

AQUABOUNTY TECHNOLOGIES INC

FORM 10-Q (Quarterly Report)

Filed 08/05/25 for the Period Ending 06/30/25

Address	233 AYER ROAD SUITE 4 SUITE 4 HARVARD, MA, 01451
Telephone	978-648-6000
CIK	0001603978
Symbol	AQB
SIC Code	0900 - Fishing, Hunting and Trapping
Industry	Fishing & Farming
Sector	Consumer Non-Cyclicals
Fiscal Year	12/31

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

Form 10-Q

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

For the quarterly period ended June 30, 2025

or

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

For the transition period from _____ to _____

Commission File Number: 001-36426

AquaBounty Technologies, Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

04-3156167

(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

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 (§232.405 of this chapter) of Regulation S-T 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 is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☒

At August 4, 2025, the registrant had 3,877,695 shares of common stock, par value \$0.001 per share ("Common Shares") outstanding.

AquaBounty Technologies, Inc.
FORM 10-Q
For the Quarterly Period Ended June 30, 2025

TABLE OF CONTENTS

PART I	<u>FINANCIAL INFORMATION</u>	<u>Page</u>
<u>Item 1.</u>	<u>Financial Statements</u>	2
<u>Item 2.</u>	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	14
<u>Item 3.</u>	<u>Quantitative and Qualitative Disclosures About Market Risk</u>	18
<u>Item 4.</u>	<u>Controls and Procedures</u>	19
PART II	<u>OTHER INFORMATION</u>	
<u>Item 1.</u>	<u>Legal Proceedings</u>	19
<u>Item 1A.</u>	<u>Risk Factors</u>	19
<u>Item 2.</u>	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	21
<u>Item 3.</u>	<u>Defaults Upon Senior Securities</u>	21
<u>Item 4.</u>	<u>Mine Safety Disclosures</u>	21
<u>Item 5.</u>	<u>Other Information</u>	21
<u>Item 6.</u>	<u>Exhibits</u>	22
<u>Signatures</u>		23

Cautionary Note Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q of AquaBounty Technologies, Inc. (“AquaBounty,” the “Company,” “we,” “us” or “our”) contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, as amended, that involve significant risks and uncertainties about AquaBounty. All statements other than statements of historical fact are forward-looking statements, and AquaBounty may use words such as “expect,” “anticipate,” “project,” “intend,” “plan,” “aim,” “believe,” “seek,” “estimate,” “can,” “focus,” “will,” and “may,” similar expressions and the negative forms of such expressions to identify such forward-looking statements. 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 (as defined below) 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 discussed in the Company’s filings with the Securities and Exchange Commission (“SEC”).

For additional disclosure regarding these and other risks faced by AquaBounty, see disclosures contained in AquaBounty’s public filings with the SEC, including the “Risk Factors” in the Company’s Annual Report on Form 10-K and this Quarterly Report on Form 10-Q. You should consider these factors in evaluating the forward-looking statements included in this Quarterly Report on Form 10-Q and not place undue reliance on such statements. The forward-looking statements are made as of the date hereof, and AquaBounty undertakes no obligation to update such statements as a result of new information, except as required by law.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

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

	As of	
	June 30, 2025	December 31, 2024
Assets		
Current assets:		
Cash and cash equivalents	\$ 729,569	\$ 230,362
Prepaid expenses and other current assets	3,115,868	292,018
Current assets held for sale	100,000	10,819,909
Total current assets	3,945,437	11,342,289
Property, plant and equipment, net	22,668,000	22,668,000
Right of use assets, net	37,531	51,509
Total assets	\$ 26,650,968	\$ 34,061,798
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 3,317,732	\$ 10,104,853
Accrued employee compensation	964,615	977,088
Current debt	8,505,992	1,261,039
Other current liabilities	29,710	28,527
Current liabilities held for sale	211,173	3,830,041
Total current liabilities	13,029,222	16,201,548
Long-term lease obligations	7,821	22,982
Long-term debt, net	—	1,996,558
Total liabilities	13,037,043	18,221,088
Commitments and contingencies (Note 11)		
Stockholders' equity:		
Common stock, \$0.001 par value, 75,000,000 shares authorized; 3,877,695 and 3,865,778 shares outstanding at June 30, 2025 and December 31, 2024, respectively	3,878	3,866
Additional paid-in capital	386,354,487	386,297,611
Accumulated other comprehensive loss	—	(688,229)
Accumulated deficit	(372,744,440)	(369,772,538)
Total stockholders' equity	13,613,925	15,840,710
Total liabilities and stockholders' equity	\$ 26,650,968	\$ 34,061,798

