UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-K

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

For the fiscal year ended December 31, 2024

☐ **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 registrant as specified in its charter)

Delaware	**04-3156167**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

233 Ayer Road, Suite 4
Harvard, Massachusetts 01451
(978) 648-6000

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

Securities registered pursuant to Section 12(b) of the Act:

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

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Yes ☐ No ☒

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

Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes ☒ No ☐

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

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

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

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

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

At June 28, 2024, the aggregate market value of the 3,811,249 shares of common stock held by non-affiliates of the registrant was approximately $6.1 million. At March 24, 2025, the registrant had 3,869,361 shares of common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's Proxy Statement for its Annual Meeting of Stockholders to be held on May 29, 2025 (the "2025 Proxy Statement"), are incorporated by reference into Part III of this Annual Report on Form 10-K.

ANNUAL REPORT ON FORM 10-K

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2024

Table of Contents

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K of AquaBounty Technologies, Inc. (“AquaBounty,” the “Company,” “we,” “us” or “our”), particularly the sections titled “Summary,” “Risk Factors,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Business,” contains forward-looking statements. All statements other than present and historical facts and conditions contained in this Annual Report on Form 10-K, including statements regarding our future results of operations and financial position, business strategy, plans, and our objectives for future operations, are forward-looking statements. When used in this Annual Report on Form 10-K, 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. These risks and uncertainties include, but are not limited to:

- our history of net losses and the likelihood of future net losses;
- our ability to continue as a going concern;
- our ability to raise additional funds, including from the sale of non-current assets, in sufficient amounts on a timely basis, on acceptable terms, or at all;
- our ability to retain and reengage key vendors and engage additional vendors, as needed;
- our ability to obtain approvals and permits to construct and operate our farms without delay;
- our ability to finance our Ohio Farm Project through the placement of municipal bonds, which may require restrictive debt covenants that could limit our control over the farm’s operation and restrict our ability to utilize any cash that the farm generates;
- risks related to potential strategic acquisitions, investments or mergers;
- risks of disease outbreaks in Atlantic salmon farming;
- our ability to efficiently and cost-effectively produce and sell salmon at large commercial scale;
- security breaches, cyber-attacks and other disruptions could compromise our information, or expose us to fraud or liability, or interrupt our operations;
- any further write-downs of the value of our assets;
- business, political, or economic disruptions or global health concerns;
- adverse developments affecting the financial services industry;
- our ability to use net operating losses and other tax attributes, which may be subject to certain limitations;
- volatility in the price of our shares of common stock;
- our ability to maintain our listing on the Nasdaq Stock Market LLC (“Nasdaq”);
- an active trading market for our common stock may not be sustained;
- our status as a “smaller reporting company” and a “non-accelerated filer” may cause our shares of common stock to be less attractive to investors;
- any issuance of preferred stock with terms that could dilute the voting power or reduce the value of our common stock;
- provisions in our corporate documents and Delaware law could have the effect of delaying, deferring, or preventing a change in control of us;
- our expectation of not paying cash dividends in the foreseeable future; 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 Annual Report on Form 10-K 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, 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 Annual Report on Form 10-K. 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.

SUMMARY OF THE MATERIAL RISKS ASSOCIATED WITH OUR BUSINESS

Our business is subject to numerous risks and uncertainties that you should be aware of in evaluating our business, including those described in the "Risk Factors" section in Part I, Item 1A. of this Annual Report on Form 10-K. These risks and uncertainties include, but are not limited to, the following:

- We have a history of net losses and we expect to incur future losses, and there is substantial doubt about our ability to continue as a going concern.
- There can be no assurance that substantial additional capital will be available on a timely basis, on acceptable terms, or at all, or that such funds, if raised, would be sufficient to enable us to continue to implement our business strategy.
- If we lose key vendors, including those necessary to complete the construction of our Ohio Farm Project, or are unable to engage additional vendors, it could delay our construction or commercialization plans.
- We require approvals and permits to construct and operate our farms, and any delay or denial of those approvals or permits could potentially delay or halt certain operations and commercial efforts.
- Delays and defects may prevent the commencement of farm operations.
- The financing of our Ohio Farm Project through the placement of municipal bonds may require restrictive debt covenants that could limit our control over the farm's operation and restrict our ability to utilize a portion of any cash that the farm generates.
- We may pursue strategic acquisitions, investments or mergers that could have an adverse impact on our business if they are unsuccessful.
- Atlantic salmon farming is subject to disease outbreaks, which can increase the cost of production and/or reduce production harvests.
- The successful development of our business depends on our ability to efficiently and cost-effectively produce and sell salmon at large commercial scale.
- Security breaches, cyber-attacks and other disruptions could compromise our information, or expose us to fraud or liability, or interrupt our operations, which would cause our business and reputation to suffer.
- We may be required to further write-down the value of our assets at the end of a reporting period.
- Business, political, or economic disruptions or global health concerns could seriously harm our current or planned business and increase our costs and expenses.
- Adverse developments affecting the financial services industry, including events or concerns involving liquidity, defaults or non-performance by financial institutions or transactional counterparties, could adversely affect our business, financial condition or results of operations.
- Our ability to use net operating losses and other tax attributes to offset future taxable income may be subject to certain limitations.
- The price of our shares of common stock is likely to be volatile, and an active trading market for our common stock may not be sustained.
- We may not be able to maintain our listing on Nasdaq which could limit investors' ability or willingness to make transactions in our securities and subject us to additional trading restrictions.
- We are a "smaller reporting company" and a "non-accelerated filer" and we cannot be certain if applicable scaled disclosure requirements will make our shares of common stock less attractive to investors.
- We may issue preferred stock with terms that could dilute the voting power or reduce the value of our common stock.
- Provisions in our corporate documents and Delaware law could have the effect of delaying, deferring, or preventing a change in control of us, even if that change may be considered beneficial by some of our stockholders.
- We do not anticipate paying cash dividends in the foreseeable future.

The summary risk factors described above should be read together with the text of the full risk factors below, in the section entitled "Risk Factors" and in the other information set forth in this Annual Report on Form 10-K, including our financial statements and the related notes, as well as in other documents that we file with the U.S. Securities and Exchange Commission, or the SEC.

Where You Can Find More Information

We file with the Securities and Exchange Commission (the "SEC") periodic reports and other information, including our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). The SEC maintains an internet site at www.sec.gov that contains reports, proxy and information statements, and other information regarding issuers that file, as we do, electronically with the SEC.

All of these documents are available free of charge on our website, www.aquabounty.com, and will be provided free of charge to stockholders requesting a copy by writing to: Corporate Secretary, AquaBounty Technologies, Inc., 233 Ayer Road, Suite 4, Harvard, Massachusetts 01451, Telephone: (978) 648-6000. We use our website as a channel for routine distribution of important information, including news releases, analyst presentations, and financial information. In addition, our website allows investors and other interested persons to sign up to automatically receive e-mail alerts when we post news releases and financial information on our website. The information contained on, or accessible from, our website or in any other report or document we file with or furnish to the SEC is intended to be inactive textual references only, and is not incorporated by reference into this Annual Report on Form 10-K.

Part I

Item 1. Business

Overview

Company Update

AquaBounty has historically pursued a growth strategy that included the construction of large-scale recirculating aquaculture system ("RAS") farms for producing our genetically engineered Atlantic salmon (the "GE Atlantic salmon"). We had commenced construction of a 10,000 metric ton farm in Pioneer, Ohio (the "Ohio Farm Project"), but paused the construction in June 2023, as the cost estimate to complete the farm continued to substantially increase due to inflation and other factors. Further, these cost increases impaired our ability to pursue municipal bond financing, which was a necessary component of our funding strategy. We subsequently engaged an investment bank to pursue a range of funding and strategic alternatives, and to assist management in the prioritization of our core assets. These efforts resulted in the sale of our grow-out farm in Indiana ("Indiana Farm") in July 2024, recurring sales throughout the year of selected equipment originally intended for the Ohio Farm Project ("Ohio Equipment Assets"), and the sale of our Canadian subsidiary, including the broodstock farms owned by the Canadian subsidiary in Prince Edward Island, Canada ("Canadian Farms"), and our intellectual property for the GE Atlantic salmon, along with trademarks and patents ("Corporate IP") in March 2025. During 2024, we also focused on cost containment to preserve and extend our available cash. After completion of these transactions, our primary remaining asset is our investment in the Ohio Farm Project, consisting of the remaining Ohio Equipment Assets and the land and construction in process (the "Ohio Farm Site"). We continue to work with our investment bank to identify the optimal path forward for realizing the potential of this asset, either through new investment, partnership or other strategic options.

Discontinued Operations

As noted above, we sold our Indiana Farm in July 2024 and our Canadian Farms in March 2025. These farms have been designated as discontinued operations in our consolidated financial statements for the years ended December 31, 2024 and 2023 in this Form 10-K (see Note 4 to our consolidated financial statements for additional information).

Impairment Charges

During the second quarter of 2024, we began to market our Indiana Farm for sale. The sale was completed in July and included certain Ohio Equipment Assets that had been purchased for the Ohio Farm Project. Based on the net sale price, we recorded an impairment charge against the Indiana Farm of $22.5 million. We then conducted an impairment analysis of the remaining Ohio Equipment Assets, resulting in an impairment charge of $26.3 million. At that time, we made the decision to continue to sell certain of our Ohio Equipment Assets in order to generate cash for liquidity, and therefore we reclassified our Ohio Equipment Assets as Assets Held for Sale on our consolidated balance sheet.

We continued to sell Ohio Equipment Assets during the remainder of the year, and based on these additional transactions, we conducted an impairment analysis at year-end on the remaining Ohio Equipment Assets that were held for sale, along with the Ohio Farm Site. As a result of this analysis, we recorded impairment charges of $18.2 million and $57.3 million against the Ohio Equipment Assets and the Ohio Farm Site, respectively.

In December of 2024, we entered into a Letter of Intent with a buyer to purchase the Canadian Farms. The transaction closed in March 2025 and included all of our Corporate IP. Based on the net sale price, we recorded impairment charges of $5.4 million and $0.2 million against the Canadian Farms and Corporate IP, respectively. The table below depicts the impairments charges recorded during 2024 by asset group totaling $129.8 million.

$000	2024 Impairment Charges		
Impairment Item	Continuing Operations	Discontinued Operations	Total Charge
Corporate IP	$ 191		$ 191
Ohio Equipment Assets	44,467		44,467
Ohio Farm Site	57,257		57,257
Indiana Farm		22,468	22,468
Canadian Farms		5,443	5,443
Total	$ 101,915	$ 27,911	$ 129,826

Corporate History

AquaBounty 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, we obtained the exclusive licensing rights for a gene construct (transgene) used to create a breed of farm-raised Atlantic salmon that exhibits growth rates that are substantially faster than conventional salmon.

We have striven to be a leader in the field of land-based aquaculture and the use of technology for improving its productivity and sustainability, and our objective has been to ensure the availability of high-quality seafood to meet growing global consumer demand, while addressing critical production constraints in one of the most popular farmed species. Our strategy has been based on our four core competencies: our proprietary GE Atlantic salmon, our experience operating land-based farms, our vertical integration, and our expertise in biotechnology.

We do not currently operate any salmon farms, as we have sold our Indiana Farm and our Canadian Farms. We have also sold the intellectual property for our GE Atlantic salmon, included in our Corporate IP. Our primary asset is our Ohio Farm Site, which consists of the land and the construction in process for a commercial scale recirculating aquaculture production facility, for which we have engaged an investment banker to advise us on a range of strategic alternatives.

Reverse Stock Split

On October 12, 2023, the stockholders of the Company approved a reverse stock split of the Company's common stock, and the Board of Directors approved a split ratio of 1-for-20. The reverse stock split was implemented on October 16, 2023. In conjunction with the reverse stock split, the number of shares of common stock authorized for issuance was reduced from 150 million to 75 million. All share and per share information in this Annual Report on Form 10-K have been adjusted to reflect this change.

Aquaculture Industry

Aquaculture is the farming of aquatic organisms such as fish, shellfish, crustaceans, and aquatic plants. It involves cultivating freshwater or saltwater species under controlled conditions, as an alternative to the commercial harvesting of wild species of aquatic organisms. According to the Food and Agriculture Organization of the United Nations ("FAO"), aquaculture was a $296 billion industry in 2022, with salmon farming accounting for $22 billion.

Market Drivers

Population Growth Drives Demand for Food Protein

According to FAO, global population is projected to reach 9.7 billion people by 2050, or roughly 20% growth over the next 26 years. In addition to the increased demand for food from the rising population, increased incomes and urbanization from a growing middle class will drive increased demand for protein food sources. According to FAO, global fish consumption has been growing faster than all other animal protein foods.

Traditional Fisheries Cannot Meet the Demand

The increased demand for fish protein cannot be satisfied from traditional capture fisheries. FAO research indicates that 25% of all major marine fisheries are subjected to severe overfishing, while an additional 52% are fully exploited. Total production from global capture fisheries has been relatively stable since the late-1980s, with catches generally fluctuating between 86 million metric tons and 96 million metric tons per year, with 91 million metric tons recorded in 2022, the last year for which data is available from FAO. In contrast, over the same period, aquaculture fish production has grown from 14 million metric tons to a level of 94 million metric tons in 2022 and now accounts for 51% of global fish production. Feeding the growing population and meeting the demand for fish protein will require aquaculture production to nearly double by 2050.

Salmon Farming

Atlantic salmon farming is a major industry in the cold-water countries of the northern and southern hemispheres. According to Kontali, global Atlantic salmon aquaculture harvests grew by approximately 5% annually between 2017 and 2022, reaching 2.9 million metric tons with a value of $22 billion.

Limitations of Conventional Sea-Cage Salmon Farming

Conventional salmon aquaculture takes place in large cages (sea-cages) in coastal waterways exposed to currents, which can bring a variety of pathogens in contact with the farmed salmon. The presence of pathogens in an uncontrolled environment is a universally accepted fact in human and animal health. Such disease agents in these uncontrolled water currents can result in infection that spreads within the captive population. The risks and outcomes of conventional, open sea-cage systems are well established, including the susceptibility to extreme weather conditions, and are often evidenced by outbreaks of a variety of bacterial and viral diseases, as well as water fouling and contamination due to algal blooms and similar events. This risk of disease has led to the widespread use of antibiotics, vaccines, and other pharmacological agents.

The most prevalent disease and health management issues are infectious salmon anemia (“ISA”) and sea lice. ISA is a viral disease in Atlantic salmon, and outbreaks have occurred in virtually every major salmon farming geography since 1984, including a major event in Chile in 2008 that impacted the country’s production for three years. There is currently no effective treatment for the disease, and the salmon farming industry relies on health management practices to mitigate its impact. Sea lice are marine parasites that occur naturally and attach to the skin of Atlantic salmon. Even a few sea lice can increase the likelihood of secondary infections and mortality, and the presence of significant numbers is likely to have adverse effects on fish health and aesthetic appearance. The cost of managing sea lice in sea-cage farming environments can be significant. Other viral diseases, such as salmonid rickettsial septicemia (“SRS”), continue to present significant challenges, while new emerging diseases caused by viruses, including heart and skeletal muscle inflammation (“HSMI”) and cardio myopathy syndrome (“CMS”), are on the rise.

