to serve publicly-held corporations as directors, officers, or in other capacities unless they are provided with adequate protection through insurance or adequate indemnification and advancement of expenses against inordinate risks of claims and actions against them arising out of their service to and activities on behalf of the corporation;

WHEREAS, the Board has determined that, in order to attract and retain qualified individuals, the Company will attempt to maintain on an ongoing basis, at its sole expense, liability insurance to protect persons serving the Company and its subsidiaries from certain liabilities. Although the furnishing of such insurance has been a customary and widespread practice among United States-based corporations and other business enterprises, the Company believes that, given current market conditions and trends, such insurance may be available to it in the future only at higher premiums and with more exclusions. At the same time, directors, officers, and other persons in service to corporations or business enterprises are being increasingly subjected to expensive and time-consuming litigation relating to, among other things, matters that traditionally would have been brought only against the Company or business enterprise itself. The Bylaws and Certificate of Incorporation of the Company provide for indemnification of the officers and directors of the Company and advancement of expenses. Indemnitee may also be entitled to indemnification pursuant to the General Corporation Law of the State of Delaware (the “DGCL”). The Bylaws, Certificate of Incorporation, and the DGCL expressly provide that the indemnification and advancement of expenses provisions set forth therein are not exclusive, and thereby contemplate that contracts may be entered into between the Company and members of the board of directors, officers and other persons with respect to indemnification and advancement of expenses;

WHEREAS, the uncertainties relating to such insurance, to indemnification, and to advancement of expenses may increase the difficulty of attracting and retaining such persons;

WHEREAS, the Board has determined that the increased difficulty in attracting and retaining such persons is detrimental to the best interests of the Company and its stockholders and that the Company should act to assure such persons that there will be increased certainty of such protection in the future;

WHEREAS, it is reasonable, prudent and necessary for the Company contractually to obligate itself to indemnify, and to advance expenses on behalf of, such persons so that they will serve or continue to serve the Company free from undue concern that they will not be so indemnified or receive advancement of expenses;

WHEREAS, this Agreement is a supplement to and in furtherance of the Bylaws, Certificate of Incorporation and any resolutions adopted pursuant thereto, and is not a substitute therefor, nor diminishes or abrogates any rights of Indemnitee thereunder; and

WHEREAS, Indemnitee does not regard the protection available under the Bylaws, Certificate of Incorporation, DGCL and insurance as adequate in the present circumstances, and may not be willing to serve or continue to serve the Company without adequate additional protection, and the Company desires Indemnitee

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to serve or continue to serve in such capacity. Indemnitee is willing to serve, continue to serve and to take on additional service for or on behalf of the Company on the condition that Indemnitee be so indemnified and be advanced expenses.

NOW, THEREFORE, in consideration of the premises and the covenants contained herein, the Company and Indemnitee do hereby covenant and agree as follows:

Section 1. Services to the Company. Indemnitee agrees to serve as a director of the Company. Indemnitee may at any time and for any reason resign from such position (subject to any other contractual obligation or any obligation imposed by operation of law). This Agreement does not create any obligation on the Company to continue Indemnitee in such position and is not an employment contract between the Company (or any of its subsidiaries or any Enterprise) and Indemnitee.

Section 2. Definitions. As used in this Agreement:

(a) "Affiliate" shall have the meaning set forth in Rule 405 under the Securities Act of 1933, as amended (as in effect on the date hereof).

(b) "Agent" means any person who is authorized by the Company or an Enterprise to act for or represent the interests of the Company or an Enterprise, respectively.

(c) A "Change in Control" occurs upon the earliest to occur after the date of this Agreement of any of the following events:

i. Acquisition of Stock by Third Party. Any Person (as defined below) other than a Designated Person (as defined below), becomes the Beneficial Owner (as defined below), directly or indirectly, of securities of the Company representing fifteen percent (15%) or more of the combined voting power of the Company's then outstanding securities unless the change in relative beneficial ownership of the Company's securities by any Person results solely from a reduction in the aggregate number of outstanding shares of securities entitled to vote generally in the election of directors;

ii. Change in Board of Directors. During any period of two (2) consecutive years (not including any period prior to the execution of this Agreement), individuals who at the beginning of such period constitute the Board, and any new director (other than a director designated by a person who has entered into an agreement with the Company to effect a transaction described in Sections 2(b)(i), 2(b)(iii) or 2(b)(iv)) whose election by the Board or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute at least a majority of the members of the Board;

iii. Corporate Transactions. The effective date of a merger or consolidation of the Company with any other entity, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) more than 50% of the combined voting power of the voting securities of the surviving entity outstanding immediately after such merger or consolidation and with the power to elect at least a majority of the board of directors or other governing body of such surviving entity;

iv. Liquidation. The approval by the stockholders of the Company of a complete liquidation of the Company or an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets; and

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v. Other Events. There occurs any other event of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A (or a response to any similar item on any similar schedule or form) promulgated under the Exchange Act (as defined below), whether or not the Company is then subject to such reporting requirement.

vi. For purposes of this Section 2(b), the following terms have the following meanings:

- 1 “Exchange Act” means the Securities Exchange Act of 1934, as amended from time to time.
- 2 “Person” has the meaning as set forth in Sections 13(d) and 14(d) of the Exchange Act; provided, however, that Person excludes (i) the Company, (ii) any trustee or other fiduciary holding securities under an employee benefit plan of the Company, and (iii) any corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company.
- 3 “Beneficial Owner” has the meaning given to such term in Rule 13d-3 under the Exchange Act; provided, however, that Beneficial Owner excludes any Person otherwise becoming a Beneficial Owner by reason of the stockholders of the Company approving a merger of the Company with another entity.