See accompanying notes to these condensed consolidated financial statements.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Costs and expenses				
Sales and marketing	\$ —	\$ 79,702	6,613	143,335
Research and development	—	76,766	—	150,616
General and administrative	1,768,596	3,138,502	3,329,032	5,527,736
Asset impairment, net	1,525,752	26,264,943	1,218,866	26,264,943
Total costs and expenses	3,294,348	29,559,913	4,554,511	32,086,630
Operating loss	(3,294,348)	(29,559,913)	(4,554,511)	(32,086,630)
Other income (expense)				
Interest expense	(90,585)	(963,036)	(224,235)	(1,144,277)
Loan forgiveness	—	—	2,008,046	—
Other expense, net	(2,979)	(6,876)	(7,448)	(9,323)
Total other income (expense)	(93,564)	(969,912)	1,776,363	(1,153,600)
Loss from continuing operations	(3,387,912)	(30,529,825)	(2,778,148)	(33,240,230)
Income (loss) from discontinued operations	14,875	(19,984,416)	(193,754)	(28,432,259)
Net loss	\$ (3,373,037)	\$ (50,514,241)	\$ (2,971,902)	\$ (61,672,489)
Other comprehensive income (loss)				
Foreign currency translation gain (loss)	—	(57,335)	688,229	(173,642)
Comprehensive loss	\$ (3,373,037)	\$ (50,571,576)	\$ (2,283,673)	\$ (61,846,131)
Basic and diluted net income (loss) per share				
from continuing operations	\$ (0.87)	\$ (7.91)	\$ (0.72)	\$ (8.62)
from discontinued operations	—	(5.17)	(0.05)	(7.38)
Total basic and diluted net loss per share	\$ (0.87)	\$ (13.08)	\$ (0.77)	\$ (16.00)
Weighted average number of common shares				
- basic and diluted	3,872,587	3,860,487	3,869,708	3,854,958

See accompanying notes to these condensed consolidated financial statements.

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

	Common stock issued and outstanding	Par value	Additional paid- in capital	Accumulated other comprehensive income (loss)	Accumulated deficit	Total
Balance at December 31, 2023	3,847,022	\$ 3,847	\$ 385,998,213	\$ (405,464)	\$ (220,579,878)	\$ 165,016,718
Net loss					(11,158,248)	(11,158,248)
Other comprehensive loss				(116,307)		(116,307)
Share-based compensation	10,422	10	105,145			105,155
Balance at March 31, 2024	3,857,444	\$ 3,857	\$ 386,103,358	\$ (521,771)	\$ (231,738,126)	\$ 153,847,318
Net loss					(50,514,241)	(50,514,241)
Other comprehensive loss				(57,335)		(57,335)
Share-based compensation	8,334	9	68,897			68,906
Balance at June 30, 2024	3,865,778	\$ 3,866	\$ 386,172,255	\$ (579,106)	\$ (282,252,367)	\$ 103,344,648

	Common stock issued and outstanding	Par value	Additional paid- in capital	Accumulated other comprehensive income (loss)	Accumulated deficit	Total
Balance at December 31, 2024	3,865,778	\$ 3,866	\$ 386,297,611	\$ (688,229)	\$ (369,772,538)	\$ 15,840,710
Net income					401,135	401,135
Other comprehensive income				688,229		688,229
Share-based compensation	3,583	3	40,158			40,161
Balance at March 31, 2025	3,869,361	\$ 3,869	\$ 386,337,769	\$ —	\$ (369,371,403)	\$ 16,970,235
Net loss					(3,373,037)	(3,373,037)
Share-based compensation	8,334	9	16,718			16,727
Balance at June 30, 2025	3,877,695	\$ 3,878	\$ 386,354,487	\$ —	\$ (372,744,440)	\$ 13,613,925

See accompanying notes to these condensed consolidated financial statements.