Another limitation of the conventional salmon production system is that the farms are not located near the ultimate consumers, and thus, an additional carbon footprint is created in transporting the fish from its production to its consumption location.

Land-Based RAS Production

Closed, contained, land-based production systems using RAS technology can be used for the grow-out of fish and are less susceptible to disease-related pressures of conventional salmon farming, because this type of culture system is isolated from the environment. RAS facilities employ sophisticated water treatment technology, including the use of ozone, salt treatment and ultraviolet radiation to kill potential bacterial, fungal, or viral pathogens which might enter the system. In addition, incoming water is similarly filtered and treated prior to entering the system, and water quality is regularly measured as part of the standard procedures. The fish in RAS facilities are generally not vaccinated against typical fish diseases, and no antibiotics, pesticides, or pharmacological agents are typically required. RAS facilities employ effective biosecurity to prevent disease by reducing or eliminating the introduction of pathogens and continuously treating the water to assure optimal fish health. RAS production allows fish to be raised in optimized conditions with total control of the water coming in and going out of the system, while recirculating greater than 95% of the water used.

In addition to biosecurity measures to optimize fish health, RAS farms feature multiple layers of containment designed to prevent escapes. The multiple layers of containment provide a much-needed solution to raising fresh, healthy seafood in a manner that prevents harming native fish populations. This method of land-based fish farming has been promoted by many environmental non-governmental organizations (“NGOs”), and it does not pose a threat to wild salmon populations.

U.S. Market

According to Kontali, in 2022, the supply of Atlantic salmon to the U.S. market reached a record 1.44 million pounds (652 thousand metric tons) with an aggregate market value of over $5.4 billion. The vast majority of the imported Atlantic salmon originated from Chile, Canada, and Norway. The Atlantic salmon farming industry in the United States contracted significantly beginning in the 1990s in the face of environmental concerns and lower costs of production from foreign sources, notably Chile. According to Kontali, a net of only 8 thousand pounds (4 thousand metric tons) of farmed Atlantic salmon was available in the United States in 2022, representing less than 1.0% of the total farmed Atlantic salmon supplied to the country.

Despite intensive public consumer education campaigns promoting its health benefits, seafood consumption in the United States still lags behind other protein sources and trails consumption in overseas markets. According to the USDA, during the period from 2010 to 2020, the latest period of data available, annual seafood consumption in the United States ranged between 17 and 19 pounds per capita, significantly behind consumption of poultry (62 to 68 pounds), beef (51 to 55 pounds), and pork (43 to 47 pounds). In comparison, according to FAO, seafood consumption worldwide averaged 45 pounds per capita in the period from 2018 to 2020.

Sales Plan

The salmon distribution system in the United States is complex and varied. Participants include fishermen, fish farmers, processors, importers, secondary processors, broadline distributors, specialty seafood distributors, brokers, traders, and many different kinds of retail and food service companies. Salmon distribution channels are evolving, with fewer and larger distributors handling an increasing share of total volume and an increasing share of salmon being sold directly by large fish-farming companies and large wild salmon processors to major retail and food service chains.

As a commodity food item, the price of Atlantic salmon is variable based on the supply and demand for product weekly. Urner Barry publishes an index that provides comprehensive market coverage across all major center-of-the-plate food proteins, taking into account differences for fish size and quality.

Competition

The global Atlantic salmon farming industry includes several very large companies with operations in each of the major producing countries. Consolidation has been evident in the past few years as producers attempt to gain competitive cost advantages while overcoming the regulatory challenges associated with developing new marine farm sites. Major market producers include the following companies: Mowi, SalMar, Aquachile, Leroy Seafood Group, Cermaq Group, Cooke Aquaculture, Bakkafrost and Australis Mar Seafood. It is estimated that these eight companies accounted for approximately 53% of the Atlantic salmon produced in 2022.

Ohio Farm Project

Current Status

We commenced construction on the Ohio Farm Site and began ordering Ohio Equipment Assets (together, the "Ohio Farm Project") in the first quarter of 2022 and spent roughly $145 million on the project before construction was halted in June 2023, due to increases in costs from inflation and other factors. At the time of the construction stoppage, roughly 30 percent of the facility had been completed.

Source: AquaBounty

Cost to Complete

Preparing cost and timing estimates for complex RAS farms is inherently difficult and subject to change based on a number of factors, including design changes, elevated inflationary pressure on costs of materials and labor, the impact of health epidemics, construction delays, dependence on contractors, the impact of increasing interest rates on financing costs, customer requirements and unexpected complications. At the time that we halted construction on the Ohio Farm Site, our estimate for the total cost for the Ohio Farm Project, including construction, land, equipment, insurance and ancillary costs was in the range of $485 million to $495 million, substantially above our previous estimates, and significantly higher than what we could finance.

Plan for Completion

We have been working with our investment bank on strategic alternatives for the Ohio Farm Site, including new investment to allow for the completion of the Ohio Farm Project construction. Alternatives include new equity funding, partnerships or joint ventures. We believe that funding of roughly $400 million will be required to complete the construction and replace the Ohio Equipment Assets that have been sold. This figure, however, is based on the current design and expected use of the facility as a salmon grow-out farm. Depending on the strategic alternative that we follow, the design (smaller or larger production volume) and use of the farm (salmon or other species) could be changed, which could result in a different cost of completion number.

The picture below shows a design rendering of the inside of the Ohio Farm Project once completed.

Source: AquaBounty

Human Capital Resources

As of March 24, 2025, our total headcount was four, all of whom have corporate roles.

Item 1A. Risk Factors

The following are certain risk factors that could affect our business, financial condition, and results of operations. You should carefully consider the risks described below, together with the other information contained in this Annual Report on Form 10-K, including our consolidated financial statements and the related notes. 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 Annual Report on Form 10-K 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 and elsewhere in this Annual Report on Form 10-K. See "Cautionary Note Regarding Forward-Looking Statements" for information relating to these forward-looking statements.

Risks Relating to our Business and Future Plans

We have a history of net losses and expect to incur future losses, and there is substantial doubt about our ability to continue as a going concern.

In the period from incorporation to December 31, 2024, we have incurred cumulative net losses of approximately $370 million, and we expect to incur additional net losses in future periods. These losses are related to our personnel, research and development, production and marketing costs. As of December 31, 2024, we had $230 thousand in cash and cash equivalents.

Our ability to continue as a going concern is dependent upon our ability to raise additional capital, and there can be no assurance that such capital will be available in sufficient amounts, on a timely basis, on acceptable terms, or at all. This raises substantial doubt about our ability to continue as a going concern within one year after the date hereof. The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business and do not include any adjustments that might result from the outcome of this uncertainty. If we cannot continue as a going concern, our stockholders would likely lose most or all of their investment in us.

There can be no assurance that substantial additional capital will be available on a timely basis, on acceptable terms, or at all, or that such funds, if raised, would be sufficient to enable us to continue to implement our business strategy.

We require new financing to provide liquidity for working capital and to fund the completion of our Ohio Farm Project. To meet this need, we have engaged an investment bank to pursue a range of funding and strategic alternatives, including potential joint venture partnerships or other strategic transactions. There is no guarantee that additional funds will be available on a timely basis, on acceptable terms, or at all, or that such funds, if raised, would be sufficient to enable us to continue to implement our business strategy. 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, or strategic alliances with third parties, we may have to relinquish valuable rights to our future revenue streams on terms that may not be favorable to us.

If we lose key vendors, including those necessary to complete the construction of our Ohio Farm Project, or are unable to engage additional vendors, it could delay our construction or commercialization plans.

The completion of the construction of our Ohio Farm Project depends on our construction and equipment vendors' willingness to continue to support the project once we are ready to resume construction. Due to the rising project cost estimate, we paused construction activities in July 2023, while we pursue additional financing. There can be no guarantee that our vendors will be available or willing to reengage construction activities on the project when we have completed our financing and are ready to resume construction. If our vendors are not ready to resume construction activities, or if we need to engage new vendors, it could delay our construction and commercialization plans.

We require approvals and permits to construct and operate our Ohio Farm Project, and any delay or denial of those approvals or permits could potentially delay or halt certain operations and commercial efforts.

We may not be able to obtain the approvals and permits that will be necessary in order to construct and operate our Ohio Farm Project as planned. We will need to obtain a number of required permits in connection with the hydrology, construction and operation of our Ohio Farm Project, which is often a time-consuming process. Delays or conditions imposed in obtaining the required approvals and permits for our farms, have delayed and may further delay our expected construction completion, commercial stocking and first sale dates and/or lead to further cost increases. If we are unable to obtain the required approvals and permits for our Ohio Farm Project, we will not be able to construct the farm. In addition, federal, state and local governmental requirements could substantially increase our costs, which could materially harm our results of operations and financial condition.

Delays and defects may prevent the commencement of farm operations.

Delays and defects may cause our costs to increase to a level that would make our Ohio Farm Project too expensive to construct or unprofitable. If we resume construction of our Ohio Farm Project, we may suffer significant delays or cost overruns due to shortages of workers or materials, construction and equipment cost escalation, transportation constraints, adverse weather, unforeseen difficulties or labor issues, or changes in political administrations at the federal, state or local levels that result in policy changes. Defects in materials or workmanship could also delay the completion of our Ohio Farm Project, increase production costs or negatively affect the quality of our products. Due to these or other unforeseen factors, we may not be able to proceed with the construction or operation of our Ohio Farm Project in a timely manner or at all.

The financing of our Ohio Farm Project through the placement of municipal bonds may require restrictive debt covenants that could limit our control over the farm's operation and restrict our ability to utilize a portion of any cash that the farm generates.

We anticipate using both equity and debt to finance the construction and initial working capital for our Ohio Farm Project. Debt financing will likely contain certain customary restrictive covenants that require us to maintain certain operating ratios and may restrict our use of any cash that is generated by the farm. The amount of debt used to finance the project may be significant and may require the use of a trustee to oversee the project funds and to monitor the project's performance and adherence to any restrictive covenants. Failure to meet the restrictive covenants over a period of time could result in more oversight by the trustee and a loss of some of our control over the operation, or could even result in the trustee stepping in to manage the farm's operation.

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.

We may pursue strategic acquisitions, investments or mergers that could have an adverse impact on our business if they are unsuccessful.

If appropriate opportunities become available, we may acquire, invest in or merge with businesses, assets, technologies, or products to enhance our business in the future. In connection with any future acquisitions, investments or mergers, we could:

- issue additional equity securities, which would dilute the ownership interest and voting power of our current stockholders;
- incur substantial debt to fund the acquisitions; or
- assume significant liabilities.

Acquisitions, investments or mergers involve numerous risks, including:

- difficulties integrating the purchased operations, technologies, or products;
- unanticipated costs and other liabilities;
- diversion of management's attention from our core business;
- adverse effects on existing business relationships with current and/or prospective customers and/or suppliers;
- risks associated with entering markets in which we have no or limited prior experience; and
- potential loss of key employees.

We do not have extensive experience in managing the integration process, and we may not be able to successfully integrate any businesses, assets, products, technologies, or personnel that we might acquire in the future without a significant expenditure of operating, financial, and management resources. The integration process could divert management time from focusing on operating our business, result in a decline in employee morale, or cause retention issues to arise from changes in compensation, reporting relationships, future prospects, or the direction of the business. Certain transactions may require us to record periodic impairment charges, incur amortization expenses related to certain intangible assets, and incur large and immediate write-offs and restructuring and other related expenses, all of which could harm our operating results and financial condition. In addition, we may acquire companies that have insufficient internal financial controls, which could impair our ability to integrate the acquired company and adversely impact our financial reporting. If we fail in our integration efforts with respect to any of our acquisitions and are unable to efficiently operate as a combined organization, our business and financial condition may be adversely affected.

Risks Relating to Our Business

Atlantic salmon farming is subject to disease outbreaks, which can increase the cost of production and/or reduce production harvests.

Salmon farming systems, particularly conventional, open sea-cage systems, are vulnerable to disease introduction and transmission, primarily from the marine environment or adjacent culture systems. The economic impact of disease to these production systems can be significant, as farmers must incur the cost of preventative measures, such as vaccines and antibiotics, and then, if the fish become infected, the cost of lost or reduced harvests.

The successful development of our business depends on our ability to efficiently and cost-effectively produce and sell salmon at large commercial scale.

Although we have over two decades of experience in successfully raising Atlantic salmon in land-based systems, we do not currently have an operating farm and we no longer own the intellectual property of the GE Atlantic salmon, as our Corporate IP was recently sold in a transaction involving the sale of our Canadian Farms. Our business plans depend on our ability to produce salmon in a large, commercial scale farm. We have limited experience constructing, ramping up, and managing such large, commercial-scale facilities, and we may not have anticipated all of the factors or costs that could affect our production, harvest, sale, and delivery of salmon at such a scale. For example, we may encounter operational challenges for which we are unable to identify a workable solution, control deficiencies may surface, our vendors may experience capacity constraints, or our production cost and timeline projections may prove to be inaccurate. Any of these could decrease process efficiency, create delays, and increase our costs. We are also subject to volatility in market demand and prices.

In addition, competitive pressures, customer volatility and the possible inability to secure established and ongoing customer partnerships and contracts, may result in a lack of buyers for salmon. Customers may not wish to follow our terms and conditions of sale, potentially resulting in a violation of labeling or disclosure laws, improper food handling, nonpayment for product, and similar issues. The competitive landscape for salmon may create challenges in securing competitive pricing for our salmon to reach our competitive goals. In addition, it is possible that we may not be able to service our customers to meet their expectations regarding fish quality, ongoing harvest supply availability, order processing fill rate, on time or correct deliveries, potential issues with third-party processors, and other factors, which could impact our relationships with customers, our reputation, and our business results.

Security breaches, cyber-attacks and other disruptions could compromise our information, or expose us to fraud or liability, which would cause our business and reputation to suffer.

In the ordinary course of our business, we use third-party, cloud-based servers and networks to store sensitive data, including our proprietary business and financial information; general business information regarding our customers, suppliers, and business partners; and personally identifiable information of employees. The security of our network and the storage and maintenance of sensitive information is critical to our business. Despite our security measures, our and our third-party providers' information technology and infrastructure are subject and vulnerable to cyber-attacks by hackers, such as social engineering/phishing, malware (including ransomware), malfeasance by insiders, human or technological error, and as a result of bugs, misconfigurations or exploited vulnerabilities in software or hardware. A breach of our or our third parties' security could compromise our and/or their networks, and the information stored could be accessed, manipulated, publicly disclosed, lost, or stolen. Any such access, manipulation, disclosure, or loss of information could result in errors in our records, fraudulent use of our financial information or theft of assets, legal claims or proceedings (such as class actions), regulatory investigations and enforcement actions, liability under laws that protect the privacy of personal information (including fines and penalties), theft of our intellectual property, damage to our reputation and/or significant system restoration or remediation and future compliance costs. In addition, our systems could be the subject of denial of service or other interference, which could disrupt our business. There can also be no assurance that our cybersecurity risk management program and processes, including our policies, controls or procedures, will be fully implemented, complied with or effective in protecting our systems and information.

We may be required to further write down the value of our assets at the end of a reporting period.

Any adjustments to the carrying value of our assets are reported as an impairment charge on our income statement. Such adjustments may be material in any given period and could adversely affect our financial condition and results of operations.