(d) “Corporate Status” describes the status of a person who is or was acting as a director, officer, employee, fiduciary, or Agent of the Company or an Enterprise.

(e) “Designated Person” means Randal J. Kirk, Third Security, TS AquaCulture LLC, and TS Biotechnology Holdings, LLC and their Affiliates and Related Parties (as defined below).

(f) “Disinterested Director” means a director of the Company who is not and was not a party to the Proceeding in respect of which indemnification is sought by Indemnitee.

(g) “Enterprise” means any other corporation, limited liability company, partnership, joint venture, trust, employee benefit plan or other entity for which Indemnitee is or was serving at the request of the Company as a director, officer, employee, or Agent.

(h) “Expenses” includes all reasonable attorneys’ fees, retainers, court costs, transcript costs, fees of experts and other professionals, witness fees, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees, any federal, state, local or foreign taxes imposed on Indemnitee as a result of the actual or deemed receipt of any payments under this Agreement, ERISA excise taxes and penalties, and all other disbursements or expenses of the types customarily incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, being or preparing to be a witness in, or otherwise participating in, a Proceeding. Expenses also include (i) Expenses incurred in connection with any appeal resulting from any Proceeding, including without limitation the premium, security for, and other costs relating to any cost bond, supersedeas bond, or other appeal bond or its equivalent, and (ii) for purposes of Section 14(d) only, Expenses incurred by Indemnitee in connection with the interpretation, enforcement or defense of Indemnitee’s rights under this Agreement, by litigation or otherwise. Expenses, however, do not include amounts paid in settlement by Indemnitee or the amount of judgments or fines against Indemnitee.

(i) “Independent Counsel” means a law firm, or a member of a law firm, that is experienced in matters of corporation law and neither presently is, nor in the past five years has been, retained to represent: (i) the Company or Indemnitee in any matter material to either such party (other than with respect to matters concerning the Indemnitee under this Agreement, or of other indemnitees under similar indemnification

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agreements), or (ii) any other party to the Proceeding giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term “Independent Counsel” does not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or Indemnitee in an action to determine Indemnitee’s rights under this Agreement.

(j) The term “Proceeding” includes any threatened, pending or completed action, suit, claim, counterclaim, cross claim, arbitration, mediation, alternate dispute resolution mechanism, investigation, inquiry, administrative hearing or any other actual, threatened or completed proceeding, whether brought in the right of the Company or otherwise and whether of a civil, criminal, administrative, legislative, or investigative (formal or informal) nature, including any appeal therefrom, in which Indemnitee was, is or will be involved as a party, potential party, non-party witness or otherwise by reason of Indemnitee’s Corporate Status or by reason of any action taken by Indemnitee (or a failure to take action by Indemnitee) or of any action (or failure to act) on Indemnitee’s part while acting pursuant to Indemnitee’s Corporate Status, in each case whether or not serving in such capacity at the time any liability or Expense is incurred for which indemnification or advancement of Expenses can be provided under this Agreement. A Proceeding also includes a situation the Indemnitee believes in good faith may lead to or culminate in the institution of a Proceeding.

(k) “Related Parties” means, with respect to any Person, (i) any controlling stockholder, controlling member, general partner, subsidiary, spouse or immediate family member (in the case of an individual) of such Person, (ii) any estate, trust, corporation, partnership or other entity, the beneficiaries, stockholders, partners or owners of which consist solely of one or more of a Designated Person and their Affiliates (other than the Company and its subsidiaries, if applicable) and Related Parties and/or such other Persons referred to in the immediately preceding clause (i), or (iii) any executor, administrator, trustee, manager, director or other similar fiduciary of any Person referred to in the immediately preceding clause (ii), acting solely in such capacity.

(l) “Sponsor Entities” means TS AquaCulture LLC and its Affiliates.

Section 3. Indemnity in Third-Party Proceedings. The Company will indemnify Indemnitee in accordance with the provisions of this Section 3 if Indemnitee is, or is threatened to be made, a party to or a participant in any Proceeding, other than a Proceeding by or in the right of the Company to procure a judgment in its favor. Pursuant to this Section 3, the Company will indemnify Indemnitee to the fullest extent permitted by applicable law against all Expenses, judgments, fines and amounts paid in settlement (including all interest, assessments and other charges paid or payable in connection with or in respect of such Expenses, judgments, fines and amounts paid in settlement) actually and reasonably incurred by Indemnitee or on Indemnitee’s behalf in connection with such Proceeding or any claim, issue or matter therein, if Indemnitee acted in good faith and in a manner Indemnitee reasonably believed to be in or not opposed to the best interests of the Company and, in the case of a criminal Proceeding had no reasonable cause to believe that Indemnitee’s conduct was unlawful.