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

	Six Months Ended June 30,	
	2025	2024
Operating activities		
Net loss	\$ (2,971,902)	\$ (61,672,489)
Adjustment to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	—	722,517
Share-based compensation	56,888	174,061
Long-lived asset impairment	1,218,866	48,733,222
Loan forgiveness	(2,008,046)	—
Other non-cash items	—	37,233
Changes in operating assets and liabilities:		
Inventory	—	1,600,775
Prepaid expenses and other assets	(501,960)	934,007
Accounts payable and accrued liabilities	308,580	768,465
Accrued employee compensation	(12,473)	(39,407)
Net cash used in operating activities	(3,910,047)	(8,741,616)
Investing activities		
Purchases of and deposits on property, plant and equipment	—	(2,000,084)
Proceeds from asset sales	4,632,679	149,282
Net cash provided by (used in) investing activities	4,632,679	(1,850,802)
Financing activities		
Proceeds from issuance of debt	—	5,117,292
Repayment of term debt	(232,194)	(2,995,467)
Net cash (used in) provided by financing activities	(232,194)	2,121,825
Effect of exchange rate changes on cash and cash equivalents	8,769	(4,937)
Net change in cash and cash equivalents	499,207	(8,475,530)
Cash and cash equivalents at beginning of period	230,362	9,203,869
Cash and cash equivalents at end of period	\$ 729,569	\$ 728,339
Supplemental disclosure of cash flow information and non-cash transactions:		
Interest paid in cash from continuing operations	\$ —	\$ 1,107,040
Interest paid in cash from discontinued operations	\$ —	\$ 54,262
Non-cash conversion of accounts payable to current debt	\$ 7,386,235	\$ —
Property and equipment included in accounts payable and accrued liabilities	\$ 1,847,602	\$ 10,423,909

See accompanying notes to these condensed consolidated financial statements.

AquaBounty Technologies, Inc.

Notes to the condensed consolidated financial statements

(unaudited)

1. Nature of Business and Organization

AquaBounty Technologies, Inc. (the “Parent” and, together with its 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 recirculating aquaculture system (“RAS”) farms for producing its genetically engineered Atlantic salmon (“GE Atlantic salmon”). The Company had commenced construction of a 10,000 metric ton farm in Pioneer, Ohio (“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 the Company’s 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 grow-out farm in Indiana (“Indiana Farm”) in July 2024, recurring sales throughout the remainder of 2024 and the first half of 2025 of selected equipment originally intended for the Ohio Farm Project (“Ohio Equipment Assets”), and the sale of the Company’s Canadian subsidiary, including the broodstock farms owned by the Canadian subsidiary in Prince Edward Island, Canada (“Canadian Farms”) and its intellectual property for GE Atlantic salmon, along with trademarks and patents (“Corporate IP”) in March 2025. 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 land and construction in process (“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.

2. Going Concern Uncertainty

Since inception, the Company has incurred cumulative net losses of \$373 million and expects that this will continue for the foreseeable future. As of June 30, 2025, the Company had \$730 thousand in cash and cash equivalents on its condensed 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 condensed consolidated financial statements are issued. The accompanying condensed 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.

3. Basis of Presentation

The unaudited interim condensed consolidated financial statements include the accounts of AquaBounty Technologies, Inc. and its wholly owned direct subsidiaries. All intercompany transactions and balances have been eliminated upon consolidation.

The unaudited interim condensed consolidated financial statements have been prepared in conformity with generally accepted accounting principles in the United States (“GAAP”) consistent with those applied in, and should be read in conjunction with, the Company’s audited financial statements and related notes for the year ended December 31, 2024. The unaudited interim condensed consolidated financial statements reflect all adjustments, consisting only of normal recurring adjustments, which are, in the opinion of management, necessary for a fair presentation of the Company’s financial position as of June 30, 2025, results of operations and cash flows for the interim periods presented and are not necessarily indicative of results for subsequent interim periods or for the full year. The unaudited interim condensed consolidated financial statements do not include all of the information and notes required by GAAP for complete financial statements, as allowed by the relevant SEC rules and regulations; however, the Company believes that its disclosures are adequate to ensure that the information presented is not misleading.