Risks Relating to the Industry and Macro Environment

Business, political, or economic disruptions or global health concerns could seriously harm our current or planned business and increase our costs and expenses.

Broad-based business or economic disruptions, political instability, or global health concerns could adversely affect our current or planned production, sale, distribution, research and development, and expansion. For example, the COVID-19 pandemic and its related adverse public health developments, including orders to shelter-in-place, travel restrictions, and mandated business closures adversely affected workforces, organizations, customers, economies, and financial markets globally, leading to an economic downturn and increased market volatility. It also disrupted the normal operations of many businesses, including ours.

Global health concerns like the COVID-19 pandemic could result in social, economic, and labor instability in the countries in which we or the third parties with whom we engage operate. Impacts related to global health events have included, and in the future may include, shortages of packaging workers and transportation suppliers, slower and more expensive harvests and increased culling activity, supply chain disruptions, facility and production suspensions, and decreased demand for other goods and services, including salmon in the institutional sales chain.

We cannot predict the scope and severity of business, political or economic disruptions or global health concerns. If we or any of the third parties with whom we engage, including suppliers, distributors, service providers, regulators, and overseas business partners, experience shutdowns or other disruptions again in the future, our ability to conduct our business in the manner and on the timelines presently planned could be materially and negatively impacted, our anticipated revenues could decrease, and our costs and expenses could continue to rise as a result of our efforts to address such disruptions.

Adverse developments affecting the financial services industry, including events or concerns involving liquidity, defaults or non-performance by financial institutions or transactional counterparties, could adversely affect our business, financial condition or results of operations.

Events involving limited liquidity, defaults, non-performance or other adverse developments that affect financial institutions, transactional counterparties or other companies in the financial services industry or the financial services industry generally, or concerns or rumors about any events of these kinds or other similar risks, have in the past and may in the future lead to market-wide liquidity problems. Most recently, on March 10, 2023, Silicon Valley Bank, now a division of the First Citizens Bank, was closed by the California Department of Financial Protection and Innovation, which appointed the Federal Deposit Insurance Corporation ("FDIC") as receiver. Similarly, on March 8, 2023, Silvergate Capital Corp. announced its decision to voluntarily liquidate its assets and wind down its operations. Our access to funding sources and other credit arrangements in amounts adequate to finance or capitalize our current and projected future business operations could be significantly impaired by factors that affect us, the financial services industry or economy in general. These factors could include, among others, events such as liquidity constraints or failures, the ability to perform obligations under various types of financial, credit or liquidity agreements or arrangements, disruptions or instability in the financial services industry or financial markets, or concerns or negative expectations about the prospects for companies in the financial services industry.

In addition, investor concerns regarding the U.S. or international financial systems could result in less favorable commercial financing terms, including elevated interest rates or costs and tighter financial and operating covenants, or systemic limitations on access to credit and liquidity sources, thereby making it more difficult for us to acquire financing on acceptable terms or at all. Any decline in available funding or access to our cash and liquidity resources could, among other risks, adversely impact our ability to meet our operating expenses or financial obligations or fulfill our other obligations, result in breaches of our contractual obligations or result in violations of federal or state wage and hour laws. Any of these impacts, or any other impacts resulting from the factors described above or other related or similar factors, could have material adverse impacts on our liquidity and our business, financial condition or results of operations.

We currently have cash and cash equivalents deposited in Citizens Bank, N.A. representing 100% of our total amounts. If any of the financial institutions in which we have deposited funds ultimately fails, we may lose our uninsured deposits at such financial institutions, and/or we may be required to move our accounts to another financial institution, which could cause operational difficulties, such as delays in making payments to our partners and employees, which could have an adverse effect on our business and financial condition.

Our ability to use net operating losses and other tax attributes to offset future taxable income may be subject to certain limitations.

In general, under Sections 382 and 383 of the U.S. Tax Code (the "Code"), a corporation that undergoes an "ownership change" is subject to limitations on its ability to utilize its pre-change net operating losses ("NOLs"), tax credits, or other tax attributes to offset future taxable income or taxes. For these purposes, an ownership change generally occurs where the aggregate stock ownership of one or more stockholders or groups of stockholders who owns at least 5% of a corporation's stock increases its ownership by more than 50 percentage points over its lowest ownership percentage within a specified testing period. In addition to limitations imposed by the 2017 Tax Cuts and Jobs Act, a portion of our NOLs are subject to substantial limitations arising from previous ownership changes, and, if we undergo another ownership change, our ability to utilize NOLs could be further limited by Sections 382 and 383 of the Code. In addition, future changes in our stock ownership, many of which are outside of our control, could result in an ownership change under Sections 382 and 383 of the Code. Our NOLs may also be impaired under state law. Accordingly, we may not be able to utilize a material portion of our NOLs. Furthermore, our ability to utilize our NOLs is conditioned upon our attaining profitability and generating U.S. federal and state taxable income.

Risks Relating to our Common Stock

The price of our shares of common stock is likely to be volatile.

The share price of publicly traded emerging companies can be highly volatile and subject to wide fluctuations. The prices at which our common stock is quoted and the prices which investors may realize will be influenced by a large number of factors, some specific to our company and operations and some that may affect the quoted land-based fish farming industry, the biotechnology sector, or quoted companies generally. These factors could include variations in our operating results, publicity regarding the process of obtaining regulatory approval to commercialize our products, divergence in financial results from analysts' expectations, changes in earnings estimates by stock market analysts, overall market or sector sentiment, legislative changes in our sector, the performance of our research and development programs, large purchases or sales of our common stock, currency fluctuations, legislative changes in the bioengineering environment, future sales of our common stock or the perception that such sales could occur and general economic conditions. Certain of these events and factors are outside of our control. Stock markets have from time to time experienced severe price and volume fluctuations, which, if recurring, could adversely affect the market prices for our common stock.

We may not be able to maintain our listing on Nasdaq, which could limit investors' ability or willingness to make transactions in our securities and subject us to additional trading restrictions.

Even though our common stock is traded on Nasdaq, we cannot assure you that we will be able to comply with standards necessary to maintain such listing, which may result in our common stock being delisted from Nasdaq. If our common stock were no longer listed on Nasdaq, investors would experience impaired liquidity for our common stock, not only in the number of shares that could be bought and sold at a given price, which might be depressed by the relative illiquidity, but also through delays in the timing of transactions and reduction in media coverage. For example, investors might only be able to trade on one of the over-the-counter markets. In addition, we could face significant material adverse consequences, including:

- a limited availability of market quotations for our securities;
- a limited amount of news and analyst coverage for us; and
- a decreased ability to issue additional securities or obtain additional financing in the future.

On October 31, 2022, we received a letter (the "2022 Notice") from Nasdaq notifying us that, because the closing bid price for our common stock had been below $1.00 per share for the previous 30 consecutive business days, it no longer complied with the minimum bid price requirement for continued listing on Nasdaq. The 2022 Notice had no immediate effect on our listing or on the trading of our common stock. The 2022 Notice provided us with a compliance period of 180 calendar days, or until May 1, 2023, to regain compliance. We were subsequently granted an additional 180 calendar days, or until October 30, 2023, to regain compliance with the minimum $1.00 bid price per share requirement for continued listing on Nasdaq.

To improve the price level of our common stock so that we could regain compliance with the minimum bid price requirement, on October 12, 2023, our stockholders approved a reverse stock split of our common stock, and our Board of Directors approved a split ratio of 1-for-20. The reverse stock split was implemented on October 16, 2023, and on October 30, 2023, we received a notice from Nasdaq confirming that we had regained compliance with the minimum bid price requirement.

On January 15, 2025, we received a letter (the "2025 Notice") from Nasdaq notifying us that, because the closing bid price for our common stock had been below $1.00 per share for the previous 30 consecutive business days, it no longer complied with the minimum bid price requirement for continued listing on Nasdaq. The 2025 Notice had no immediate effect on our listing or on the trading of our common stock. The 2025 Notice provides us with a compliance period of 180 calendar days, or until July 15, 2025, to regain compliance. If we do not regain compliance by July 15, 2025, we may be eligible for an additional 180-calendar day compliance period. To qualify, we will be required to meet the continued listing requirement for market value of publicly held shares and all other initial listing standards on the Nasdaq Capital Market (except the bid price requirement). In addition, we would be required to provide written notice of our intention to cure the minimum bid price deficiency during this second 180-day compliance period by effecting a reverse stock split, if necessary. If we are not granted an additional 180-day compliance period, then Nasdaq would provide written notification that our common stock will be subject to delisting. At that time, we would be able to appeal the determination to delist our common stock to a Nasdaq hearings panel.

There can be no assurance that we will regain compliance with the Nasdaq minimum bid price requirement during the 180-day compliance period, secure a second 180-day period to regain compliance, maintain compliance with the other Nasdaq listing requirements or be successful in appealing any delisting determination. Any failure to comply with Nasdaq listing rules could lead to the delisting of our common stock from Nasdaq and our common stock trading, if at all, only on the over-the-counter markets, which would likely have less liquidity and more price volatility than experienced on Nasdaq. Stockholders may not be able to sell their shares of our common stock on any such substitute market in the quantities, at the times, or at the prices that could potentially be available on a more liquid trading market. As a result of these factors, if our common stock is delisted from Nasdaq, the value and liquidity of our common stock would likely be significantly adversely affected.

An active trading market for our common stock may not be sustained.

Although our common stock is currently listed and traded on Nasdaq, an active trading market for our common stock may not be maintained. If an active market for our common stock is not maintained, it may be difficult for stockholders to sell shares of our common stock. An inactive trading market may impair our ability to raise capital to continue to fund operations by selling shares and may impair our ability to acquire other companies or technologies by using our shares as consideration.

We are a "smaller reporting company" and a "non-accelerated filer" and we cannot be certain if applicable scaled disclosure requirements will make our shares of common stock less attractive to investors.

As a "smaller reporting company," we elected to comply with scaled disclosure requirements relative to companies that are not smaller reporting companies, including but not limited to, reduced disclosure obligations regarding executive compensation in our filings with the SEC. Under current SEC rules, we will continue to qualify as a "smaller reporting company" for so long as (i) we have a public float (i.e., the aggregate market value of common equity held by non-affiliates) of less than $250 million or (ii) our annual revenue is less than $100 million during the most recently completed fiscal year and the aggregate market value of our common stock held by non-affiliates is less than $700 million. In addition, under current SEC rules, we are not an "accelerated filer" and, therefore, are not required to include an auditor attestation of the effectiveness of our internal control over financial reporting in this Annual Report on Form 10-K.

We cannot predict if investors will find our shares of common stock to be less attractive because we rely and may in the future continue to rely on these exemptions. If some investors find our shares of common stock less attractive as a result, there may be a less active trading market for our shares of common stock, and our share price may be more volatile.

We may issue preferred stock with terms that could dilute the voting power or reduce the value of our common stock.

While we have no specific plan to issue preferred stock, our certificate of incorporation authorizes us to issue, without the approval of our stockholders, one or more series of preferred stock having such designation, relative powers, preferences (including preferences over our common stock respecting dividends and distributions), voting rights, terms of conversion or redemption, and other relative, participating, optional, or other special rights, if any, of the shares of each such series of preferred stock and any qualifications, limitations, or restrictions thereof, as our Board of Directors may determine. The terms of one or more classes or series of preferred stock could dilute the voting power or reduce the value of our common stock. For example, the repurchase or redemption rights or liquidation preferences we could assign to holders of preferred stock could affect the residual value of the common stock.

Provisions in our corporate documents and Delaware law could have the effect of delaying, deferring, or preventing a change in control of us, even if that change may be considered beneficial by some of our stockholders.

The existence of some provisions of our certificate of incorporation or our bylaws or Delaware law could have the effect of delaying, deferring, or preventing a change in control of us that a stockholder may consider favorable. These provisions include:

- establishing advance notice requirements for nominations of candidates for election to our Board of Directors or for proposing matters that can be acted on by stockholders at stockholder meetings; and
- authorizing the issuance of “blank check” preferred stock, which could be issued by our Board of Directors to issue securities with voting rights and thwart a takeover attempt.

As a Delaware corporation, we are also subject to provisions of Delaware law, including Section 203 of the General Corporation Law of the State of Delaware. Section 203 prevents some stockholders holding more than 15% of our voting stock from engaging in certain business combinations unless the business combination or the transaction that resulted in the stockholder becoming an interested stockholder was approved in advance by our Board of Directors, results in the stockholder holding more than 85% of our voting stock (subject to certain restrictions), or is approved at an annual or special meeting of stockholders by the holders of at least 66 2/3% of our voting stock not held by the stockholder engaging in the transaction. Any provision of our certificate of incorporation or our bylaws or Delaware law that has the effect of delaying or deterring a change in control could limit the opportunity for our stockholders to receive a premium for their shares of our common stock and affect the price that some investors are willing to pay for our common stock.

We do not anticipate paying cash dividends in the foreseeable future, and, accordingly, stockholders must rely on stock appreciation for any return on their investment.

We have never declared or paid cash dividends on our common stock. We do not anticipate paying cash dividends in the foreseeable future and intend to retain all of our future earnings, if any, to finance the operations, development, and growth of our business. There can be no assurance that we will have sufficient surplus under Delaware law to be able to pay any dividends at any time in the future. As a result, absent payment of dividends, only appreciation of the price of our common stock, which may never occur, will provide a return to stockholders. You may also have to sell some or all of your shares of our common stock in order to generate cash flow from your investment in us.

Item 1B. Unresolved Staff Comments

None.

Item 1C. Cybersecurity

We have developed and implemented a cybersecurity risk management program intended to protect the confidentiality, integrity, and availability of our critical systems and information.

We design and assess our program based on the National Institute of Standards and Technology Cybersecurity Framework ("NIST CSF"). This does not imply that we meet any particular technical standards, specifications, or requirements, only that we use the NIST CSF as a guide to help us identify, assess, and manage cybersecurity risks relevant to our business.

Our cybersecurity risk management program is integrated into our overall enterprise risk management program, and shares common methodologies, reporting channels and governance processes that apply across the enterprise risk management program to other legal, compliance, strategic, operational, and financial risk areas.

Our cybersecurity risk management program includes, but is not limited to, the following key elements:

- risk assessments designed to help identify material cybersecurity risks to our critical systems and information;
- a security team principally responsible for managing (1) our cybersecurity risk assessment processes, (2) our security controls, and (3) our response to cybersecurity incidents;
- the use of external service providers, where appropriate, to assess, test or otherwise assist with aspects of our security processes;
- cybersecurity awareness training of our employees, incident response personnel, and senior management; and
- a cybersecurity incident response plan that includes procedures for responding to cybersecurity incidents.

We have not identified risks from known cybersecurity threats, including as a result of any prior cybersecurity incidents, that have materially affected us, including our operations, business strategy, results of operations or financial condition. We face risks from cybersecurity threats that, if realized, are reasonably likely to materially affect us, including our operations, business strategy, results of operations or financial condition. There were no material cybersecurity breaches during 2024. See "Risk Factors – Security breaches, cyber-attacks and other disruptions could compromise our information, expose us to fraud or liability, or interrupt our operations, which would cause our business and reputation to suffer."