Section 4. Indemnity in Proceedings by or in the Right of the Company. The Company will indemnify Indemnitee in accordance with the provisions of this Section 4 if Indemnitee is, or is threatened to be made, a party to or a participant in any Proceeding by or in the right of the Company to procure a judgment in its favor. Pursuant to this Section 4, the Company will indemnify Indemnitee to the fullest extent permitted by applicable law against all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee’s behalf in connection with such Proceeding or any claim, issue or matter therein, if Indemnitee acted in good faith and in a manner Indemnitee reasonably believed to be in or not opposed to the best interests of the Company. The Company will not indemnify Indemnitee for Expenses under this Section 4 related to any claim, issue or matter in a Proceeding for which Indemnitee has been finally adjudged by a court to be liable to the Company, unless, and only to the extent that, the Delaware Court of Chancery or any court in which the Proceeding was brought determines upon application by Indemnitee that, despite the adjudication of liability but in view of all the circumstances of the case, Indemnitee is fairly and reasonably entitled to indemnification.

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Section 5. Indemnification for Expenses of a Party Who is Wholly or Partly Successful. To the fullest extent permitted by applicable law, the Company will indemnify Indemnitee against all Expenses actually and reasonably incurred by Indemnitee in connection with any Proceeding in which Indemnitee is successful, on the merits or otherwise. If Indemnitee is not wholly successful in such Proceeding but is successful, on the merits or otherwise, as to one or more but less than all claims, issues or matters in such Proceeding, the Company will indemnify Indemnitee against all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection with or related to each successfully resolved claim, issue or matter to the fullest extent permitted by law. For purposes of this Section 5 and without limitation, the termination of any claim, issue or matter in such a Proceeding by dismissal, with or without prejudice, will be deemed to be a successful result as to such claim, issue or matter.

Section 6. Indemnification For Expenses of a Witness. To the fullest extent permitted by applicable law, the Company will indemnify Indemnitee against all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection with any Proceeding to which Indemnitee is not a party but to which Indemnitee is a witness, deponent, interviewee, or otherwise asked to participate.

Section 7. Partial Indemnification. If Indemnitee is entitled under any provision of this Agreement to indemnification by the Company for some or a portion of Expenses, but not, however, for the total amount thereof, the Company will indemnify Indemnitee for the portion thereof to which Indemnitee is entitled.

Section 8. Additional Indemnification. Notwithstanding any limitation in Sections 3, 4, or 5, the Company will indemnify Indemnitee to the fullest extent permitted by applicable law (including but not limited to, the DGCL and any amendments to or replacements of the DGCL adopted after the date of this Agreement that expand the Company's ability to indemnify its officers and directors) if Indemnitee is a party to or threatened to be made a party to any Proceeding (including a Proceeding by or in the right of the Company to procure a judgment in its favor).

Section 9. Exclusions. Notwithstanding any provision in this Agreement, the Company is not obligated under this Agreement to make any indemnification payment to Indemnitee in connection with any Proceeding:

(a) for which payment has actually been made to or on behalf of Indemnitee under any insurance policy or other indemnity provision, except to the extent provided in Section 15(b) and except with respect to any excess beyond the amount paid under any insurance policy or other indemnity provision; or

(b) for (i) an accounting of profits made from the purchase and sale (or sale and purchase) by Indemnitee of securities of the Company within the meaning of Section 16(b) of the Exchange Act (as defined in Section 2(b) hereof) or similar provisions of state statutory law or common law, (ii) any reimbursement of the Company by the Indemnitee of any bonus or other incentive-based or equity-based compensation or of any profits realized by the Indemnitee from the sale of securities of the Company, as required in each case under the Exchange Act (including any such reimbursements that arise from an accounting restatement of the Company pursuant to Section 304 of the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act"), or the payment to the Company of profits arising from the purchase and sale by Indemnitee of securities in violation of Section 306 of the Sarbanes-Oxley Act) or (iii) any reimbursement of the Company by Indemnitee of any compensation pursuant to any compensation recoupment or clawback policy adopted by the Board or the compensation committee of the Board, including but not limited to any such policy adopted to comply with stock exchange listing requirements implementing Section 10D of the Exchange Act; or

(c) initiated by Indemnitee, including any Proceeding (or any part of any Proceeding) initiated by Indemnitee against the Company or its directors, officers, employees or other indemnitees, unless (i) the Proceeding or part of any Proceeding is to enforce Indemnitee's rights to indemnification or advancement, of Expenses, including a Proceeding (or any part of any Proceeding) initiated pursuant to Section 14 of this Agreement, (ii) the Board authorized the Proceeding (or any part of any Proceeding) prior to its initiation or (iii)

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the Company provides the indemnification, in its sole discretion, pursuant to the powers vested in the Company under applicable law.

Section 10. Advancement of Expenses.

(a) The Company will advance, to the extent not prohibited by law, the Expenses incurred by Indemnitee in connection with any Proceeding (or any part of any Proceeding) not initiated by Indemnitee or any Proceeding (or any part of any Proceeding) initiated by Indemnitee if (i) the Proceeding or part of any Proceeding is to enforce Indemnitee's rights to obtain indemnification or advancement of Expenses from the Company or Enterprise, including a proceeding initiated pursuant to Section 14 or (ii) the Board authorized the Proceeding (or any part of any Proceeding) prior to its initiation. The Company will advance the Expenses within thirty (30) days after the receipt by the Company of a statement or statements requesting such advances from time to time, whether prior to or after final disposition of any Proceeding.

