
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**Form 8-K
CURRENT REPORT**

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

Date of Report (Date of earliest event reported) August 6, 2020

AquaBounty Technologies, Inc.

(Exact name of registrant as specified in its charter)

| | | |
|---|-----------------------------|--------------------------------------|
| Delaware | 001-36426 | 04-3156167 |
| (State or other jurisdiction of incorporation) | (Commission File Number) | (IRS Employer Identification No.) |

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

01754
(Zip Code)

978-648-6000
(Registrant's telephone number, including area code)

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

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

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

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

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

Emerging growth company

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

Item 2.02 Results of Operations and Financial Condition.

On August 6, 2020, AquaBounty Technologies, Inc. issued a press release regarding its financial and operational results for the quarter ended June 30, 2020. A copy of the press release is furnished herewith as Exhibit 99.1 and is incorporated herein by reference.

Item 8.01 Other Events.

The following statements contained in the press release attached hereto as Exhibit 99.1 are hereby incorporated herein and shall be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934 and incorporated by reference into the Registrant’s Quarterly Report on Form 10-Q for the period ending June 30, 2020:

- “Completed the first harvest of conventional Atlantic salmon in June at the Company’s Indiana farm”
- “The Indiana-based farm expects to ramp up monthly harvest of conventional salmon throughout the summer and plans to reach 100 metric tons per month by early 2021.”
- “We completed proprietary consumer research in Q4 of 2019, and the insights have been used to build out our communications program that we began executing in conjunction with our first harvest and anticipate will support the commercial launch of AAS later this year.”
- “After engaging Site Selection Group and CRB USA, we have made significant progress on finalizing the potential site and design for our planned 10,000 metric ton farm and we will soon select the farm’s RAS technology provider. We are on schedule to select the farm’s location this quarter and we expect to begin construction in early 2021.”

In addition, the following information obtained through consumer research involving 1,525 participants in the United States that was conducted by the Registrant during the Fall of 2019 shall be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934 and incorporated by reference into the Registrant’s Quarterly Report on Form 10-Q for the period ending June 30, 2020:

- 53% of participants had a first impression of genetically modified organisms related to food that were neutral to very positive;
- 60% of participants were neutral to very likely to purchase products they buy regularly if labeled as genetically modified organisms;
- 70%+ of participants were neutral to very likely to purchase products they buy regularly if labeled with a USDA Bioengineered Disclosure Symbol;
- 81% of participants had a neutral to very positive reaction to the AquaBounty and AquAdvantage salmon story and product attributes and benefits; and
- 70% of participants were likely to purchase and try AquAdvantage salmon at least once.

Except as expressly set forth in Item 8.01, the information included in this Current Report on Form 8-K pursuant to Item 2.02, including Exhibit 99.1 attached hereto, is intended to be furnished and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934 or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except as expressly set forth by specific reference in such filing.

Forward Looking Statements

This Current Report on Form 8-K and the attached press release contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, each as amended. All statements other than statements of historical fact contained in this Current Report on Form 8-K and the attached press release are forward-looking statements, including statements regarding the potential for, timing of and expected yields from the harvesting and sale of our fish from our production farms, the size of any such harvests, future revenues, the development of new farms and the selection of related service providers, the development of a shareholder communication program, and arrangements with potential customers, distributors, and processors; the effectiveness of our COVID-19 response and the potential impact of the pandemic; the sufficiency of prior capital raises; our scale and volume of production; and the potential for fish diseases, use of antibiotics, pollution of the marine environment, annual production increases, demonstration of aquaculture expertise, reduction in carbon footprint, development of new technologies, and our geographic expansion. Forward-looking statements may be identified with words such as “will,” “may,” “expect,” “plan,” “anticipate,” “upcoming,” “believe,” “estimate,” or similar terminology, and the negative of these terms. Forward-looking statements are not promises or guarantees of future performance and are subject to a variety of risks and uncertainties, many of which are beyond our control, which could cause actual results to differ materially from those contemplated in these forward-looking statements. Forward-looking

statements speak only as of the date hereof, and, except as required by law, we undertake no obligation to update or revise these forward-looking statements. For additional information regarding these and other risks faced by us, please refer to our public filings with the Securities and Exchange Commission (“SEC”), available on the Investors section of our website at www.aquabounty.com and on the SEC’s website at www.sec.gov.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

| Exhibit No. | Description |
|-------------|---|
| <u>99.1</u> | <u>Press release issued by AquaBounty Technologies, Inc. on August 6, 2020, furnished herewith.</u> |

SIGNATURES

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

| | |
|-----------------------|--|
| <u>August 6, 2020</u> | <u>AquaBounty Technologies, Inc.</u> (Registrant) <u>/s/ David A. Frank</u> David A. Frank Chief Financial Officer |
|-----------------------|--|



AquaBounty Technologies Announces Financial Results for the Quarter and Six Months Ended June 30, 2020, and Provides Corporate Update

MAYNARD, Mass., August 6, 2020 – AquaBounty Technologies, Inc. (NASDAQ: AQB) (“AquaBounty” or the “Company”), a land-based aquaculture company utilizing technology to enhance productivity and sustainability, has provided a corporate update and financial results for the second quarter and six months ended June 30, 2020.