Discontinued Operations

As noted above, the Company sold its Indiana Farm in July 2024 and its Canadian Farms in March 2025. These farms have been designated as discontinued operations in these interim condensed consolidated financial statements for all periods presented (see Note 5).

Net Loss Per Share

Basic and diluted net loss per share available to common stockholders has been calculated by dividing net loss by the weighted average number of shares of common stock outstanding during the period. Basic net loss per share is based solely on the number of shares of common stock outstanding during the period. The calculation of fully diluted net loss per share would include the number of shares of common stock issuable upon the exercise of vested options with an exercise price less than the fair value of the common stock and unvested stock awards, less the hypothetical number of shares of common stock that could be repurchased with stock option proceeds and unrecognized stock compensation. 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 table contains the Company's potentially dilutive securities:

Weighted Average Outstanding	Three Months Ended June 30,	
	2025	2024
Stock options	47,178	73,737
Unvested stock awards	4,945	20,222

Weighted Average Outstanding	Six Months Ended June 30,	
	2025	2024
Stock options	53,895	74,204
Unvested stock awards	8,039	25,934

Accounting Pronouncements

In November 2024, the Financial Accounting Standards Board issued Accounting Standards Update ("ASU") No. 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 for the year ended December 31, 2027, and interim disclosures in the year ended December 31, 2028.

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

4. 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.

5. 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 sold its Canadian Farms in March 2025 for a sale price of \$5.2 million, including the assumption of \$3.2 million in outstanding loans, less transaction expenses of \$216 thousand. These decisions by the Company represented a strategic shift that has had 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 June 30, 2025 and December 31, 2024.

Included in the table for Current Assets Held for Sale is \$100 thousand and \$6.3 million of the Ohio Equipment Assets for June 30, 2025 and December 31, 2024, respectively. During the six months ended June 30, 2025, the Company sold certain Ohio Equipment Assets for gross proceeds of \$5.0 million. The remaining assets were determined to have a fair value of \$100 thousand and a non-cash impairment charge of \$1.2 million was recorded in continuing operations.

The table below presents the major areas of the balance sheet that constitute assets and liabilities held for sale.

	June 30, 2025	December 31, 2024
Current Assets		
Prepaid and other current assets	\$ —	\$ 65,030
Property, plant and equipment, net	100,000	10,754,879
Total current assets held for sale	\$ 100,000	\$ 10,819,909
Current Liabilities		
Accounts payable and accrued expenses	\$ —	\$ 106,590
Accrued employee compensation	—	54,583
Current debt	—	3,260,005
Other current liabilities	211,173	408,863
Total current liabilities held for sale	\$ 211,173	\$ 3,830,041

The two tables below present the major areas of the income statement and the cash flow statement, respectively, that constitute discontinued operations.

	Three months ended June 30,		Six months ended June 30,	
	2025	2024	2025	2024
Revenue	\$ —	\$ 180,182	\$ —	\$ 657,450
Costs and expenses				
Product costs	—	1,641,083	—	6,117,380
Sales and marketing	—	—	—	330
Research and development	—	(12,264)	—	33,675
General and administrative	(14,875)	308,058	176,486	419,381
Long-lived impairment	—	18,203,279	—	22,468,279
Operating income (loss)	14,875	(19,959,974)	(176,486)	(28,381,595)
Other expense	—	(24,442)	(17,268)	(50,664)
Income (loss) from discontinued operations	\$ 14,875	\$ (19,984,416)	\$ (193,754)	\$ (28,432,259)

	Six months ended June 30,	
	2025	2024
Adjustments to reconcile net loss to net cash used in operating activities		
Depreciation and amortization	\$ —	\$ 714,321
Long-lived asset impairment	—	22,468,279
Other non-cash items	-	3,518
Changes in working capital	1,439	1,545,232
Cash flows from investing activities		
Purchases of and deposits on property, plant and equipment	—	(253,680)
Cash flows from financing activities		
Proceeds from issuance of debt	—	117,292
Repayment of term debt	(32,194)	(103,704)

6. Prepaid and Other Current Assets

Major classifications of prepaid and other current assets are summarized as follows:

	June 30, 2025	December 31, 2024
Receivables	\$ 2,473,205	\$ —
Prepaid insurance	580,094	203,999
Prepaid other	62,569	88,019
Total prepaid expenses and other current assets	\$ 3,115,868	\$ 292,018

7. Property, Plant and Equipment

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

	June 30, 2025	December 31, 2024
Land	\$ 641,345	\$ 641,345
Construction in process	22,026,655	22,026,655
Total property and equipment	\$ 22,668,000	\$ 22,668,000
Less accumulated depreciation and amortization	—	—
Property, plant and equipment, net	\$ 22,668,000	\$ 22,668,000

Depreciation expense was \$0 and \$715 thousand, for the six months ended June 30, 2025 and 2024, respectively.

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 June 30, 2025, construction in process related only to the Ohio Farm Site, and an additional \$930 thousand has been contractually committed.

8. Debt

	Interest rate	Monthly repayment	Maturity date	June 30, 2025	December 31, 2024
ACOA AIF Grant	0%	Royalties		\$ —	\$ 1,996,558
Term Note	0%	200,000	Dec 2025	1,119,757	1,261,039
Vendor Note	8%	—	Jun 2026	7,386,235	—
Total debt				\$ 8,505,992	\$ 3,257,597
less: current portion				(8,505,992)	(1,261,039)
Long-term debt, net				\$ —	\$ 1,996,558

On February 14, 2025, the Atlantic Canada Opportunities Agency ("ACOA") terminated the outstanding loan with the Company's Canadian subsidiary under its Atlantic Innovation Fund ("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.

In October 2024, the Company entered into a secured promissory note ("Term Note") for \$1.3 million with a vendor for services provided during 2024. The Term 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. On March 18, 2025, an amendment to the Term Note was executed to alter the amount and timing of the intermediate payments. The Term 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 June 30, 2025, the Company was in default on its

scheduled payments, and on July 22, 2025, the Term Note was again amended to alter the timing of the remaining payments and the Company is in compliance with the terms of the loan as amended (see Note 14).

On June 11, 2025, the Company converted \$7.4 million of outstanding accounts payable with a vendor into a secured promissory note (“Vendor Note”). The Vendor Note is secured by the assets of the Company’s Ohio Farm Site, has a 12-month term and carries an 8% interest rate, with the first six-months interest free.

The Company recognized interest expense of \$0 and \$922 thousand for the six months ended June 30, 2025 and 2024, respectively, on its interest-bearing debt.

Principal payments due on the debt are as follows:

	Total
2025 remaining	\$ 1,119,757
2026	7,386,235
2027	—
2028	—
2029	—
Thereafter	—
Total	\$ 8,505,992

9. Leases

The tables below summarize the Company’s outstanding lease liabilities at June 30, 2025 and December 31, 2024 and its lease expense for the six months ended June 30, 2025 and 2024:

	June 30, 2025	December 31, 2024
Operating lease right-of-use assets, net	\$ 37,531	\$ 51,509
Other current liabilities	29,710	28,527
Long-term lease obligations	7,821	22,982
Total operating lease liabilities	\$ 37,531	\$ 51,509
Weighted average remaining lease term	1.3 years	1.8 years
Weighted average discount rate	8%	8%

Remaining payments under leases:

Year	Amount
2025 remaining	\$ 16,055
2026	21,827
Thereafter	—
Total lease payments	37,882
Less: imputed interest	(351)
Total operational lease liabilities	\$ 37,531

	Three Months Ended June 30, 2025	2024	Six Months Ended June 30, 2025	2024
Operating lease expense	\$ 7,870	\$ 11,938	\$ 15,740	\$ 23,876
Lease payments included in operating cash flows	\$ 7,870	\$ 7,568	\$ 15,740	\$ 23,876

10. Stockholders’ Equity

Share-based compensation

At June 30, 2025, the Company has reserved 46,495 and 0 shares of common stock issuable upon the exercise of outstanding stock options and unvested stock awards, respectively, under its 2006 and 2016 Equity Incentive Plans. An additional 100,128 shares of common stock are reserved for future equity awards under the 2016 Equity Incentive Plan.