(b) Advancement of Expenses will be unsecured and interest free. Indemnitee undertakes to repay the amounts advanced (without interest) to the extent that it is ultimately determined that Indemnitee is not entitled to be indemnified by the Company, thus Indemnitee qualifies for advances upon the execution of this Agreement and delivery to the Company. No other form of undertaking is required other than the execution of this Agreement. The Company will advance Expenses without regard to Indemnitee's ability to repay the Expenses and without regard to Indemnitee's ultimate entitlement to indemnification under the other provisions of this Agreement.

Section 11. Procedure for Notification of Claim for Indemnification or Advancement.

(a) Indemnitee will notify the Company in writing of any Proceeding with respect to which Indemnitee intends to seek indemnification or advancement of Expenses hereunder as soon as reasonably practicable following the receipt by Indemnitee of written notice thereof. Indemnitee will include in the written notification to the Company a description of the nature of the Proceeding and the facts underlying the Proceeding and provide such documentation and information as is reasonably available to Indemnitee and is reasonably necessary to determine whether and to what extent Indemnitee is entitled to indemnification following the final disposition of such Proceeding. Indemnitee's failure to notify the Company will not relieve the Company from any obligation it may have to Indemnitee under this Agreement, and any delay in so notifying the Company will not constitute a waiver by Indemnitee of any rights under this Agreement. The Secretary of the Company will, promptly upon receipt of such a request for indemnification or advancement, advise the Board in writing that Indemnitee has requested indemnification or advancement.

(b) The Company will be entitled to participate in the Proceeding at its own expense.

Section 12. Procedure Upon Application for Indemnification.

(a) Unless a Change of Control has occurred, the determination of Indemnitee's entitlement to indemnification will be made:

- i. by a majority vote of the Disinterested Directors, even though less than a quorum of the Board;
  - ii. by a committee of Disinterested Directors designated by a majority vote of the Disinterested Directors, even though less than a quorum of the Board;
  - iii. if there are no such Disinterested Directors or, if such Disinterested Directors so direct, by written opinion provided by Independent Counsel selected by the Board; or
  - iv. if so directed by the Board, by the stockholders of the Company.
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(b) If a Change in Control has occurred, the determination of Indemnitee's entitlement to indemnification will be made by written opinion provided by Independent Counsel selected by Indemnitee (unless Indemnitee requests such selection be made by the Board).

(c) The party selecting Independent Counsel pursuant to subsection (a)(iii) or (b) of this Section 12 will provide written notice of the selection to the other party. The notified party may, within ten (10) days after receiving written notice of the selection of Independent Counsel, deliver to the selecting party a written objection to such selection; provided, however, that such objection may be asserted only on the ground that the Independent Counsel so selected does not meet the requirements of "Independent Counsel" as defined in Section 2 of this Agreement, and the objection will set forth with particularity the factual basis of such assertion. Absent a proper and timely objection, the person so selected will act as Independent Counsel. If such written objection is so made and substantiated, the Independent Counsel so selected may not serve as Independent Counsel unless and until such objection is withdrawn or the Delaware Court has determined that such objection is without merit. If, within thirty (30) days after the later of submission by Indemnitee of a written request for indemnification pursuant to Section 11(a) hereof and the final disposition of the Proceeding, Independent Counsel has not been selected or, if selected, any objection to has not been resolved, either the Company or Indemnitee may petition the Delaware Court for the appointment as Independent Counsel of a person selected by such court or by such other person as such court designates. Upon the due commencement of any judicial proceeding pursuant to Section 14(a) of this Agreement, any selected Independent Counsel will be discharged and relieved of any further responsibility in such capacity (subject to the applicable standards of professional conduct then prevailing).

(d) Indemnitee will cooperate with the person, persons or entity making the determination with respect to Indemnitee's entitlement to indemnification, including providing to such person, persons or entity upon reasonable advance request any documentation or information which is not privileged or otherwise protected from disclosure and which is reasonably available to Indemnitee and reasonably necessary to such determination. The Company will advance Expenses incurred by Indemnitee in so cooperating with the person, persons or entity making the indemnification determination irrespective of the determination as to Indemnitee's entitlement to indemnification and the Company hereby indemnifies and agrees to hold Indemnitee harmless therefrom. The Company promptly will advise Indemnitee in writing of the determination that Indemnitee is or is not entitled to indemnification, including a description of any reason or basis for which indemnification has been denied and providing a copy of any written opinion provided to the Board by Independent Counsel.

(e) If it is determined that Indemnitee is entitled to indemnification, the Company will make payment to Indemnitee within thirty (30) days after such determination.