Key Second Quarter 2020 & Subsequent Company Highlights:

- Completed the first harvest of conventional Atlantic salmon in June at the Company’s Indiana farm, validating its land-based Recirculating Aquaculture System (RAS) as an efficient and sustainable way to raise Atlantic salmon. The Indiana-based farm expects to ramp up monthly harvest of conventional salmon throughout the summer and plans to reach 100 metric tons per month by early 2021.
- Closed a \$4.0 million loan with First Farmers Bank & Trust to fund capital improvements and automation equipment at the Indiana farm.
- Selected Site Selection Group to identify the most advantageous site for the Company’s planned 10,000 metric ton farm and CRB USA to design the facility.
- Engaged international investor relations specialists MZ Group to expand its strategic investor relations and financial communications program across key markets.

Management Commentary

Sylvia Wulf, Chief Executive Officer of AquaBounty, stated: “The highlight of the second quarter was the announcement of our first harvest of conventional Atlantic salmon at our Indiana farm, an important milestone as we refine harvest systems and processes ahead of our expected initial harvest of AquAdvantage salmon in the fourth quarter this year in Indiana, followed by the anticipated first harvest of AquAdvantage salmon at our Canada-based, Prince Edward Island Farm in the first quarter of 2021.

“The first harvest of conventional salmon represents the start of the commercialization phase for AquAdvantage salmon (AAS), a milestone over 30 years in the making. This will be a breakthrough moment not only for AquaBounty, but for the industry—as it will be the first sale of a genetically engineered animal protein in the U.S. We completed proprietary consumer research in Q4 of 2019, and the insights have been used to build out our communications program that we began executing in conjunction with our first harvest and anticipate will support the commercial launch of AAS later this year. Furthermore, we continue to receive inbound interest from potential offtake partners, who see the inherent value in AAS, from both a sustainability and economic perspective, and we anticipate finalizing commercial agreements with key potential customers and distributors in advance of the first AAS harvest.

“After engaging Site Selection Group and CRB USA, we have made significant progress on finalizing the potential site and design for our planned 10,000 metric ton farm and will soon select the farm’s RAS technology provider. We are on schedule to select the farm’s location this quarter and expect to begin construction in early 2021. We believe we are now positioned to seize emerging growth opportunities within the space.”

“While we plan to construct our own facilities at first to validate our business model to the world, our long-term, capital-light goal is to make AAS the clear choice for existing land-based RAS farm operators who wish to remain competitive in the marketplace. I eagerly look forward to what the future holds for AquaBounty,” concluded Wulf.

Financial Summary through June 30, 2020

- Cash and cash equivalents were \$10.0 million as of June 30, 2020 (\$2.8 million at December 31, 2019). In February, the Company completed a public offering of common shares that provided \$14.5 million in net proceeds.
- Cash used in operations for the six months ended June 30, 2020, was \$7.0 million, compared with \$5.2 million in the same period of the prior year. Growth of fish inventory biomass was the driver.
- Cash used for capital projects for the six months ended June 30, 2020, was \$1.6 million compared with \$0.9 million in the same period of the prior year. The funds were primarily used for equipment upgrades at the Indiana farm.
- Net loss for the six months ended June 30, 2020, was \$6.6 million, or \$0.22 per share, compared to a net loss of \$6.8 million, or \$0.37 per share, in the same period of the prior year.

About AquaBounty Technologies, Inc.

AquaBounty Technologies, Inc. (NASDAQ: AQB) is a commercial aquaculture company focused on improving efficiency, sustainability, and profitability, leveraging decades of biotechnology expertise to ensure the availability of high-quality seafood to meet global consumer demand. Both the U.S. Food and Drug Administration and Health Canada approved the Company’s AquAdvantage salmon as the first and only bioengineered animal protein for human consumption.

The Company’s AquAdvantage fish program is based upon a single, specific molecular modification that results in more rapid growth during early development, resulting in a 70 percent increase in annual production output for AquAdvantage versus conventional Atlantic salmon. With aquaculture facilities located in Indiana and on Prince Edward Island, AquaBounty is raising its disease-free, antibiotic-free salmon in land-based Recirculating Aquaculture Systems, resulting in a reduced carbon footprint and no risk of pollution to marine ecosystems as compared to traditional sea-cage farming. For more information, please visit www.aquabounty.com.