Cybersecurity Governance

Our Board of Directors considers cybersecurity risk as part of its risk oversight function and oversees management's implementation of our cybersecurity risk management program. The Board of Directors receives periodic reports from management on our cybersecurity risks and management updates the Board of Directors, as necessary, regarding any material cybersecurity incidents, as well as any incidents with lesser impact potential. The Board of Directors also receives briefings from management on our cybersecurity risk management program and presentations on cybersecurity topics from external experts as part of the Board of Directors' continuing education on topics that impact public companies.

Our management team, including our Chief Financial Officer, is responsible for assessing and managing our material risks from cybersecurity threats. The team has primary responsibility for our overall cybersecurity risk management program and supervises both our external cybersecurity personnel and our retained external cybersecurity consultants. Our Chief Financial Officer has been managing our information technology resources for over 16 years and has overseen our cybersecurity risk assessment and the implementation of our cybersecurity risk management program since its inception.

Our management team stays informed about and monitors efforts to prevent, detect, mitigate, and remediate cybersecurity risks and incidents through various means, which may include briefings from external security personnel, threat intelligence and other information obtained from governmental, public or private sources, including external consultants engaged by us, and alerts and reports produced by security tools deployed in the information technology environment.

Item 2. Properties

Our corporate headquarters is located in Harvard, Massachusetts and consists of approximately 2,000 square feet of office space under a three-year lease. In 2022, we purchased a parcel of land in Pioneer, Ohio on which we commenced construction of a 479,000 square foot production grow-out farm. However, in July 2023, we announced a pause on the construction, which is still in effect. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

Item 3. Legal Proceedings

On February 28, 2025, a complaint was filed by Gilbane Building Company (“Gilbane”) against AquaBounty Farms Ohio, LLC, (“AFO”) in the Court of Common Pleas, Williams County, Ohio. The complaint alleges that Gilbane and AFO entered into a contract pursuant to which Gilbane furnished certain materials, services, equipment, and labor for altering, constructing, and improving certain land, buildings, and structures at the Ohio Farm Project and that AFO failed to pay outstanding amounts owed under such contract. The complaint also notes that Gilbane filed a mechanic’s lien on the Ohio Farm Site on September 11, 2024, in the amount of $1,544,662.59. Gilbane alleges various causes of action, including breach of contract, and is seeking monetary damages and foreclosure of the mechanic’s lien. The Company and AFO are currently assessing next steps.

Other than as disclosed above, 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 4. Mine Safety Disclosures

Not applicable.

Part II

Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Information

Our common stock is currently traded on the Nasdaq Capital Market under the symbol “AQB.” As of March 24, 2025, 3,869,361 shares of our common stock were issued and outstanding.

As of March 24, 2025, there were approximately 215 holders of record of our common stock. The actual number of stockholders is greater than this number and includes stockholders who are beneficial owners, but whose shares are held in street name by brokers and other nominees. The transfer agent for our common stock is Computershare Trust Company, N.A.

Dividends

We have never declared or paid any cash dividends on our common stock. We currently intend to retain earnings, if any, to finance the growth and development of our business. We do not expect to pay any cash dividends on our common stock in the foreseeable future. Payment of future dividends, if any, will be at the discretion of our Board of Directors and will depend on our financial condition, results of operations, capital requirements, restrictions contained in current or future financing instruments, provisions of applicable law, and other factors the Board of Directors deems relevant.

Item 6. Reserved

Not Applicable.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and related notes that appear elsewhere in this Annual Report on Form 10-K. In addition to historical consolidated financial information, the following discussion contains forward-looking statements that reflect our plans, estimates, and beliefs. Our actual results could differ materially from those discussed in the forward-looking statements. Factors that could cause or contribute to these differences include those discussed below and elsewhere in this Annual Report on Form 10-K, particularly in "Risk Factors."

Company Update

AquaBounty has historically pursued a growth strategy that included the construction of large-scale RAS farms for producing our GE Atlantic salmon. We had commenced construction of our 10,000 metric ton Ohio Farm Project, but paused the construction in June 2023, as the cost estimate to complete the farm continued to substantially increase due to inflation and other factors. Further, these cost increases impaired our ability to pursue municipal bond financing, which was a necessary component of our funding strategy. We subsequently engaged an investment bank to pursue a range of funding and strategic alternatives and to assist management in the prioritization of our core assets. These efforts resulted in the sale of our Indiana Farm in July 2024, recurring sales throughout the year of selected Ohio Equipment Assets originally intended for the Ohio Farm Project, and the sale of our Canadian Farms, and our Corporate IP in March 2025. During 2024, we also focused on cost containment to preserve and extend our available cash. After completion of these transactions, our primary remaining asset is our investment in the Ohio Farm Project, consisting of the remaining Ohio Equipment Assets and the Ohio Farm Site. We continue to work with our investment bank to identify the optimal path forward for realizing the potential of this asset, either through new investment, partnership or other strategic options.

Discontinued Operations

As noted above, we sold our Indiana Farm in July 2024 and our Canadian Farms in March 2025. These farms have been designated as discontinued operations in our consolidated financial statements for the years ended December 31, 2024 and 2023 in this Form 10-K (see Note 4 to our consolidated financial statements for additional information).

Impairment Charges

During the second quarter of 2024, we began to market our Indiana Farm for sale. The sale was completed in July and included certain Ohio Equipment Assets that had been purchased for the Ohio Farm Project. Based on the net sale price, we recorded an impairment charge against the Indiana Farm of $22.5 million. We then conducted an impairment analysis of the remaining Ohio Equipment Assets, resulting in an impairment charge of $26.3 million. At that time, we made the decision to continue to sell certain of our Ohio Equipment Assets in order to generate cash for liquidity, and therefore we reclassed our Ohio Equipment Assets as Assets Held for Sale on our consolidated balance sheet.

We continued to sell Ohio Equipment Assets during the remainder of the year, and based on these additional transactions, we conducted an impairment analysis at year-end on the remaining Ohio Equipment Assets that were held for sale, along with the Ohio Farm Site. As a result of this analysis, we recorded impairment charges of $18.2 million and $57.3 million against the Ohio Equipment Assets and the Ohio Farm Site, respectively.

In December of 2024, we entered into a Letter of Intent with a buyer to purchase the Canadian Farms. The transaction closed in March 2025 and included all of our Corporate IP. Based on the net sale price, we recorded impairment charges of $5.4 million and $0.2 million against the Canadian Farms and Corporate IP, respectively. The table below depicts the impairments charges recorded during 2024 by asset group totaling $129.8 million.

$000	2024 Impairment Charges		
Impairment Item	Continuing Operations	Discontinued Operations	Total Charge
Corporate IP	$ 191		$ 191
Ohio Equipment Assets	44,467		44,467
Ohio Farm Site	57,257		57,257
Indiana Farm		22,468	22,468
Canadian Farms		5,443	5,443
Total	$ 101,915	$ 27,911	$ 129,826

Financial Overview

With the winding down of our fish rearing operations, we have significantly reduced our headcount and on-going operating costs. We maintain a small core group of corporate individuals to oversee our strategic options, our asset sale transactions and our books and records. As of December 31, 2024, we had an accumulated deficit of $370 million and $230 thousand in cash and cash equivalents on our consolidated balance sheet. With the sale of our Canadian Farms and additional sales of our Ohio Equipment Assets, we have $557 thousand in cash as of March 24, 2025. We require new funding to provide liquidity for working capital and to fund the completion of our Ohio Farm Project. Consequently, our ability to continue as a going concern is dependent upon our ability to raise additional capital, and there can be no assurance that such capital will be available in sufficient amounts, on a timely basis, on acceptable terms, or at all.

Sales and Marketing Expenses

Our sales and marketing expenses include salaries and related costs for our sales personnel and agency fees for market-related activities and communications. As of December 31, 2024 and 2023, we had zero and one employee, respectively, dedicated to sales and marketing. We do not expect sales and marketing expenses in the near term.

Research and Development Expenses

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 and development functions; fees paid to contract research organizations and consultants who perform research for us; and costs related to laboratory supplies used in our research and development efforts. As of December 31, 2024 and 2023, we employed four and six scientists and technicians, respectively, at our farms to oversee the lines of fish we maintain for research and development purposes. With the sale of our Canadian Farms in March 2025, we no longer have research and development operations.

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 services. We had five and 15 employees in our general and administrative group at December 31, 2024 and 2023, respectively. We expect our general and administrative expenses to decrease substantially as a result of the winding down of our fish rearing activities and the sales of our Indiana Farm and Canadian Farms.

Long-lived Asset Impairment

During the second quarter of 2024, we began to market our Indiana Farm for sale. The sale was completed in July and included certain Ohio Equipment Assets that had been purchased for the Ohio Farm Project. Based on this transaction, we then conducted an impairment analysis of the remaining Ohio Equipment Assets, resulting in an impairment charge of $26.3 million. At that time, we made the decision to continue to sell certain of our Ohio Equipment Assets in order to generate cash for liquidity, and therefore we reclassed our Ohio Equipment Assets as Assets Held for Sale on our consolidated balance sheet.

We continued to sell Ohio Equipment Assets during the remainder of the year, and based on these additional transactions, we conducted an impairment analysis at year-end on the remaining Ohio Equipment Assets that were held for sale, along with the Ohio Farm Site. As a result of this analysis, we recorded impairment charges of $18.2 million and $57.3 million against the Ohio Equipment Assets and the Ohio Farm Site, respectively. We also recorded an impairment charge of $0.2 million against Corporate IP in conjunction with the sale of our Canadian Farms.

Other Income (Expense), Net

Interest expense includes the interest on our loans and accounts payable for our continuing operations. Other income (expense) includes bank charges, fees, interest income, and miscellaneous gains or losses on asset disposals from our continuing operations.

Loss from Discontinued Operations

Loss from Discontinued Operations includes all operating costs for our Indiana Farms and our Canadian Farms, including fish and egg production costs, sales and marketing, research and development, general and administrative expenses, $27.9 million of non-cash long-lived asset impairment charges recorded in conjunction with the sales of the Indiana Farm and the Canadian Farms, a $1.0 million net realizable value adjustment of inventory for the Indiana Farm, interest expense, banking fees and other charges.

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. While our significant accounting policies are more fully described in Note 2 to our audited consolidated financial statements appearing elsewhere in this Annual Report on Form 10-K, we believe that the following accounting policies and estimates are the most critical for fully understanding and evaluating our financial condition and results of operations.

Valuation of Long-Lived Assets

We evaluate long-lived assets to be held and used, which include property, plant and equipment, for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Conditions that would necessitate an impairment assessment include a significant decline in the observable market value of an asset, a significant change in the extent or manner an asset is used, or a significant adverse change that would indicate that the carrying amount of an asset or group of assets is not recoverable. Our decision in 2024 to sell certain Ohio Equipment Assets and the Canadian Farms to provide additional liquidity indicated the carrying amount of all Ohio Farm Project property, plant and equipment may not be recoverable. We compared future anticipated undiscounted cash flows for the different Ohio Farm Project asset groups to the carrying value of such asset groups, noting that the carrying value of these assets exceeded the cash flows. Therefore, we proceeded to engage a third-party valuation consultant to assist in the calculation of the fair values of these different asset groups.

Fair value of the Ohio Equipment Assets as of December 31, 2024 was determined based upon our actual experience of similar sales for these assets in 2024 and early 2025. The fair value of the Ohio Farm Site land and construction in process was primarily determined based on the income approach. The income approach is a valuation technique in which fair value is based on forecasted future cash flows, discounted at the appropriate rate of return commensurate with the risk, as well as current rates of return for equity and debt capital as of the valuation date. The forecast used in our estimation of fair value was developed by management based on various established business models, incorporating adjustments to reflect management's planned changes in operations and market considerations. The discount rate utilizes a risk adjusted weighted average cost of capital. To assess the reasonableness of the calculated fair value, we compared the ratio of fair value to carrying value prior to the recording of any impairment to the ratio of net realizable values to the carrying value prior to impairment to our transactions involving the Indiana Farm, Canadian Farms and Ohio Equipment Asset sales.

During the year ended December 31, 2024, we recorded $101.9 million of impairment charges from continuing operations to write down the carrying value of long-lived assets. See additional discussion regarding this impairment in "Notes to the Consolidated Financial Statements - Notes 4 and 6 appearing elsewhere in this Annual Report on Form 10-K.

Recent Accounting Pronouncements

For a discussion of these items, see "Note 2 – Recently Issued Accounting Standards" of the notes to the consolidated financial statements contained within this Annual Report on Form 10-K.

Results of Operations

Comparison of the year ended December 31, 2024 to the year ended December 31, 2023.

The following table summarizes our results of operations for the years ended December 31, 2024 and 2023, together with the changes in those items in dollars (in thousands) and as a percentage:

	Years Ended December 31, 2024	Years Ended December 31, 2023	Dollar Change	% Change
Costs and expenses				
Sales and marketing	$ **191**	$ 650	(459)	(71)%
Research and development	**203**	506	(303)	(60)%
General and administrative	**9,130**	12,516	(3,386)	(27)%
Long-lived asset impairment	**101,915**	-	101,915	—%
Operating loss	**111,439**	13,672	97,767	715%
Other expense	**2,314**	169	2,145	1,269%
Loss from continuing operations	**113,753**	13,841	99,912	722%
Loss from discontinued operations	**35,440**	13,717	21,723	158%
Net loss	$ **149,193**	$ 27,558	121,635	441%

Sales and Marketing Expenses

Sales and marketing expenses for the year ended December 31, 2024 decreased $459 thousand or 71% from the year ended December 31, 2023, primarily due to decreases in personnel costs, marketing programs, and share-based compensation costs related to the sale of our production grow-out Indiana Farm.

Research and Development Expenses

Research and development expenses for the year ended December 31, 2024 decreased $303 thousand or 60% from the year ended December 31, 2023, primarily due to decreases in personnel costs and project spending in our efforts to reduce operating spend.

General and Administrative Expenses

General and administrative expenses for the year ended December 31, 2024 decreased $3.4 million or 27% from the year ended December 31, 2023, primarily due to decreases in personnel costs, professional service fees, legal costs, state excise tax liabilities, share-based compensation costs, and travel, related to the sale of our production grow-out farm in Indiana, and our efforts to reduce operating spend.

Long-lived Asset Impairment

For the year ended December 31, 2024, we recorded non-cash impairment charges of $101.7 million and $0.2 million against the long-lived assets of the Ohio Farm Project and Corporate IP, respectively. We determined the impairment charges based on the estimate of potential market value of the asset group compared to the carrying value of those assets.

Other Expense

Other expense for 2024 and 2023 is comprised of interest income, interest on debt, bank charges, and miscellaneous gains and losses on the disposal of assets. The increase in other expense of $2.1 million in the year ended December 31, 2024, compared to the year ended December 31, 2023, was primarily due to interest expense related to the cost of our bridge loan.

Loss from Discontinued Operations

The loss from discontinued operations for the year ended December 31, 2024 was significantly higher than for the year ended December 31, 2023 as a result of $27.9 million in non-cash asset impairment charges recorded in conjunction with the sales of the Indiana Farm and the Canadian Farms and a $1.0 million net realizable value adjustment of inventory for the Indiana Farm. The 2024 loss was partly offset by lower Indiana Farm losses, as we owned the farm for only seven months in 2024, as compared to twelve months in 2023.