### Section 13. Presumptions and Effect of Certain Proceedings.

(a) In making a determination with respect to entitlement to indemnification hereunder, the person or persons or entity making such determination will, to the fullest extent not prohibited by law, presume Indemnitee is entitled to indemnification under this Agreement if Indemnitee has submitted a request for indemnification in accordance with Section 11(a) of this Agreement, and the Company will, to the fullest extent not prohibited by law, have the burden of proof to overcome that presumption. Neither the failure of the Company (including by its directors or Independent Counsel) to have made a determination prior to the commencement of any action pursuant to this Agreement that indemnification is proper in the circumstances because Indemnitee has met the applicable standard of conduct, nor an actual determination by the Company (including by its directors or Independent Counsel) that Indemnitee has not met such applicable standard of conduct, will be a defense to the action or create a presumption that Indemnitee has not met the applicable standard of conduct.

(b) If the determination of the Indemnitee's entitlement to indemnification has not made pursuant to Section 12 within sixty (60) days after the later of (i) receipt by the Company of Indemnitee's

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request for indemnification pursuant to Section 11(a) and (ii) the final disposition of the Proceeding for which Indemnitee requested Indemnification (the "Determination Period"), the requisite determination of entitlement to indemnification will, to the fullest extent not prohibited by law, be deemed to have been made and Indemnitee will be entitled to such indemnification, absent (i) a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's statement not materially misleading, in connection with the request for indemnification, or (ii) a prohibition of such indemnification under applicable law. The Determination Period may be extended for a reasonable time, not to exceed an additional thirty (30) days, if the person, persons or entity making the determination with respect to entitlement to indemnification in good faith requires such additional time for the obtaining or evaluating of documentation and/or information relating thereto; and provided, further, the Determination Period may be extended an additional fifteen (15) days if the determination of entitlement to indemnification is to be made by the stockholders pursuant to Section 12(a)(iv) of this Agreement.

(c) The termination of any Proceeding or of any claim, issue or matter therein, by judgment, order, settlement or conviction, or upon a plea of nolo contendere or its equivalent, will not (except as otherwise expressly provided in this Agreement) of itself adversely affect the right of Indemnitee to indemnification or create a presumption that Indemnitee did not act in good faith and in a manner which Indemnitee reasonably believed to be in or not opposed to the best interests of the Company or, with respect to any criminal Proceeding, that Indemnitee had reasonable cause to believe that Indemnitee's conduct was unlawful.

(d) For purposes of any determination of good faith, Indemnitee will be deemed to have acted in good faith if Indemnitee acted based on the records or books of account of the Company, its subsidiaries, or an Enterprise, including financial statements, or on information supplied to Indemnitee by the directors or officers of the Company, its subsidiaries, or an Enterprise in the course of their duties, or on the advice of legal counsel for the Company, its subsidiaries, or an Enterprise, or on information or records given or reports made to the Company or an Enterprise by an independent certified public accountant, or by an appraiser, financial advisor or other expert selected with reasonable care by or on behalf of the Company, its subsidiaries, or an Enterprise. Further, Indemnitee will be deemed to have acted in a manner "not opposed to the best interests of the Company," as referred to in this Agreement if Indemnitee acted in good faith and in a manner Indemnitee reasonably believed to be in the best interests of the participants and beneficiaries of an employee benefit plan. The provisions of this Section 13(d) are not exclusive and do not limit in any way the other circumstances in which the Indemnitee may be deemed to have met the applicable standard of conduct set forth in this Agreement.

(e) The knowledge and/or actions, or failure to act, of any director, officer, trustee, partner, managing member, fiduciary, agent or employee of the Company or an Enterprise may not be imputed to Indemnitee for purposes of determining Indemnitee's right to indemnification under this Agreement.

#### Section 14. Remedies of Indemnitee.

(a) Indemnitee may commence litigation against the Company in the Delaware Court of Chancery to obtain indemnification or advancement of Expenses provided by this Agreement in the event that (i) a determination is made pursuant to Section 12 of this Agreement that Indemnitee is not entitled to indemnification under this Agreement, (ii) the Company does not advance Expenses pursuant to Section 10 of this Agreement, (iii) the determination of entitlement to indemnification is not made pursuant to Section 12 of this Agreement within the Determination Period, (iv) the Company does not indemnify Indemnitee pursuant to Section 5 or 6 or the second to last sentence of Section 12(d) of this Agreement within thirty (30) days after receipt by the Company of a written request therefor, (v) the Company does not indemnify Indemnitee pursuant to Section 3, 4, 7, or 8 of this Agreement within thirty (30) days after a determination has been made that Indemnitee is entitled to indemnification, or (vi) in the event that the Company or any other person takes or threatens to take any action to declare this Agreement void or unenforceable, or institutes any litigation or other action or Proceeding designed to deny, or to recover from, the Indemnitee the benefits provided or intended to

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be provided to the Indemnitee hereunder. Indemnitee must commence such Proceeding seeking an adjudication within one hundred and eighty (180) days following the date on which Indemnitee first has the right to commence such proceeding pursuant to this Section 14(a); provided, however, that the foregoing clause does not apply in respect of a proceeding brought by Indemnitee to enforce Indemnitee's rights under Section 5 of this Agreement. The Company will not oppose Indemnitee's right to seek any such adjudication.

(b) If a determination is made pursuant to Section 12 of this Agreement that Indemnitee is not entitled to indemnification, any judicial proceeding commenced pursuant to this Section 14 will be conducted in all respects as a *de novo* trial on the merits and Indemnitee may not be prejudiced by reason of that adverse determination. In any judicial proceeding commenced pursuant to this Section 14 the Company will have the burden of proving Indemnitee is not entitled to indemnification or advancement of Expenses, as the case may be, and will not introduce evidence of the determination made pursuant to Section 12 of this Agreement.