Unvested Stock Awards

A summary of the Company's unvested stock awards for the six months ended June 30, 2025, is as follows:

	Shares	Weighted average grant date fair value
Unvested at December 31, 2024	12,567	\$ 9.18
Vested	(11,917)	8.96
Forfeited	(650)	13.05
Unvested at June 30, 2025	—	\$ —

During the six months ended June 30, 2025 and 2024, the Company expensed \$33 thousand and \$97 thousand, respectively, related to the stock awards.

Stock options

The Company's option activity is summarized as follows:

	Number of options	Weighted average exercise price
Outstanding at December 31, 2024	64,905	\$ 38.57
Forfeited	(18,191)	32.94
Expired	(219)	114.00
Outstanding at June 30, 2025	46,495	\$ 40.41
Exercisable at June 30, 2025	41,147	\$ 44.73

Unless otherwise indicated, 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 during the six months ended June 30, 2025.

There was no intrinsic value for options outstanding or exercisable at June 30, 2025 and December 31, 2024.

The following table summarizes information about options outstanding and exercisable at June 30, 2025:

Weighted average exercise price of outstanding options	Number of options outstanding	Weighted average remaining estimated life (in years)	Number of options exercisable
< \$10.00	17,826	8.0	12,478
\$20.00 - \$50.00	25,373	4.5	25,373
\$100.00 - \$200.00	1,621	5.4	1,621
\$200.00 - \$300.00	1,675	1.8	1,675
	46,495		41,147

Total share-based compensation on stock-option grants amounted to \$24 thousand and \$77 thousand for the six months ended June 30, 2025 and 2024, respectively. At June 30, 2025, the balance of unearned share-based compensation to be expensed in future periods related to unvested share-based awards was \$19 thousand. The period over which the unearned share-based compensation is expected to be earned is approximately 0.7 years.

11. Commitments and Contingencies

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

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 June 30, 2025, will not have a material adverse effect on the Company's financial position or results of operations.

12. Segment Reporting

The Company adopted ASU 2023-07 effective for the annual period beginning January 1, 2024.

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 the Company's 2024 Annual Report on Form 10-K, which was filed on March 27, 2025. 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	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Corporate	\$ 1,359	\$ 2,797	\$ 2,571	\$ 4,959
Indiana farm	68	1,066	83	3,091
Ohio farm	143	899	585	2,002
Canadian operations	—	1,005	272	2,356
Net cash expenditures	\$ 1,570	\$ 5,767	\$ 3,511	\$ 12,408
Reconciliation of net cash expenditures				
to consolidated net loss:				
Depreciation and amortization	—	147	—	723
Share-based compensation	17	69	57	174
Long-lived asset impairment	1,219	44,468	1,219	48,733
Loan forgiveness	—	—	(2,008)	—
Capitalized expenditures	—	(874)	—	(2,000)
Net realizable value adjustments	—	-	—	1,093
Working capital changes	568	938	193	542
Consolidated net loss:	\$ 3,374	\$ 50,515	\$ 2,972	\$ 61,673

13. Income Taxes

The Company reported a net loss for the six months ended June 30, 2025, and is forecasting losses through the remainder of the year, resulting in an estimated net loss for both financial statement and tax purposes for the year ending December 31, 2025. Therefore, no federal or state income taxes are expected and none have been recorded at this time. Income taxes have been accounted for using the liability method.

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

As of June 30, 2025, the Company had no unrecognized income tax benefits that would reduce the Company's effective tax rate if recognized.

14. Subsequent Events

On July 22, 2025, the Company executed an amendment on its secured Term Note with a vendor. The Company was in default on its scheduled loan payments, which among other things could have accelerated the due date on the full balance of the loan. The amendment provided for a new payment schedule and the Company is in compliance with the terms of the loan as amended.

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

The following “Management’s Discussion and Analysis of Financial Condition and Results of Operations” should be read in conjunction with the unaudited financial information and the notes thereto included in this Quarterly Report on Form 10-Q and our Annual Report on Form 10-K for the year ended December 31, 2024, which was filed on March 27, 2025.

Overview

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 (“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 remainder of 2024 and the first half of 2025 of selected equipment originally intended for the Ohio Farm Project (the “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. 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 condensed consolidated financial statements for the three and six months ended June 30, 2025 and 2024 in this Form 10-Q (see Note 5 to our condensed consolidated financial statements for additional information).