Liquidity and Capital Resources

Sources of Liquidity

We have incurred losses from operations since our inception in 1991, and, as of December 31, 2024, we had an accumulated deficit of $370 million. We expect to continue to experience significant losses for the foreseeable future, and we will require additional cash to provide liquidity for working capital and to fund the completion of our Ohio Farm Project. Liquidity has primarily come from equity financings, supplemented by debt transactions and asset sales.

During 2024 and 2023, we received $6.9 million and $418 thousand, respectively, in debt proceeds. During 2024, we sold $10.5 million of assets. In the future, we expect to use a combination of asset sales and debt issuances to fund our remaining operations.

As of December 31, 2024, we had $230 thousand in cash and cash equivalents. With the sale of our Canadian Farms and additional sales of our Ohio Equipment Assets, we have $557 thousand in cash as of March 24, 2025.

Our principal contractual commitments include capital expenditure obligations, repayments of debt and related interest, and payments under operating leases. Refer to the notes in our consolidated financial statements for further information about our capital expenditure commitments (Note 6), debt (Note 7), and lease payment obligations (Note 10).

Cash Flows

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

	Years Ended December 31,		Dollar	%
	2024	**2023**	**Change**	**Change**
	(unaudited)			
Net cash (used in) provided by:				
Operating activities	**$ (13,863)**	$ (24,236)	10,373	(43)%
Investing activities	**7,563**	(68,893)	76,456	(111)%
Financing activities	**(2,664)**	(309)	(2,355)	762%
Effect of exchange rate changes on cash	**(10)**	3	(13)	(433)%
Net change in cash	**$ (8,974)**	$ (93,435)	84,461	(90)%

Cash Flows from Operating Activities

Net cash used in operating activities during the year ended December 31, 2024, was primarily due to our $149.2 million net loss, partially offset by non-cash depreciation and share-based compensation charges of $1.2 million, long-lived asset impairment charges of $129.8 million, and working capital sources of $4.3 million. Spending on both continuing and discontinued operations decreased in the current year, before the recording of non-cash asset impairment charges, due to the sale of the Indiana Farm, and reductions in personnel, marketing programs, outside research projects, professional services, and share-based compensation. The increase in cash provided by working capital sources was due to reductions in inventory and other current assets, along with increases in accounts payable and accrued liabilities.

Net cash used in operating activities during the year ended December 31, 2023, was primarily due to our $27.6 million net loss, partially offset by non-cash depreciation and share-based compensation charges of $2.7 million and working capital sources of $604 thousand. Spending on operations increased in 2023 as compared to 2022 due to increases in production activities at our Rollo Bay and Indiana farm sites, increases in headcount and increases in costs for excise taxes, legal fees and professional fees. Increase in cash provided by working capital was primarily due to a decrease in inventory and prepaid expenses, partially offset by an increase in accounts payable and accrued expenses.

Cash Flows from Investing Activities

Net cash provided by investing activities was $7.6 million during the year ended December 31, 2024, compared to net cash used in investing activities of $68.9 million during the year ended December 31, 2023. During 2024, we used $2.9 million for the purchase of property, plant and equipment at our farm sites, and we received $10.5 million from the sale of our Indiana Farm and certain Ohio Equipment Assets. During 2023, we used $65.1 million for construction charges and equipment deposits for our Ohio Farm Project, and $2.2 million and $1.6 million for equipment purchases and deposits for our Indiana Farm and Canadian Farms, respectively.

Cash Flows from Financing Activities

Net cash used in financing activities was $2.7 million during the year ended December 31, 2024, compared to $309 thousand during the year ended December 31, 2023. During 2024, we received $6.9 million in proceeds from new debt, and we repaid $9.6 million of outstanding debt. During 2023, we received $418 thousand in proceeds from new debt, and we repaid $726 thousand of outstanding debt.

Future Capital Requirements

Since inception, we have incurred cumulative net losses and negative cash flows from operating activities, and we expect this to continue for the foreseeable future. As of December 31, 2024, we had $230 thousand of cash and cash equivalents. With the sale of our Canadian Farms and additional sales of our Ohio Equipment Assets, we have $557 thousand in cash as of March 24, 2025. Our ability to continue as a going concern is dependent upon our ability to raise additional capital, and there can be no assurance that such capital will be available in sufficient amounts, on a timely basis, on terms acceptable to us, or at all. This raises substantial doubt about our ability to continue as a going concern within one year after the date that the accompanying consolidated financial statements are issued.

In April 2024, we entered into a Loan Agreement with JMB Capital Partners Lending, LLC to fund working capital through a secured term loan of up to $10 million that was scheduled to mature on July 31, 2024 or, if earlier, upon the sale of certain collateral or upon an Event of Default (as defined in the Loan Agreement). Of the total loan amount, $5 million was advanced in April 2024 and $1.5 million was advanced in July 2024. The loan bore interest at a rate of 15% on its outstanding principal balance and was subject to a commitment fee equal to 5% and an exit fee equal to 8%. Of the initial loan advancement, approximately $2.8 million was used to pay the remaining outstanding balance of our term loan with First Farmers Bank & Trust, upon which the $1 million of restricted cash held by us as of December 31, 2023 was no longer deemed to be restricted. The outstanding loan balance of $6.5 million was repaid on July 26, 2024 from the net proceeds of the Indiana farm sale.

During 2024, we completed the sale of our Indiana Farm, along with certain Ohio Equipment Assets for net proceeds of $9.2 million. In March 2025, we completed the sale of our Canadian operations for net proceeds of $1.9 million. We plan to continue to sell available Ohio Equipment Assets to increase our cash liquidity and fund our working capital and the construction of our Ohio Farm Project.

Until such time, if ever, as we can generate positive cash flows from operating activities, we may finance our cash needs through a combination of sales of non-core assets, 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 a timely manner, 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.

Item 7A. 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. As of December 31, 2024 and December 31, 2023, we had $1.3 million and zero, respectively, in interest-bearing debt instruments for our continuing operations, and $1.6 million and $4.6 million, respectively, in interest-bearing debt for our discontinued operations on our consolidated balance sheet. All of our interest-bearing debt is at fixed rates.

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 other comprehensive loss within stockholders' equity.

Item 8. Financial Statements and Supplementary Data

The financial statements required by this Item are located beginning on page F-1 of this Annual Report.

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in the reports that we file or submit under the Exchange Act is: (1) recorded, processed, summarized, and reported within the time periods specified in the Securities and Exchange Commission's rules and forms and (2) accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure. As of December 31, 2024 (the "Evaluation Date"), our management, with the participation of our Interim Chief Executive Officer, who is also our Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act). Our management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives, and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Our Interim Chief Executive Officer has concluded based upon the evaluation described above that, as of the Evaluation Date, our disclosure controls and procedures were effective at the reasonable assurance level.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting for our Company. Internal control over financial reporting is defined in Rules 13a-15(f) and 15(d)-15(f) promulgated under the Exchange Act, as a process designed by, or under the supervision of, our Interim Chief Executive Officer and effected by our Board of Directors, management, and other personnel 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 and includes those policies and procedures that:

- pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and disposition of our assets;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles;
- provide reasonable assurance that our receipts and expenditures are being made only in accordance with authorization of our management and directors; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of our assets that could have a material effect on the financial statements.

Because of inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risks that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

Our management, including our Interim Chief Executive Officer, has conducted an evaluation of the effectiveness of our internal control over financial reporting as of December 31, 2024. In conducting this evaluation, we used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control-Integrated Framework (2013).

Based upon this evaluation and those criteria, management believes that, as of December 31, 2024, our internal control over financial reporting was effective.

This Annual Report on Form 10-K does not include an auditor’s attestation of management’s assessment of internal control over financial reporting as of December 31, 2024, as we are not an “accelerated filer” under SEC rules.

Changes in Internal Control

There have been no changes in our internal control over financial reporting for the three months ended December 31, 2024, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information

During the three months ended December 31, 2024, no director or officer of the Company adopted or terminated a “Rule 10b5-1 trading arrangement” or “non-Rule 10b5-1 trading arrangement,” as each term is defined in Item 408 of Regulation S-K.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

Part III

Item 10. Directors, Executive Officers and Corporate Governance

The information required by this Item is set forth in our 2025 Proxy Statement to be filed with the SEC within 120 days of December 31, 2024, and is incorporated by reference into this Annual Report on Form 10-K.

We have adopted an Insider Trading Policy, that governs the purchase, sale and/or other dispositions of our securities by directors, officers and employees that is reasonably designed to promote compliance with insider trading laws, rules and regulations and NASDAQ listing standards. A copy of our Insider Trading Policy is filed as exhibit 19.1 to this Annual Report of Form 10-K.

Item 11. Executive Compensation

The information required by this Item is set forth in our 2025 Proxy Statement to be filed with the SEC within 120 days of December 31, 2024, and is incorporated by reference into this Annual Report on Form 10-K.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by this Item is set forth in our 2025 Proxy Statement to be filed with the SEC within 120 days of December 31, 2024, and is incorporated by reference into this Annual Report on Form 10-K.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by this Item is set forth in our 2025 Proxy Statement to be filed with the SEC within 120 days of December 31, 2024, and is incorporated by reference into this Annual Report on Form 10-K.

Item 14. Principal Accountant Fees and Services

The information required by this Item is set forth in our 2025 Proxy Statement to be filed with the SEC within 120 days of December 31, 2024 and is incorporated by reference into this Annual Report on Form 10-K, for Deloitte & Touche LLP (PCAOB ID No. 34).

Part IV

Item 15. Exhibit and Financial Statement Schedules

List of Documents Filed as Part of this Report

1. Consolidated Financial Statements

The following consolidated financial statements are filed herewith in accordance with Item 8 of Part II above:

(i) Report of Independent Registered Public Accounting Firm

(ii) Consolidated Balance Sheets

(iii) Consolidated Statements of Operations and Comprehensive Loss

(iv) Consolidated Statements of Changes in Stockholders' Equity

(v) Consolidated Statements of Cash Flows

(vi) Notes to Consolidated Financial Statements

2. Schedules

Schedules not listed are omitted because the required information is inapplicable or is presented in the consolidated financial statements.

3. Exhibits

Exhibit Number	Exhibit Description
3.1*	Third Amended and Restated Certificate of Incorporation of AquaBounty Technologies, Inc. (incorporated by reference to Exhibit 3.1 to the Registrant's Registration Statement on Form 10, filed on November 7, 2016).
3.2*	Certificate of Amendment of Third Amended and Restated Certificate of Incorporation of AquaBounty Technologies, Inc. (incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K, filed on January 6, 2017).
3.3*	Certificate of Amendment of Third Amended and Restated Certificate of Incorporation of AquaBounty Technologies, Inc. (incorporated by reference to Exhibit 3.3 to the Registrant's Registration Statement on Form S-1, filed on January 15, 2020).
3.4*	Certificate of Amendment of Third Amended and Restated Certificate of Incorporation of AquaBounty Technologies, Inc. (incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K, filed on November 19, 2020).
3.5*	Certificate of Amendment of Third Amended and Restated Certificate of Incorporation of AquaBounty Technologies, Inc. (incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K, filed on May 27, 2022).
3.6*	Certificate of Validation dated October 18, 2022 relating to Certificate of Amendment to the Third Amended and Restated Certificate of Incorporation of AquaBounty Technologies, Inc. dated May 27, 2022 (incorporated by reference to Exhibit 3.5 to the Registrant's Quarterly Report on Form 10-Q, filed on November 8, 2022).
3.7*	Certificate of Amendment of Third Amended and Restated Certificate of Incorporation of AquaBounty Technologies, Inc. (incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K, filed on October 13, 2023).
3.8*	Amended and Restated Bylaws of AquaBounty Technologies, Inc. (incorporated by reference to Exhibit 3.2 to the Registrant's Registration Statement on Form 10, filed on November 7, 2016).
4.1*	Specimen Certificate of Common Stock (incorporated by reference to Exhibit 4.1 to the Registrant's Registration Statement on Form 10, filed on November 7, 2016).
4.2*	Specimen Common Stock Purchase Warrant (incorporated by reference to Exhibit 4.2 to the Registrant's Registration Statement on Form S-1, filed on January 9, 2018).
4.3*	Description of Registrant's securities. (incorporated by reference to Exhibit 4.3 to the Registration's Annual Report on Form 10-K, filed on March 10, 2020).
10.1*†	AquaBounty Technologies, Inc. 2006 Equity Incentive Plan (incorporated by reference to Exhibit 10.2 to the Registrant's Registration Statement on Form 10, filed on November 7, 2016).
10.2*†	Amendment No. 1 to AquaBounty Technologies, Inc. 2006 Equity Incentive Plan (incorporated by reference to Exhibit 10.3 to the Registrant's Registration Statement on Form 10, filed on November 7, 2016).
10.3*†	Form of Stock Option Agreement pursuant to AquaBounty Technologies, Inc. 2006 Equity Incentive Plan (incorporated by reference to Exhibit 10.4 to the Registrant's Registration Statement on Form 10, filed on November 7, 2016).
10.4*†	Form of Restricted Stock Agreement pursuant to AquaBounty Technologies, Inc. 2006 Equity Incentive Plan (incorporated by reference to Exhibit 10.5 to the Registrant's Registration Statement on Form 10, filed on November 7, 2016).
10.5*†	AquaBounty Technologies, Inc. 2016 Equity Incentive Plan (incorporated by reference to Exhibit 10.6 to the Registrant's Registration Statement on Form 10, filed on November 7, 2016).
10.6*†	Amendment No. 1 to AquaBounty Technologies, Inc. 2016 Equity Incentive Plan (incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K, filed on May 2. 2019).
10.7*†	Amendment No. 2 to AquaBounty Technologies, Inc. 2016 Equity Incentive Plan (incorporated by reference to Exhibit 10.3 to the Registrant's Current Report on Form 8-K, filed on April 29, 2020).
10.8*†	Form of Stock Option Agreement pursuant to AquaBounty Technologies, Inc. 2016 Equity Incentive Plan (incorporated by reference to Exhibit 10.22 to the Registrant's Registration Statement on Form 10, filed on December 12, 2016).
10.9*†	Form of Restricted Stock Purchase Agreement pursuant to AquaBounty Technologies, Inc. 2016 Equity Incentive Plan (incorporated by reference to Exhibit 10.21 to the Registrant's Registration Statement on Form 10, filed on December 12, 2016).