(c) If a determination is made pursuant to Section 12 of this Agreement that Indemnitee is entitled to indemnification, the Company will be bound by such determination in any judicial proceeding commenced pursuant to this Section 14, absent (i) a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's statement not materially misleading, in connection with the request for indemnification, or (ii) a prohibition of such indemnification under applicable law.

(d) The Company is, to the fullest extent not prohibited by law, precluded from asserting in any judicial proceeding commenced pursuant to this Section 14 that the procedures and presumptions of this Agreement are not valid, binding and enforceable and will stipulate in any such court that the Company is bound by all the provisions of this Agreement.

(e) It is the intent of the Company that, to the fullest extent permitted by law, the Indemnitee not be required to incur legal fees or other Expenses associated with the interpretation, enforcement or defense of Indemnitee's rights under this Agreement by litigation or otherwise because the cost and expense thereof would substantially detract from the benefits intended to be extended to the Indemnitee hereunder. The Company, to the fullest extent permitted by law, will (within thirty (30) days after receipt by the Company of a written request therefor) advance to Indemnitee such Expenses which are incurred by Indemnitee in connection with any action concerning this Agreement, or Indemnitee's right to indemnification or advancement of Expenses from the Company, and will indemnify Indemnitee against any and all such Expenses unless the court determines that Indemnitee's claims in such action were made in bad faith or were frivolous or are prohibited by law.

Section 15. Non-exclusivity; Survival of Rights; Insurance; Subrogation.

(a) The indemnification and advancement of Expenses provided by this Agreement are not exclusive of any other rights to which Indemnitee may at any time be entitled under applicable law, the Certificate of Incorporation, the Bylaws, any agreement, a vote of stockholders or a resolution of directors, or otherwise. The indemnification and advancement of Expenses provided by this Agreement may not be limited or restricted by any amendment, alteration or repeal of this Agreement in any way with respect to any action taken or omitted by Indemnitee in Indemnitee's Corporate Status occurring prior to any amendment, alteration or repeal of this Agreement. To the extent that a change in Delaware law, whether by statute or judicial decision, permits greater indemnification or advancement of Expenses than would be afforded currently under the Bylaws, Certificate of Incorporation, or this Agreement, it is the intent of the parties hereto that Indemnitee enjoy by this Agreement the greater benefits so afforded by such change. No right or remedy herein conferred is intended to be exclusive of any other right or remedy, and every other right and remedy is cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, will not prevent the concurrent assertion or employment of any other right or remedy.

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(b) The Company hereby acknowledges that Indemnitee may have certain rights to indemnification, advancement of Expenses and/or insurance provided by one or more other persons with whom or which Indemnitee may be associated (“Persons”) (including, without limitation, any Sponsor Entities). The relationship between the Company and such Persons (other than an Enterprise or the Company’s insurers) with respect to the Indemnitee’s rights to indemnification, advancement of Expenses, and insurance is described by this subsection, subject to the provisions of subsection (d) of this Section 15 with respect to a Proceeding concerning Indemnitee’s Corporate Status with an Enterprise.

i. The Company hereby acknowledges and agrees:

1) the Company is the indemnitor of first resort with respect to any request for indemnification or advancement of Expenses made pursuant to this Agreement concerning any Proceeding;

2) the Company is primarily liable for all indemnification and indemnification or advancement of Expenses obligations for any Proceeding, whether created by law, organizational or constituent documents, contract (including this Agreement) or otherwise;

3) any obligation of any other Persons with whom or which Indemnitee may be associated (including, without limitation, any Sponsor Entities) to indemnify Indemnitee and/or advance Expenses to Indemnitee in respect of any proceeding are secondary to the obligations of the Company’s obligations;

4) the Company will indemnify Indemnitee and advance Expenses to Indemnitee hereunder to the fullest extent provided herein without regard to any rights Indemnitee may have against any other Person with whom or which Indemnitee may be associated (including, without limitation, any Sponsor Entities) or insurer of any such Person; and

ii. the Company irrevocably waives, relinquishes and releases (A) any other Person with whom or which Indemnitee may be associated (including, without limitation, any Sponsor Entities) from any claim of contribution, subrogation, reimbursement, exoneration or indemnification, or any other recovery of any kind in respect of amounts paid by the Company to Indemnitee pursuant to this Agreement and (B) any right to participate in any claim or remedy of Indemnitee against any Person (including, without limitation, any Sponsor Entities), whether or not such claim, remedy or right arises in equity or under contract, statute or common law, including, without limitation, the right to take or receive from any Person (including, without limitation, any Sponsor Entities), directly or indirectly, in cash or other property or by set-off or in any other manner, payment or security on account of such claim, remedy or right.

iii. In the event any other Person with whom or which Indemnitee may be associated (including, without limitation, any Sponsor Entities) or their insurers advances or extinguishes any liability or loss for Indemnitee, the payor has a right of subrogation against the Company or its insurers for all amounts so paid which would otherwise be payable by the Company or its insurers under this Agreement. In no event will payment by any other Person with whom or which Indemnitee may be associated (including, without limitation, any Sponsor Entities) or their insurers affect the obligations of the Company hereunder or shift primary liability for the Company’s obligation to indemnify or advance of Expenses to any other Person with whom or which Indemnitee may be associated (including, without limitation, any Sponsor Entities).

iv. Any indemnification or advancement of Expenses provided by any other Person with whom or which Indemnitee may be associated (including, without limitation, any Sponsor Entities) is specifically in excess over the Company’s obligation to indemnify and advance Expenses or any valid and collectible insurance (including but not limited to any malpractice insurance or professional errors and omissions insurance) provided by the Company.