Forward-Looking Statements

This press release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, each as amended. All statements other than statements of historical fact contained in this press release are forward-looking statements, including statements regarding the potential for, timing of and expected yields from the harvesting and sale of our fish from our production farms, the size of any such harvests, future revenues, the development of new farms and the selection of related service providers, the development of a

shareholder communication program, and arrangements with potential customers, distributors, and processors; the effectiveness of our COVID-19 response and the potential impact of the pandemic; the sufficiency of prior capital raises; our scale and volume of production; and the potential for fish diseases, use of antibiotics, pollution of the marine environment, annual production increases, demonstration of aquaculture expertise, reduction in carbon footprint, development of new technologies, and our geographic expansion. Forward-looking statements may be identified with words such as “will,” “may,” “expect,” “plan,” “anticipate,” “upcoming,” “believe,” “estimate,” or similar terminology, and the negative of these terms. Forward-looking statements are not promises or guarantees of future performance and are subject to a variety of risks and uncertainties, many of which are beyond our control, which could cause actual results to differ materially from those contemplated in these forward-looking statements. Forward-looking statements speak only as of the date hereof, and, except as required by law, we undertake no obligation to update or revise these forward-looking statements. For additional information regarding these and other risks faced by us, please refer to our public filings with the Securities and Exchange Commission (“SEC”), available on the Investors section of our website at www.aquabounty.com and on the SEC’s website at www.sec.gov.

Company Contact:

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AquaBounty Technologies, Inc.
Consolidated Balance Sheets
(Unaudited)

| | As of | |
|--|----------------------|----------------------|
| | June 30, 2020 | December 31, 2019 |
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 10,021,394 | \$ 2,798,744 |
| Other receivables | 57,369 | 55,198 |
| Inventory | 2,489,773 | 1,232,049 |
| Prepaid expenses and other current assets | 696,455 | 391,162 |
| Total current assets | 13,264,991 | 4,477,153 |
| Property, plant and equipment, net | 24,562,409 | 25,065,836 |
| Right of use assets, net | 371,292 | 399,477 |
| Definite-lived intangible assets, net | 150,736 | 157,588 |
| Indefinite-lived intangible assets | 101,661 | 101,661 |
| Other assets | 44,306 | 32,024 |
| Total assets | \$ 38,495,395 | \$ 30,233,739 |
| Liabilities and stockholders' equity | | |
| Current liabilities: | | |
| Accounts payable and accrued liabilities | \$ 1,764,124 | \$ 1,462,809 |
| Current lease liabilities and other | 63,836 | 62,286 |
| Current debt | 140,288 | 163,155 |
| Total current liabilities | 1,968,248 | 1,688,250 |
| Long-term lease obligations | 321,728 | 352,808 |
| Long-term debt | 4,423,028 | 4,432,052 |
| Total liabilities | 6,713,004 | 6,473,110 |
| Commitments and contingencies | | |
| Stockholders' equity: | | |
| Common stock, \$0.001 par value, 50,000,000 shares authorized; 32,105,684 (2019: 21,635,365) shares outstanding | 32,106 | 21,635 |
| Additional paid-in capital | 171,102,440 | 156,241,363 |
| Accumulated other comprehensive loss | (576,644) | (360,160) |
| Accumulated deficit | (138,775,511) | (132,142,209) |
| Total stockholders' equity | 31,782,391 | 23,760,629 |
| Total liabilities and stockholders' equity | \$ 38,495,395 | \$ 30,233,739 |

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

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|--------------------------------|-----------------------|------------------------------|-----------------------|
| | 2020 | 2019 | 2020 | 2019 |
| Revenues | | | | |
| Product revenues | \$ 2,950 | \$ 42,486 | \$ 9,703 | \$ 140,371 |
| Costs and expenses | | | | |
| Production costs | 1,041,316 | 941,113 | 1,882,750 | 1,803,368 |
| Sales and marketing | 137,434 | 103,390 | 188,222 | 175,381 |
| Research and development | 635,655 | 813,449 | 1,204,417 | 1,476,930 |
| General and administrative | 1,693,544 | 2,204,253 | 3,330,734 | 3,460,105 |
| Total costs and expenses | 3,507,949 | 4,062,205 | 6,606,123 | 6,915,784 |
| Operating loss | (3,504,999) | (4,019,719) | (6,596,420) | (6,775,413) |
| Other income (expense) | | | | |
| Interest expense | (18,147) | (14,212) | (35,192) | (27,550) |
| Other income (expense), net | (538) | 7,200 | (1,690) | 12,300 |
| Total other income (expense) | (18,685) | (7,012) | (36,882) | (15,250) |
| Net loss | \$ (3,523,684) | \$ (4,026,731) | \$ (6,633,302) | \$ (6,790,663) |
| Other comprehensive income (loss): | | | | |
| Foreign currency translation gain (loss) | 165,501 | 84,788 | (216,484) | 172,340 |
| Total other comprehensive income (loss) | 165,501 | 84,788 | (216,484) | 172,340 |
| Comprehensive loss | \$ (3,358,183) | \$ (3,941,943) | \$ (6,849,786) | \$ (6,618,323) |
| Basic and diluted net loss per share | \$ (0.11) | \$ (0.19) | \$ (0.22) | \$ (0.37) |
| Weighted average number of Common Shares - basic and diluted | 32,097,992 | 21,313,055 | 29,607,373 | 18,515,907 |