10.10*†	Employment Agreement, by and between Alejandro Rojas and AquaBounty Technologies, Inc., dated December 30, 2013 (incorporated by reference to Exhibit 10.17 to the Registrant's Registration Statement on Form 10, filed on November 7, 2016).
10.11*	Intellectual Property License and Full and Final Release among Genesis Group Inc., HSC Research and Development Partnership and AquaBounty Technologies, Inc., dated February 28, 2014 (incorporated by reference to Exhibit 10.19 to the Registrant's Registration Statement on Form 10, filed on November 7, 2016).
10.12†	Amended and Restated Employment Agreement, by and between David Frank and AquaBounty Technologies, Inc., dated March 29, 2023 (incorporated by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q, filed on May 4, 2023).
10.13†	Employment Agreement, by and between Angela Olsen and AquaBounty Technologies, Inc., dated November 1, 2019 (incorporated by reference to Exhibit 10.3 to the Registrant's Quarterly Report on Form 10-Q, filed on May 4, 2023).
10.14†	Form of Restricted Stock Unit Agreement pursuant to AquaBounty Technologies, Inc. 2016 Equity Incentive Plan (incorporated by reference to Exhibit 10.4 to the Registrant's Quarterly Report on Form 10-Q, filed on May 4, 2023).
10.15†	Amendment No. 3 to AquaBounty Technologies, Inc. 2016 Equity Incentive Plan (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K, filed on May 26, 2023).
10.16^	Agreement For Construction Management Services Between AquaBounty Farms Ohio LLC and Gilbane Building Company (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K, filed on June 30, 2023).
10.17#	Loan and Security Agreement, dated as of April 18, 2024, by and among AquaBounty Technologies, Inc., AquaBounty Farms, Inc., AquaBounty Farms Indiana, AquaBounty Farms Ohio and JMB Capital Partner Lenders LLC (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K, filed on April 19, 2024).
10.18#	Asset Purchase Agreement, dated as of June 28, 2024, by and among AquaBounty Farms Ohio LLC, AquaBounty Farms Indiana LLC, and Superior Fresh LLC (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K, filed on July 2, 2024).
19.1	Insider Trading Policy
21.1	List of Subsidiaries of AquaBounty Technologies, Inc.
23.1	Consent of Deloitte & Touche LLP
31.1	Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of the Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
97.1	Compensation Recovery Policy, Adopted November 1, 2023(incorporated by reference to Exhibit 97.1 to the Registrant's Annual Report on Form 10-K, filed on April 1, 2024).
101.INS	Inline XBRL instance document-the instance document does not appear in the Interactive Data File because XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL taxonomy extension schema document.
101.CAL	Inline XBRL taxonomy extension calculation linkbase document.
101.DEF	Inline XBRL taxonomy extension definition linkbase document.
101.LAB	Inline XBRL taxonomy label linkbase document.
101.PRE	Inline XBRL taxonomy extension presentation linkbase document.
104	Cover Page Interactive Data File (formatted as Inline XBRL with applicable taxonomy extension information contained in exhibit 101).

*Incorporated herein by reference as indicated.

Schedules, exhibits, and similar supporting attachments or agreements to the Loan and Security Agreement are omitted pursuant to Item 601(b)(2) of Regulation S-K. The Registrant agrees to furnish a supplemental copy of any omitted schedule or similar attachment to the Securities and Exchange Commission upon request.

†Management contract or compensatory plan or arrangement.

^Certain schedules and exhibits to this agreement have been omitted pursuant to Item 601(a)(5) of Regulation S-K. A copy of any omitted schedule and/or exhibit will be furnished supplementally to the Securities and Exchange Commission upon request.

**The certification furnished in Exhibit 32.1 is deemed to be furnished and will not be deemed "filed" for purposes of Section 18 of the Exchange Act. Such certification will not be deemed to be incorporated by reference into any filings under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent that the Registrant specifically incorporates it by reference.

The registrant hereby undertakes to file with the Securities and Exchange Commission, upon request, copies of any constituent instruments defining the rights of holders of long-term debt of the registrant or its subsidiaries that have not been filed herewith because the amounts represented thereby are less than 10% of the total assets of the registrant and its subsidiaries on a consolidated basis.

Item 16. Form 10-K Summary

Not applicable.

Signatures

Pursuant to the requirements of Section 13 or 15(d) 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.

AQUABOUNTY TECHNOLOGIES, INC.

By: /s/ David A. Frank
David A. Frank
Interim Chief Executive Officer, Chief Financial Officer and Treasurer

Power of Attorney

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints David A. Frank and Angela M. Olsen, as his or her attorneys-in-fact, each with the power of substitution, for him or her in any and all capacities, to sign any amendment to this Annual Report on Form 10-K, and to file the same, with exhibits thereto and other documents in connection therewith with the Securities and Exchange Commission, hereby ratifying and confirming all that each of said attorneys-in-fact, or his or her substitute or substitutes, may do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Company and in the capacities and on the dates indicated below.

Signature	Title	Date
/s/ Sylvia A. Wulf Sylvia A. Wulf	Board Chair	March 27, 2025
/s/ David A. Frank David A. Frank	Interim Chief Executive Officer, Chief Financial Officer and Treasurer (Principal Executive Officer, Principal Financial Officer and Principal Accounting Officer)	March 27, 2025
/s/ Ricardo Alvarez Ricardo Alvarez	Lead Independent Director	March 27, 2025
/s/ Erin Sharp Erin Sharp	Director	March 27, 2025
/s/ Gail Sharps Myers Gail Sharps Myers	Director	March 27, 2025
/s/ Christine St.Clare Christine St.Clare	Director	March 27, 2025
/s/ Rick Sterling Rick Sterling	Director	March 27, 2025
/s/ Michael Stern Michael Stern	Director	March 27, 2025

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the stockholders and the Board of Directors of AquaBounty Technologies, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of AquaBounty Technologies, Inc. and subsidiaries (the "Company") as of December 31, 2024 and 2023, the related consolidated statements of operations and comprehensive loss, changes in stockholders' equity, and cash flows, for the years then ended, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Going Concern

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company has incurred cumulative net losses that raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter, in any way, our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Impairment of Long-Lived Assets – Refer to Notes 2 and 6 to the financial statements

Critical Audit Matter Description

The Company reviews the carrying value of its long-lived assets when facts and circumstances suggest that they may be impaired. The carrying values of such assets are considered impaired when the estimated undiscounted cash flow from such assets are less than their carrying values. An impairment loss is recognized in the amount of the difference between the carrying amount and the fair value of such assets.

In December 2024, the Company executed a letter of intent with a third party to sell its Canadian operations, which was completed in March 2025. This transaction ceased the Company’s current fish rearing operations and caused the Company to evaluate the Ohio farm site construction in process for impairment, resulting in a non-cash impairment charge of $57.3 million for the year ended December 31, 2024.

We identified the fair value measurement of the Ohio farm site construction in process as a critical audit matter because of the significant estimates and assumptions made by management including those related to the discount rate and capitalization rates. This required a high degree of auditor judgment and subjectivity, including the need to involve fair value specialists, to evaluate the reasonableness of management’s estimates and assumptions related to future cash flows and selection of the discount rate.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the fair value of the Ohio farm site construction in process included the following, among others:

- Obtained an understanding of the design of controls associated with management’s process for recording impairment charges.
- Tested for the appropriate application of accounting guidance related to the impairment of long-lived assets, including judgments made by management related to the asset group subject to impairment.
- Evaluated the reasonableness of the methodology used by management and the assumptions used in the estimation of future cash flows.
- Verified the impairment calculations were mathematically accurate.
- Developed an independent estimate of the fair value of the Ohio farm site construction in process.
- Evaluated the Company’s disclosures related to the impairment of long-lived assets to assess their conformity with the applicable accounting standards.
- With the assistance of our fair value specialists, we evaluated the fair value of the impaired assets.

/s/ Deloitte & Touche LLP

Baltimore, Maryland
March 27, 2025

We have served as the Company's auditor since 2021.

AquaBounty Technologies, Inc.

Consolidated Balance Sheets

	As of December 31,	
	2024	**2023**
Assets		
Current assets:		
Cash and cash equivalents	$ **230,362**	$ 8,203,869
Prepaid expenses and other current assets	**292,018**	1,148,730
Current assets held for sale	**10,819,909**	21,658,597
Total current assets	**11,342,289**	31,011,196
Property, plant and equipment, net	**22,668,000**	144,103,468
Right of use assets, net	**51,509**	77,877
Intangible assets, net	**—**	204,436
Restricted cash	**—**	1,000,000
Non-current assets held for sale	**—**	11,154,451
Total assets	$ **34,061,798**	$ 187,551,428
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable and accrued liabilities	$ **10,104,853**	$ 12,112,673
Accrued employee compensation	**977,088**	336,409
Current debt	**1,261,039**	524,462
Other current liabilities	**28,527**	26,368
Current liabilities held for sale	**3,830,041**	1,771,423
Total current liabilities	**16,201,548**	14,771,335
Long-term lease obligations	**22,982**	51,509
Non-current liabilities held for sale	**—**	3,215,513
Long-term debt, net	**1,996,558**	4,496,353
Total liabilities	**18,221,088**	22,534,710
Commitments and contingencies (Note 10)		
Stockholders' equity:		
Common stock, $0.001 par value, 75,000,000 shares authorized; 3,865,778 and 3,847,022 shares outstanding at December 31, 2024 and 2023, respectively	**3,866**	3,847
Additional paid-in capital	**386,297,611**	385,998,213
Accumulated other comprehensive loss	**(688,229)**	(405,464)
Accumulated deficit	**(369,772,538)**	(220,579,878)
Total stockholders' equity	**15,840,710**	165,016,718
Total liabilities and stockholders' equity	$ **34,061,798**	$ 187,551,428

See accompanying notes to the consolidated financial statements.

AquaBounty Technologies, Inc.

Consolidated Statements of Operations and Comprehensive Loss

	Years ended	
	2024	**2023**
Costs and expenses		
Sales and marketing	**$ 191,299**	$ 649,568
Research and development	**203,296**	506,243
General and administrative	**9,129,645**	12,515,834
Long-lived asset impairment	**101,914,874**	—
Total costs and expenses	**111,439,114**	13,671,645
Operating loss	**111,439,114**	13,671,645
Other expense		
Interest expense	**(2,285,017)**	(234,954)
Other (expense) income, net	**(28,802)**	65,672
Total other expense	**(2,313,819)**	(169,282)
Loss from continuing operations	**113,752,933**	13,840,927
Loss from discontinued operations	**35,439,727**	13,716,974
Net loss	**$ 149,192,660**	$ 27,557,901
Other comprehensive (loss) income		
Foreign currency (loss) gain	**(282,765)**	111,311
Comprehensive loss	**$ 149,475,425**	$ 27,446,590
Basic and diluted net loss per share		
from continuing operations	**$ (29.47)**	$ (3.60)
from discontinued operations	**(9.18)**	(3.57)
Total basic and diluted net loss per share	**$ (38.65)**	$ (7.17)
Weighted average number of common shares - basic and diluted	**3,860,454**	3,844,239

See accompanying notes to the consolidated financial statements.

AquaBounty Technologies, Inc.

Consolidated Statements of Changes in Stockholders' Equity

	Common stock issued and outstanding	Par value	Additional paid-in capital	Accumulated other comprehensive loss	Accumulated deficit	Total
Balance at December 31, 2022	3,834,383	$ 3,834	$ 385,455,961	$ (516,775)	$ (193,021,977)	$ 191,921,043
Net loss					(27,557,901)	(27,557,901)
Other comprehensive income				111,311		111,311
Share-based compensation	12,639	13	542,252			542,265
Balance at December 31, 2023	3,847,022	$ 3,847	$ 385,998,213	$ (405,464)	$ (220,579,878)	$ 165,016,718
Balance at December 31, 2023	**3,847,022**	**$ 3,847**	**$ 385,998,213**	**$ (405,464)**	**$ (220,579,878)**	**$ 165,016,718**
Net loss					**(149,192,660)**	**(149,192,660)**
Other comprehensive loss				**(282,765)**		**(282,765)**
Share-based compensation	**18,756**	**19**	**299,398**			**299,417**
Balance at December 31, 2024	**3,865,778**	**$ 3,866**	**$ 386,297,611**	**$ (688,229)**	**$ (369,772,538)**	**$ 15,840,710**

See accompanying notes to the consolidated financial statements.

AquaBounty Technologies, Inc.

Consolidated Statements of Cash Flows

	Years Ended December 31, 2024	2023
Operating activities		
Net loss	**$ (149,192,660)**	$ (27,557,901)
Adjustment to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	**904,136**	2,158,231
Share-based compensation	**299,417**	542,265
Long-lived asset impairment	**129,826,403**	—
Other non-cash items	**43,393**	16,604
Changes in operating assets and liabilities:		
Inventory	**1,723,559**	546,847
Prepaid expenses and other assets	**1,277,535**	375,430
Accounts payable and accrued liabilities	**614,562**	(50,602)
Accrued employee compensation	**640,679**	(267,119)
Net cash used in operating activities	**(13,862,976)**	(24,236,245)
Investing activities		
Purchases of and deposits on property, plant and equipment	**(2,929,908)**	(68,889,540)
Proceeds from asset sales	**10,493,222**	—
Other investing activities	**—**	(3,263)
Net cash provided by (used in) investing activities	**7,563,314**	(68,892,803)
Financing activities		
Proceeds from issuance of debt	**6,934,832**	417,673
Repayment of term debt	**(9,598,544)**	(726,140)
Net cash used in financing activities	**(2,663,712)**	(308,467)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	**(10,133)**	2,827
Net change in cash, cash equivalents and restricted cash	**(8,973,507)**	(93,434,688)
Cash, cash equivalents and restricted cash at beginning of period	**9,203,869**	102,638,557
Cash, cash equivalents and restricted cash at end of period	**$ 230,362**	$ 9,203,869
Reconciliation of cash, cash equivalents and restricted cash reported in the consolidated balance sheet:		
Cash and cash equivalents	**$ 230,362**	$ 8,203,869
Restricted cash	**—**	1,000,000
Total cash, cash equivalents and restricted cash	**$ 230,362**	$ 9,203,869
Supplemental disclosure of cash flow information and non-cash transactions:		
Interest paid in cash from continuing operations	**$ 2,157,195**	$ 220,125
Interest paid in cash from discontinued operations	**$ 107,260**	$ 69,013
Property and equipment included in accounts payable and accrued liabilities	**$ 9,205,819**	$ 11,670,996

See accompanying notes to the consolidated financial statements.

AquaBounty Technologies, Inc.
Notes to the Consolidated Financial Statements
for the years ended December 31, 2024 and 2023

1. Nature of business and organization

Nature of business

AquaBounty Technologies, Inc. (the "Parent" and, together with its wholly owned 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 Atlantic salmon.

The Company has historically pursued a growth strategy that included the construction of large-scale RAS farms for producing its GE Atlantic salmon. The Company had commenced construction of its 10,000 metric ton Ohio Farm Project, but paused the construction in June 2023, as the cost estimate to complete the farm continued to substantially increase due to inflation and other factors. Further, these cost increases impaired its ability to pursue municipal bond financing, which was a necessary component of its funding strategy. The Company subsequently engaged an investment bank to pursue a range of funding and strategic alternatives and to assist management in the prioritization of the Company's core assets. These efforts resulted in the sale of the Company's Indiana Farm in July 2024, recurring sales throughout the year of selected Ohio Equipment Assets, and the sale of the Company's Canadian Farms and its Corporate IP in March 2025. During 2024, the Company also focused on cost containment to preserve and extend its available cash. After completion of these transactions, the Company's primary remaining asset is its investment in the Ohio Farm Project, consisting of the remaining Ohio Equipment Assets and the Ohio Farm Site. The Company continues to work with its investment bank to identify the optimal path forward for realizing the potential of this asset, either through new investment, partnership or other strategic options.

Going Concern Uncertainty

Since inception, the Company has incurred cumulative net losses of $370 million and expects that this will continue for the foreseeable future. As of December 31, 2024, the Company had $230 thousand in cash and cash equivalents on its consolidated balance sheet.