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(c) To the extent that the Company maintains an insurance policy or policies providing liability insurance for directors, officers, employees, or agents of the Company, the Company will obtain a policy or policies covering Indemnitee to the maximum extent of the coverage available for any such director, officer, employee or agent under such policy or policies, including coverage in the event the Company does not or cannot, for any reason, indemnify or advance Expenses to Indemnitee as required by this Agreement. If, at the time of the receipt of a notice of a claim pursuant to this Agreement, the Company has director and officer liability insurance in effect, the Company will give prompt notice of such claim or of the commencement of a Proceeding, as the case may be, to the insurers in accordance with the procedures set forth in the respective policies. The Company will thereafter take all necessary or desirable action to cause such insurers to pay, on behalf of the Indemnitee, all amounts payable as a result of such Proceeding in accordance with the terms of such policies. Indemnitee agrees to assist the Company efforts to cause the insurers to pay such amounts and will comply with the terms of such policies, including selection of approved panel counsel, if required.

(d) The Company's obligation to indemnify or advance Expenses hereunder to Indemnitee for any Proceeding concerning Indemnitee's Corporate Status with an Enterprise will be reduced by any amount Indemnitee has actually received as indemnification or advancement of Expenses from such Enterprise. The Company and Indemnitee intend that any such Enterprise (and its insurers) be the indemnitor of first resort with respect to indemnification and advancement of Expenses for any Proceeding related to or arising from Indemnitee's Corporate Status with such Enterprise. The Company's obligation to indemnify and advance Expenses to Indemnitee is secondary to the obligations the Enterprise or its insurers owe to Indemnitee. Indemnitee agrees to take all reasonably necessary and desirable action to obtain from an Enterprise indemnification and advancement of Expenses for any Proceeding related to or arising from Indemnitee's Corporate Status with such Enterprise.

(e) In the event of any payment made by the Company under this Agreement, the Company will be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee from any Enterprise or insurance carrier. Indemnitee will execute all papers required and take all action necessary to secure such rights, including execution of such documents as are necessary to enable the Company to bring suit to enforce such rights.

Section 16. Duration of Agreement. This Agreement continues until and terminates upon the later of: (a) ten (10) years after the date that Indemnitee ceases to have a Corporate Status or (b) one (1) year after the final termination of any Proceeding then pending in respect of which Indemnitee is granted rights of indemnification or advancement of Expenses hereunder and of any Proceeding commenced by Indemnitee pursuant to Section 14 of this Agreement relating thereto. The indemnification and advancement of Expenses rights provided by or granted pursuant to this Agreement are binding upon and will be enforceable by the parties hereto and their respective successors and assigns (including any direct or indirect successor by purchase, merger, consolidation or otherwise to all or substantially all of the business or assets of the Company), continue as to an Indemnitee who has ceased to be a director, officer, employee or agent of the Company or of any other Enterprise, and inure to the benefit of Indemnitee and Indemnitee's spouse, assigns, heirs, devisees, executors and administrators and other legal representatives.

Section 17. Severability. If any provision or provisions of this Agreement is held to be invalid, illegal or unenforceable for any reason whatsoever: (a) the validity, legality and enforceability of the remaining provisions of this Agreement (including without limitation, each portion of any Section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) will not in any way be affected or impaired thereby and remain enforceable to the fullest extent permitted by law; (b) such provision or provisions will be deemed reformed to the extent necessary to conform to applicable law and to give the maximum effect to the intent of the parties hereto; and (c) to the fullest extent possible, the provisions of this Agreement (including, without limitation, each portion of any Section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) will be construed so as to give effect to the intent manifested thereby.

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Section 18. Interpretation. Any ambiguity in the terms of this Agreement will be resolved in favor of Indemnitee and in a manner to provide the maximum indemnification and advancement of Expenses permitted by law. The Company and Indemnitee intend that this Agreement provide to the fullest extent permitted by law for indemnification and advancement in excess of that expressly provided, without limitation, by the Certificate of Incorporation, the Bylaws, vote of the Company stockholders or disinterested directors, or applicable law.

Section 19. Enforcement.

(a) The Company expressly confirms and agrees that it has entered into this Agreement and assumed the obligations imposed on it hereby in order to induce Indemnitee to serve the Company, and the Company acknowledges that Indemnitee is relying upon this Agreement in serving or continuing to serve the Company.

(b) This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings, oral, written and implied, between the parties hereto with respect to the subject matter hereof; provided, however, that this Agreement is a supplement to and in furtherance of the Certificate of Incorporation, the Bylaws and applicable law, and is not a substitute therefor, nor to diminish or abrogate any rights of Indemnitee thereunder.