The Company's ability to continue as a going concern is dependent upon its ability to raise additional capital, including its ability to sell assets to generate liquidity to fund ongoing operations, and there can be no assurance that such capital will be available in sufficient amounts, on a timely basis, or on terms acceptable to the Company, or at all. This raises substantial doubt about the Company's ability to continue as a going concern within one year after the date that the accompanying consolidated financial statements are issued. The accompanying consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business and do not include any adjustments that might result from the outcome of this uncertainty.

During the year ended December 31, 2024, the Company's management conducted a comprehensive process to explore and evaluate strategic alternatives to raise funds with the goal of maximizing stockholder value. Potential alternatives that were evaluated included, but were not limited to, equity or debt financing, a merger, and the sale of all or part of the Company.

Basis of presentation

The consolidated financial statements include the accounts of the Parent and its wholly owned subsidiaries. The entities are collectively referred to herein as the "Company." All inter-company transactions and balances have been eliminated upon consolidation.

On October 12, 2023, the stockholders of the Company approved a reverse stock split of the Company's common stock, and the Board of Directors approved a split ratio of 1-for-20. The reverse stock split was implemented on October 16, 2023. In conjunction with the reverse stock split, the number of shares of common stock authorized for issuance was reduced from 150 million to 75 million. All share and per share information, as well as other related information on equity instruments in the consolidated financial statements and accompanying notes, have been adjusted to reflect this change.

AquaBounty Technologies, Inc.
Notes to the Consolidated Financial Statements
for the years ended December 31, 2024 and 2023

2. Summary of significant accounting policies

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities as of the date of the consolidated financial statements and the reported amounts of expenses during the reporting periods. Actual results could differ from those estimates.

Comprehensive loss

The Company displays comprehensive loss and its components as part of its consolidated financial statements. Comprehensive loss consists of net loss and other comprehensive income (loss). Other comprehensive income (loss) includes foreign currency translation adjustments.

Foreign currency translation

The functional currency of the Parent and U.S. subsidiaries is the US Dollar. The functional currency of the Canadian Subsidiary is the Canadian Dollar (C$). 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 other comprehensive income (loss) within stockholders' equity.

Cash equivalents

The Company considers all highly liquid investments with maturities of three months or less when purchased to be cash equivalents. Cash equivalents consist primarily of business savings accounts, certificates of deposit and money market accounts.

Fair Value of Financial instruments

The Company groups its financial instruments measured at fair value, if any, in three levels based on the markets in which the instruments are traded and the reliability of the assumptions used to determine fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Financial instruments with readily available quoted prices or for which fair value can be measured from actively quoted prices generally will have a higher degree of market price observability and a lesser degree of judgement used in measuring fair value. The three levels of the fair value hierarchy are as follows:

Level 1: Inputs to the valuation methodology are quoted prices, unadjusted, for identical assets or liabilities in active markets.

Level 2: Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; or inputs derived principally from, or that can be corroborated by, observable market data by correlation or other means.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Level 3 assets and liabilities include financial instruments whose value is determined using discounted cash flow methodologies, as well as instruments for which the determination of fair value requires significant management judgement or estimation.

The carrying amounts reported in the consolidated balance sheets for prepaid expenses and other current assets and accounts payable approximate fair value based on the short-term maturity of these instruments. All of the Company's interest-bearing debt is at fixed rates. See Notes 4 and 6 for discussion of Level 3 non-recurring measurements used for long-lived assets.

Intangible assets

Definite lived intangible assets include patents and licenses. Patent costs consist primarily of legal and filing fees incurred to file patents on proprietary technology developed by the Company. Patent costs are amortized on a straight-line basis over 20 years beginning with the filing date of the applicable patent. License fees are capitalized and expensed over the term of the licensing agreement.

Property, plant and equipment

Property, plant and equipment are recorded at cost. The Company depreciates all asset classes over their estimated useful lives, as follows:

AquaBounty Technologies, Inc.
Notes to the Consolidated Financial Statements
for the years ended December 31, 2024 and 2023

Building	20 - 25 years
Equipment	5 - 20 years
Office furniture and equipment	3 years
Leasehold improvements	shorter of asset life or lease term
Vehicles	3 years

The Company commences depreciation on an asset when it is placed into service.

Impairment of long-lived assets

The Company reviews the carrying value of its long-lived assets, definite lived intangible assets, and property, plant and equipment when facts and circumstances suggest that they may be impaired. The carrying values of such assets are considered impaired when the estimated undiscounted cash flows from such assets are less than their carrying values. An impairment loss, if any, is recognized in the amount of the difference between the carrying amount and the fair value of such assets.

Leases

The Company leases certain facilities, property, and equipment under noncancelable operating leases. A determination is made if an arrangement is a lease at its inception, and leases with an initial term of 12 months or less are not recorded on the consolidated balance sheet. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option. For operating leases, expense is recognized on a straight-line basis over the lease term.

Income taxes

The Company uses the liability method of accounting for income taxes. Under this method, deferred tax assets and liabilities are recorded for the expected future tax consequences of temporary differences between the financial reporting and income tax bases of assets and liabilities and are measured using the enacted tax rates and laws that are expected to be in effect when the differences reverse. A valuation allowance is established to reduce net deferred tax assets to the amount expected to be realized. The Company follows accounting guidance regarding the recognition, measurement, presentation and disclosure of uncertain tax positions in the financial statements. Tax positions taken or expected to be taken in the course of preparing the Company's tax returns are required to be evaluated to determine whether the tax positions are "more likely than not" to be upheld under regulatory review. The resulting tax impact of these tax positions is recognized in the financial statements based on the results of this evaluation. The Company did not recognize any tax liabilities associated with uncertain tax positions, nor has it recognized any interest or penalties related to unrecognized tax positions. The Company is not currently under exam and is no longer subject to federal and state tax examinations by tax authorities for years before 2021.

Net loss per share

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

The following potentially dilutive securities have been excluded from the calculation of diluted net loss per share, as their effect is anti-dilutive:

	Years Ended December 31,	
Weighted Average Outstanding	**2024**	**2023**
Stock options	**72,337**	61,146
Warrants	**-**	917
Unvested stock awards	**20,147**	27,368

Share-based compensation

The Company measures and recognizes all share-based payment awards, including stock options and restricted share units made to employees and directors, based on estimated fair values. The fair value of a share-based payment award is estimated on the date of grant using an option pricing model. The value of the portion of the award that is ultimately expected to vest is recognized as an

AquaBounty Technologies, Inc.
Notes to the Consolidated Financial Statements
for the years ended December 31, 2024 and 2023

expense over the requisite service period in the Company's consolidated statement of operations. The Company uses the Black-Scholes option pricing model ("Black-Scholes") as its method of valuation. Non-employee share-based compensation is accounted for using Black-Scholes to determine the fair value of warrants or options awarded to non-employees with the fair value of such issuances expensed over the period of service.

Recently Issued Accounting Standards

In November 2023, the Financial Accounting Standards Board (the "FASB") issued Accounting Standards Update No. 2023-07, Segment Reporting ("ASU 2023-07"), which requires that a public entity disclose, on an annual and interim basis, significant segment expenses that are regularly provided to the chief operating decision maker and included within each reported measure of segment profit or loss. The reporting requirements for ASU 2023-07 are effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. See the Company's adoption of these disclosure requirements in Note 12.

In November 2024, the FASB issued ASU 2024-03, Disaggregation of Income Statement Expenses, to enhance the transparency of certain expense disclosures. The update requires disclosure of specific expense categories in the notes to the financial statements at interim and annual reporting periods. The update requires disaggregated information about certain prescribed expense categories underlying any relevant income statement expense caption. The amendments in this update are effective for public entities for annual periods beginning after December 15, 2026, and interim periods beginning after December 15, 2027. The amendments may be adopted either prospectively or retrospectively. Early adoption is permitted. The Company is currently evaluating the impacts of this update and plans to adopt these amendments for annual disclosures in for the year ended December 31, 2027 and interim disclosures in the year ended December 31, 2028.

3. Risks and uncertainties

The Company is subject to risks and uncertainties associated with its current operations. Such risks and uncertainties include, but are not limited to: (i) timing of securing additional sources of cash; (ii) realization of asset values different than those recorded on the Company's consolidated balance sheet; and (iii) stockholder approval of any plans made by the Company's management and board of directors that require stockholder approval.

Concentration of credit risk

Financial instruments that potentially subject the Company to credit risk consist principally of cash and cash equivalents. This risk is mitigated by the Company's policy of maintaining all balances with highly rated financial institutions and investing in cash equivalents with maturities of less than 90 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 at December 31, 2024 and 2023 totaled $166 thousand and $227 thousand, respectively.

AquaBounty Technologies, Inc.
Notes to the Consolidated Financial Statements
for the years ended December 31, 2024 and 2023

4. Discontinued Operations and Assets Held for Sale

In July 2024, the Company sold its Indiana Farm for a sale price of $9.5 million less transaction expenses of $305 thousand, which included certain Ohio Equipment Assets with a carrying value of $13.0 million that had been purchased for the Company's Ohio Farm Project. In December 2024, the Company announced the winddown of its Canadian fish rearing operations and signed a Letter of Intent with a buyer to purchase the Canadian Farms (see Note 13). These decisions by the Company represent a strategic shift that will have a major effect on the Company's operations and financial results. As a result, the operations of the Indiana Farm and the Canadian Farms have been reclassified as discontinued operations on a retrospective basis for all periods presented. Accordingly, the assets and liabilities of these operations are separately reported as "assets and liabilities held for sale" as of December 31, 2024 and 2023.

The sale of the Indiana Farm resulted in a $22.5 million non-cash impairment charge against long-lived assets and a $1.0 million net realizable value adjustment of inventory at the Indiana Farm. An impairment charge of $5.4 million was recorded against the long-lived assets of the Canadian Farms. The impairments and net realizable value adjustments are reflected in discontinued operations.

Provided below are the major areas of the financial statements that constitute discontinued operations:

	December 31, 2024	December 31, 2023
Current Assets		
Inventory	$ -	$ 1,733,603
Prepaid and other current assets	65,030	551,543
Property, plant and equipment, net	10,754,879	19,126,416
Other assets	-	247,035
Total current assets	$ 10,819,909	$ 21,658,597
Non-Current Assets		
Property, plant and equipment, net	-	11,151,498
Other non-current assets	-	2,953
Total non-current assets	$ -	$ 11,154,451
Current Liabilities		
Accounts payable and accrued expenses	106,590	879,146
Accrued employee compensation	54,583	418,212
Current debt	3,260,005	270,838
Other current liabilities	408,863	203,227
Total current liabilities	$ 3,830,041	$ 1,771,423
Non-Current Liabilities		
Long-term debt	-	3,215,513
Total non-current liabilities	$ -	$ 3,215,513

	Years ended December 31,	
	2024	2023
Revenue	$ 788,701	$ 2,472,659
Costs and expenses		
Product costs	7,327,403	15,281,635
Sales and marketing	330	146,363
Research and development	27,015	197,580
General and administrative	863,760	492,035
Long-lived impairment	27,911,529	-
Operating loss	(35,341,336)	(13,644,954)
Other (expense) income	(98,391)	(72,020)
Loss from discontinued operations	$ (35,439,727)	$ (13,716,974)

AquaBounty Technologies, Inc.
Notes to the Consolidated Financial Statements
for the years ended December 31, 2024 and 2023

	Years ended December 31, 2024	2023
Adjustments to reconcile net loss to net cash used in operating activities		
Depreciation and amortization	$ 887,745	$ 2,132,950
Long-lived asset impairment	27,911,529	-
Other non-cash items	3,518	1,775
Changes in working capital	1,731,996	461,830
Cash flows from investing activities		
Purchases of and deposits on property, plant and equipment	(97,837)	(3,799,253)
Other investing activities	-	(3,263)
Cash flows from financing activities		
Proceeds from issuance of debt	434,832	417,673
Repayment of term debt	(206,781)	(216,883)

Included in the table above for Assets Held for Sale related to discontinued operations is $6.3 million of the Ohio Equipment Assets that are available for sale as of December 31, 2024. See Note 6 for additional information on these assets.

5. Prepaid and other current assets

Major classifications of prepaid and current assets are summarized as follows for December 31, 2024 and 2023:

	December 31, 2024	December 31, 2023
Receivables	$ **-**	$ 855,855
Prepaid insurance	**203,999**	213,208
Prepaid other	**88,019**	79,667
Total prepaid expenses and other current assets	$ **292,018**	$ 1,148,730

6. Property, plant and equipment

Major classifications of property, plant and equipment are summarized as follows for December 31, 2024 and 2023:

	December 31, 2024	December 31, 2023
Land	**$ 641,345**	$ 2,261,320
Construction in process	**22,026,655**	141,832,293
Vehicle	**—**	13,438
Total property and equipment	**$ 22,668,000**	$ 144,107,051
Less accumulated depreciation and amortization	**—**	(3,583)
Property, plant and equipment, net	**$ 22,668,000**	$ 144,103,468

The Company's decision in 2024 to sell certain Ohio Equipment Assets, the Indiana Farm and the Canadian Farms to provide additional liquidity indicated the carrying amount of all Ohio Farm Project property, plant and equipment may not be recoverable. The Company compared future anticipated undiscounted cash flows for the different Ohio Farm Project asset groups to the carrying value of such asset groups, noting that the carrying value of these assets exceeded the cash flows. Therefore, the Company proceeded to calculate the fair values of these different asset groups, representing a Level 3 fair value measurement. The Company recorded non-cash impairment charges of $101.9 million against continuing operations during 2024, in addition to reclassifying $6.3 million of Ohio Equipment Assets to Assets Held for Sale as of December 31, 2024.

As of December 31, 2024, all construction in process related to the Ohio Farm Project and an additional $3.8 million remains contractually committed.

AquaBounty Technologies, Inc.
Notes to the Consolidated Financial Statements
for the years ended December 31, 2024 and 2023

7. Debt

The current terms and conditions of long-term debt outstanding as of December 31, 2024 and 2023 for continuing operations, are as follows:

	Interest rate	Monthly repayment	Maturity date	December 31, 2024	December 31, 2023
ACOA AIF Grant	0%	Royalties		**$ 1,996,558**	$ 2,166,289
Term Note	0%	—	Dec 2025	**1,261,039**	—
First Farmers Bank & Trust term loan	5.4%	—		**—**	2,891,763
Total debt				**$ 3,257,597**	$ 5,058,052
less: debt issuance costs				**—**	(37,237)
less: current portion				**(1,261,039)**	(524,462)
Long-term debt, net				**$ 1,996,558**	$ 4,496,353

Principal payments due on the long-term debt are as follows:

	Total
2025	$ 1,261,039
2026	—
2027	—
2028	—
2029	—
Thereafter	1,996,558
Total	$ 3,257,597

ACOA Atlantic Innovation Fund ("AIF") Grant

In January 2009, the Canadian Subsidiary was awarded an AIF grant from the Atlantic Canada Opportunities Agency to provide a contribution towards the funding of a research and development project. Contributions under the grant were made through 2014, and no further funds are available. Amounts claimed by the Canadian Subsidiary must be repaid in the form of a 10% royalty on any products that are commercialized out of this research project until the loan is fully repaid. Revenue from the sale of the Company's GE Atlantic salmon is not subject to the royalty, and the Company does not expect to commercialize products that would be subject to the royalty in the next five years (see Note 13).