Section 20. Modification and Waiver. No supplement, modification or amendment of this Agreement is binding unless executed in writing by the parties hereto. No waiver of any of the provisions of this Agreement will be deemed or constitutes a waiver of any other provisions of this Agreement nor will any waiver constitute a continuing waiver.

Section 21. Notice by Indemnitee. Indemnitee agrees promptly to notify the Company in writing upon being served with any summons, citation, subpoena, complaint, indictment, information or other document relating to any Proceeding or matter which may be subject to indemnification or advancement of Expenses covered hereunder. The failure of Indemnitee to so notify the Company does not relieve the Company of any obligation which it may have to the Indemnitee under this Agreement or otherwise.

Section 22. Notices. All notices, requests, demands and other communications under this Agreement will be in writing and will be deemed to have been duly given if (a) delivered by hand to the other party, (b) sent by reputable overnight courier to the other party or (c) sent by facsimile transmission or electronic mail, with receipt of oral confirmation that such communication has been received:

(a) If to Indemnitee, at the address indicated on the signature page of this Agreement, or such other address as Indemnitee provides to the Company.

(b) If to the Company to:

AquaBounty Technologies, Inc.  
2 Mill & Main Place, Suite 395  
Maynard, Massachusetts 01754  
Attention: Angela Olsen, General Counsel &  
Corporate Secretary  
Email: aolsen@aquabounty.com

or to any other address as may have been furnished to Indemnitee by the Company.

Section 23. Contribution. To the fullest extent permissible under applicable law, if the indemnification provided for in this Agreement is unavailable to Indemnitee for any reason whatsoever, the Company, in lieu of indemnifying Indemnitee, will contribute to the amount incurred by Indemnitee, whether for judgments, fines, penalties, excise taxes, amounts paid or to be paid in settlement and/or for Expenses, in connection with any

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claim relating to an indemnifiable event under this Agreement, in such proportion as is deemed fair and reasonable in light of all of the circumstances of such Proceeding in order to reflect (i) the relative benefits received by the Company and Indemnitee as a result of the event(s) and/or transaction(s) giving cause to such Proceeding; and/or (ii) the relative fault of the Company (and its directors, officers, employees and agents) and Indemnitee in connection with such event(s) and/or transaction(s).

Section 24. Applicable Law and Consent to Jurisdiction. This Agreement and the legal relations among the parties are governed by, and construed and enforced in accordance with, the laws of the State of Delaware, without regard to its conflict of laws rules. The Company and Indemnitee hereby irrevocably and unconditionally (i) agree that any action arising out of or in connection with this Agreement may be brought only in the Delaware Court of Chancery and not in any other state or federal court in the United States of America or any court in any other country, (ii) consent to submit to the exclusive jurisdiction of the Delaware Court for purposes of any action arising out of or in connection with this Agreement, (iii) waive any objection to the laying of venue of any such action in the Delaware Court, and (iv) waive, and agree not to plead or to make, any claim that any such action brought in the Delaware Court has been brought in an improper or inconvenient forum.

Section 25. Identical Counterparts. This Agreement may be executed in one or more counterparts, each of which will for all purposes be deemed to be an original but all of which together constitutes one and the same Agreement. Only one such counterpart signed by the party against whom enforceability is sought needs to be produced to evidence the existence of this Agreement.

Section 26. Headings. The headings of this Agreement are inserted for convenience only and do not constitute part of this Agreement or affect the construction thereof.

IN WITNESS WHEREOF, the parties have caused this Agreement to be signed as of the day and year first above written.

By: \_\_\_\_\_  
Name:

Angela M. Olsen  
General Counsel & Corporate Secretary  
AquaBounty Technologies, Inc.  
2 Mill & Main Place, Suite 395  
Maynard, MA 01754

\_\_\_\_\_  
Name:

Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

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**Certification**

I, Sylvia Wulf, certify that:

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

Date: August 4, 2021

/s/ Sylvia Wulf  
Sylvia Wulf  
Chief Executive Officer  
(Principal Executive Officer)

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**Certification**

I, David A. Frank, certify that:

1. I have reviewed this quarterly report on Form 10-Q of AquaBounty Technologies, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations, and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) designed such internal controls over financial reporting, or caused such internal controls over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Directors (or persons performing the equivalent functions):

(a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 4, 2021

/s/ David A. Frank  
\_\_\_\_\_  
David A. Frank  
Chief Financial Officer  
(Principal Financial Officer)

**The following certification is being made to the Securities and Exchange Commission solely for purposes of Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350). This certification is not to be deemed a part of the Report, nor is it deemed to be “filed” for any purpose whatsoever.**

In accordance with the requirements of Section 906 of the Sarbanes-Oxley Act of 2002 (18 USC 1350), each of the undersigned hereby certifies, to his knowledge, that:

(i) the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2021, which this statement accompanies, fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and

(ii) the information contained in the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2021, fairly presents, in all material respects, the financial condition and results of operations of AquaBounty Technologies, Inc.

Dated as of this 4th day of August, 2021.

/s/ Sylvia Wulf

Sylvia Wulf  
*Chief Executive Officer*  
(Principal Executive Officer)

/s/ David A. Frank

David A. Frank  
*Chief Financial Officer*  
(Principal Financial Officer)

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