Term Note

On October 11, 2024, the Company entered into a secured promissory note ("Note") for $1.3 million with a vendor for services provided during 2024. The Note is secured by the assets of the Company's Ohio Farm Project and is due in full on December 31, 2025, with two intermediate scheduled payments. The Note carries no interest, except in the event of a default, in which case any amount due for payment will be assessed accrued interest at 3% per annum. At December 31, 2024, the Company was in default on its first scheduled payment (see Note 13).

JMB Capital Partners Lending Bridge Loan

In April 2024, the Parent and certain of its subsidiaries entered into a Loan and Security agreement ("Loan Agreement") with JMB Capital Partners Lending, LLC ("JMB") to fund working capital through a secured term loan of up to $10 million that was scheduled to mature on July 31, 2024 or, if earlier, upon the sale of certain collateral or upon an Event of Default (as defined in the Loan Agreement). Of the total loan amount, $5 million was advanced in April 2024 and $1.5 million was advanced in July 2024. The loan bore interest at a rate of 15% on its outstanding principal balance and was subject to a commitment fee equal to 5% and an exit fee equal to 8%. Of the initial loan advancement, approximately $2.8 million was used to pay the remaining outstanding balance of the Company's term loan with First Farmers Bank & Trust. The outstanding loan balance with JMB of $6.5 million was repaid on July 26, 2024 from the net proceeds of the sale of the Indiana Farm.

AquaBounty Technologies, Inc.
Notes to the Consolidated Financial Statements
for the years ended December 31, 2024 and 2023

First Farmers Bank & Trust ("FFBT") Term Loan

On July 31, 2020, the Company's Indiana Subsidiary obtained a $4.0 million loan from First Farmers Bank and Trust. Net proceeds were $3.9 million after deducting $90 thousand in loan costs. The loan bore an interest rate of 5.375% for the first five years. The note required interest only payments for the first 13 months, followed by monthly principal and interest payments of approximately $57 thousand through maturity. The Company was required to comply with certain financial and non-financial covenants and provide certification of compliance quarterly. During 2022, FFBT removed two of the loan's negative covenants, and the Company increased its required restrictive cash balance amount from $500 thousand to $1.0 million. The loan was also subject to certain prepayment penalties and was secured by the assets of the Indiana subsidiary and a guarantee by the Parent. The loan was repaid on April 18, 2024 from the proceeds of the JMB bridge loan.

8. Stockholders' equity

The Company's stockholders have authorized 80 million shares of stock, of which 5 million are authorized as preferred stock and 75 million as common stock.

Common stock

The holders of the common stock are entitled to one vote for each share held at all meetings of stockholders. Dividends and distribution of assets of the Company in the event of liquidation are subject to the preferential rights of any outstanding preferred shares.

Share-based compensation

In 2006, the Company established the 2006 Equity Incentive Plan (as amended, the "2006 Plan"). The 2006 Plan provided for the issuance of incentive stock options to employees of the Company and non-qualified stock options and awards of restricted stock to directors, officers, employees, and consultants of the Company. In accordance with its original terms, the 2006 Plan terminated on March 18, 2016. All outstanding awards under the 2006 Plan will continue until their individual termination dates.

In March 2016, the Company's Board of Directors adopted the AquaBounty Technologies, Inc. 2016 Equity Incentive Plan (as amended, the "2016 Plan") to replace the 2006 Plan. The 2016 Plan provides for the issuance of incentive stock options, non-qualified stock options, and awards of restricted and direct stock purchases to directors, officers, employees, and consultants of the Company. Total common shares authorized under the 2016 Plan are 215,000, of which 81,287 shares are reserved for future issuance as of December 31, 2024.

Restricted stock

The Company's restricted stock activity under the 2016 Plan is summarized as follows:

	Shares	Weighted average grant date fair value
Unvested at December 31, 2023	34,140	$ 11.91
Granted	—	—
Vested	(18,756)	13.57
Forfeited	(2,817)	13.07
Unvested at December 31, 2024	12,567	$ 9.18

During 2024 and 2023, the Company expensed $168 thousand and $360 thousand, respectively, related to restricted stock awards. At December 31, 2024, the balance of unearned share-based compensation to be expensed in future periods related to the restricted stock awards is $34 thousand. The period over which the unearned share-based compensation is expected to be earned is approximately 1.2 years.

AquaBounty Technologies, Inc.
Notes to the Consolidated Financial Statements
for the years ended December 31, 2024 and 2023

Stock options

The Company's option activity under the 2006 Plan and the 2016 Plan is summarized as follows:

	Number of options	Weighted average exercise price
Outstanding at December 31, 2023	75,669	$ 41.64
Issued	—	—
Exercised	—	—
Forfeited	(6,456)	8.36
Expired	(4,308)	137.81
Outstanding at December 31, 2024	64,905	$ 38.57
Exercisable at December 31, 2024	56,500	$ 43.07

Options issued to employees, members of the Board of Directors, and non-employees generally vest over a period of one year to three years and are exercisable for a term of 10 years from the date of issuance.

There were no stock options granted in 2024. The weighted average fair value of stock options granted during 2023 was $5.02. There were no options exercised in 2024 and 2023. As of December 31, 2024 and 2023, the total intrinsic value of exercisable and outstanding options was $0.

AquaBounty Technologies, Inc.
Notes to the Consolidated Financial Statements
for the years ended December 31, 2024 and 2023

The following table summarizes information about options outstanding and exercisable as of December 31, 2024:

Weighted average exercise price of outstanding options	Number of options outstanding	Weighted average remaining estimated life (in years)	Number of options exercisable
< $10.00	26,701	8.5	18,688
$20.00 - $50.00	33,776	5.0	33,384
$100.00 - $200.00	2,253	5.3	2,253
$200.00 - $300.00	2,175	2.3	2,175
	64,905		56,500

The fair values of stock option grants to employees and members of the Board of Directors during 2023 were measured on the date of grant using Black-Scholes, with the following weighted average assumptions:

	2023
Expected volatility	86%
Risk free interest rate	4.01%
Expected dividend yield	0.0%
Expected life (in years)	5

The risk-free interest rate is estimated using the Federal Funds interest rate for a period that is commensurate with the expected term of the awards. The expected dividend yield is zero because the Company has never paid a dividend and does not expect to do so for the foreseeable future. The expected life was based on a number of factors including historical experience, vesting provisions, exercise price relative to market price, and expected volatility. The Company believes that all groups of employees demonstrate similar exercise and post-vesting termination behavior and, therefore, does not stratify employees into multiple groups and forfeitures are recognized as they occur. The expected volatility was estimated using the Company's historical price volatility over a period that is commensurate with the expected term of the awards.

Total share-based compensation on stock-option grants amounted to $132 thousand and $182 thousand for the years ended December 31, 2024 and 2023, respectively. As of December 31, 2024, the balance of unearned share-based compensation to be expensed in future periods related to unvested share-based awards is $49 thousand. The period over which the unearned share-based compensation is expected to be earned is 0.4 years.

Share-based compensation

The following table summarizes share-based compensation costs recognized in the Company's Consolidated Statements of Operations and Comprehensive Loss for the years ended December 31, 2024 and 2023:

	2024	2023
Sales and marketing	**-**	19,326
General and administrative	**299,417**	522,939
Total share-based compensation	**$ 299,417**	$ 542,265

9. Income taxes

The components of loss from continuing operations before income taxes for the years ended December 31, 2024 and 2023 are presented below:

	2024	2023
Domestic	**$ (113,738,637)**	$ (13,827,567)
Foreign	**(14,296)**	(13,360)
Loss before income taxes	**$ (113,752,933)**	$ (13,840,927)

AquaBounty Technologies, Inc.
Notes to the Consolidated Financial Statements
for the years ended December 31, 2024 and 2023

Income taxes computed using the federal statutory income tax rate differ from the Company's effective tax rate for the years ended December 31, 2024 and 2023 primarily due to the following:

		2024		2023
Income tax benefit	$	(23,888,116)	$	(2,906,595)
State and provincial income tax		(6,687,580)		(899,637)
Permanent differences		30,587		39,924
Other, net		(4,759,245)		(554,090)
	$	(35,304,354)	$	(4,320,398)
Change in valuation allowance		35,304,354		4,320,398
Total income tax	$	-	$	-

As of December 31, 2024, the Company had domestic net operating loss carryforwards of approximately $139 million, after consideration of limitations pursuant to section 382, to offset future federal taxable income, which begin to expire in 2033. Of this amount, the Company had domestic net operating loss carryforwards of approximately $110 million, which can be carried forward indefinitely. The future utilization of certain historic net operating loss and tax credit carryforwards, however, is subject to annual use limitations based on the change in stock ownership rules of Internal Revenue Code Sections 382 and 383. The Company experienced a change in ownership under these rules during 2012 and revised its calculation of net operating loss carryforwards based on annual limitation rules. Since the Company has incurred only losses from inception and there is uncertainty related to the ultimate use of the loss carryforwards and tax credits, a valuation allowance has been recognized to offset the Company's deferred tax assets, and no benefit for income taxes has been recorded.

The IRS released guidance which modified the procedures for taxpayers that incur specified research or experimental (R&E) expenditures to change their method of accounting to comply with the new capitalization and amortization rules provided in Section 174, as revised by the Tax Cuts and Jobs Act. The Section 174 rules require taxpayers to capitalize and amortize specified R&E expenditures over a period of five years (for domestic research) or 15 years (for foreign research), beginning with the midpoint of the taxable year in which the expenses are paid or incurred. The impact defers the tax benefit of R&E expenditures.

Significant components of the Company's deferred tax assets and liabilities are as follows:

		2024		2023
Deferred tax assets:				
Net operating loss carryforwards	$	36,702,302	$	29,443,307
Property and equipment		27,363,037		(1,031,300)
Intangibles		2,172,310		2,366,372
R&D costs		837,054		827,227
Other		296,757		461,500
Total deferred tax assets	$	67,371,460	$	32,067,106
Valuation allowance		(67,371,460)		(32,067,106)
Net deferred tax assets	$	-	$	-

10. 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.

The Company is subject to legal proceedings and claims arising in the normal course of business. Management believes that final disposition of any such matters existing at December 31, 2024, will not have a material adverse effect on the Company's financial position or results of operations.

AquaBounty Technologies, Inc.
Notes to the Consolidated Financial Statements
for the years ended December 31, 2024 and 2023

Lease commitments

The table below summarizes the Company's lease right of use assets and obligations as of December 31, 2024 and 2023:

		December 31, 2024		December 31, 2023
Operating lease right-of-use assets, net	**$**	**51,509**	$	77,877
Other current liabilities		**28,527**		26,368
Long-term lease obligations		**22,982**		51,509
Total operating lease liabilities	**$**	**51,509**	$	77,877

		December 31, 2024		December 31, 2023
Operating lease expense	**$**	**30,573**	$	24,826
Short-term lease expense		**-**		48,968
Lease payments included in operating cash flows		**30,573**		75,885
Weighted average remaining lease term		**1.8 years**		2.8 years
Weighted average discount rate		**8%**		8%

Remaining payments under leases are as follows as of December 31, 2023:

Remaining payments under leases:

Year		Amount
2025	$	31,796
2026		21,826
Thereafter		-
Total lease payments		53,622
Less: imputed interest		(2,113)
Total operational lease liabilities	$	51,509

11. Retirement plan

The Company has a savings and retirement plan for its US employees that qualifies under Section 401(k) of the Internal Revenue Code. The plan covers substantially all employees and provides for voluntary contributions by participating employees up to the maximum contribution allowed under the Internal Revenue Code. Contributions by the Company can be made, as determined by the Board of Directors, provided the amount does not exceed the maximum permitted by the Internal Revenue Code. Company contributions made and expensed in operations in connection with the plan during the years ended December 31, 2024 and 2023, amounted to $70 thousand and $77 thousand, respectively.

AquaBounty Technologies, Inc.
Notes to the Consolidated Financial Statements
for the years ended December 31, 2024 and 2023

12. Segment Reporting

The Company adopted ASU 2023-07 effective for the annual period beginning January 1, 2024. The enhanced segment disclosure requirements were applied retrospectively to all prior periods presented in the financial statements, and prior period disclosures were based on the significant segment expense categories identified and disclosed in the period of adoption.

The financial information presented to and reviewed by the Company's chief operating decision maker, who is the interim chief executive officer, chief financial officer and treasurer, is not prepared in accordance with GAAP, therefore, certain accounting policies of the Company's single operating and reportable segment differ significantly from those described in Note 2 - Summary of Significant Accounting Policies. The significant difference between how management prepares financial information for internal purposes and GAAP is that internal information is focused on overall cash expenditures.

Management monitors the financial results for internal purposes under a cash expenditure approach rather than GAAP, because management believes such results more closely align to how the business is currently managed with consideration of the Company's overall focus on liquidity.

Management has identified net cash expenditures as the key performance measure that is used for evaluating the business. The chief operating decision maker uses this measure on a monthly basis when assessing performance and when making decisions about how to allocate operating resources, such as payments to vendors.

The Company believes that net cash expenditures, which is a non-GAAP measure, is the most directly comparable measure to GAAP. As such, the required disclosures of reportable segment expenses and segment loss in the tables below are prepared in accordance with the financial information presented to management and reviewed by the Company's chief operating decision maker on a regular basis.

$ thousands		**December 31, 2024**		December 31, 2023
Corporate	**$**	**7,273**	$	12,360
Indiana farm		**3,340**		12,075
Ohio farm		**3,112**		66,809
Canadian operations		**3,869**		5,573
Net cash expenditures	**$**	**17,594**	$	96,817
Reconciliation of net cash expenditures to consolidated net loss:				
Depreciation and amortization		**904**		2,158
Share-based compensation		**299**		542
Long-lived asset impairment		**129,826**		0
Capitalized expenditures		**(2,930)**		(68,890)
Loan principal payments		**(544)**		(726)
Product revenue		**(789)**		(2,473)
Net realizable value adjustments		**1,093**		0
Working capital changes		**3,738**		129
Consolidated net loss:	**$**	**149,193**	$	27,558

13. Subsequent events

On February 11, 2025, the Company conducted a virtual auction of certain Ohio Equipment Assets. Gross proceeds from the sale were $2.4 million and transaction costs are estimated at $146 thousand.

On February 14, 2025, the Atlantic Canada Opportunities Agency terminated the outstanding loan with the Company's Canadian subsidiary under its AIF Grant in the amount of C$2.9 million ($2.0 million). The AIF Grant was awarded in 2009 and provided a contribution towards the funding of a research and development project. Repayment was to be based on royalties from the resulting products from the research, however no product from the research was commercialized.

On March 3, 2025, the Company completed the sale of its Canadian subsidiary to Kelly Cove Salmon Ltd. for C$7.7 million ($5.3 million), which included the assumption of the Canadian subsidiary's outstanding debt of C$4.6 million ($3.2 million). Net proceeds to the Company after deducting costs and fees was C$2.7 million ($1.9 million).

On March 18, 2025, the Company received a loan default waiver on its secured Term Note with a vendor. The Company missed a loan payment in December, 2024, which among other things could have accelerated the due date on the full balance of the loan. The Company made the loan payment on March 14, 2025 and is in compliance with the terms of the loan as of that date.