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 June 30, 2025, we had an accumulated deficit of \$373 million and \$730 thousand in cash and cash equivalents on our interim condensed consolidated balance sheet. We require new funding to provide liquidity for working capital in order to realize the potential value of our assets. 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 have historically included agency fees for investor-related activities. With the sale of our Canadian Farms in March 2025, we no longer have sales and marketing expenses.

Research and Development Expenses

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 expect our general and administrative expenses to decrease as a result of our reduced operations.

Asset Impairment, Net

Net asset impairment includes the non-cash impairment charges on the Ohio Equipment Assets and the gains or losses realized on the disposition of Assets Held for Sale.

Other Income (Expense), Net

Interest expense includes the interest on our loans and accounts payable for our continuing operations. Loan forgiveness relates to the termination of an outstanding loan. Other expense, net includes bank charges, fees, and interest income.

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, non-cash long-lived asset impairment charges, a net realizable value adjustment of inventory, interest expense and banking fees.

Results of Operations

Comparison of the three months ended June 30, 2025, to the three months ended June 30, 2024

The following table summarizes our results of operations for the three months ended June 30, 2025 and 2024, together with the changes in those items in dollars and as a percentage (all dollar amounts in thousands):

	Three Months Ended June 30,		Dollar Change	% Change
	2025	2024		
	(unaudited)			
Costs and expenses				
Sales and marketing	\$ —	\$ 80	(80)	(100)%
Research and development	—	77	(77)	(100)%
General and administrative	1,768	3,138	(1,370)	(44)%
Asset impairment, net	1,526	26,265	(24,739)	(94)%
Operating loss	(3,294)	(29,560)	26,266	(89)%
Other expense	(94)	(970)	876	(90)%
Loss from continuing operations	(3,388)	(30,530)	27,142	(89)%
Income (loss) from discontinued operations	15	(19,984)	19,999	(100)%
Net loss	\$ (3,373)	\$ (50,514)	47,141	(93)%

Sales and Marketing Expenses

There were no sales and marketing expenses for the three months ended June 30, 2025, due to the sale of our Indiana Farm and Canadian Farms.

Research and Development Expenses

There were no research and development expenses for the three months ended June 30, 2025, as we no longer have research and development operations after the sale of our Canadian Farms.

General and Administrative Expenses

General and administrative expenses for the three months ended June 30, 2025, were down from the corresponding period in 2024 due to reductions in personnel costs, legal fees, share-based compensation costs, professional fees, audit fees, and travel.

Asset Impairment, Net

During the three months ended June 30, 2025, we sold Ohio Equipment Assets for net proceeds of \$2.4 million. These assets had been partially impaired in 2024 and further impaired during the first quarter of 2025. As of June 30, 2025, we concluded that the value of the remaining Ohio Equipment Assets was \$100 thousand, and thus we recorded a non-cash impairment charge of \$1.2 million.

Other Expense

Other expense for the three months ended June 30, 2025 and 2024 is comprised of interest expense and bank charges, less interest income.

Income (Loss) from Discontinued Operations

The income from discontinued operations for the three months ended June 30, 2025 was comprised of a small gain related to the Indiana Farm. For the three months ended June 30, 2024, the loss was comprised of all operating costs for our Indiana Farm and our Canadian Farms, including fish and egg production costs, sales and marketing, research and development, general and administrative expenses, non-cash long-lived asset impairment charges, a net realizable value adjustment of inventory, interest expense and banking fees.

Comparison of the six months ended June 30, 2025, to the six months ended June 30, 2024

The following table summarizes our results of operations for the six months ended June 30, 2025 and 2024, together with the changes in those items in dollars and as a percentage (all dollar amounts in thousands):

	Six Months Ended June 30,		Dollar Change	% Change
	2025	2024		
	(unaudited)			
Costs and expenses				
Sales and marketing	\$ 6	\$ 143	(137)	(96)%
Research and development	—	151	(151)	(100)%
General and administrative	3,329	5,528	(2,199)	(40)%
Asset impairment, net	1,219	26,265	(25,046)	(95)%
Operating loss	(4,554)	(32,087)	27,533	(86)%
Other income (expense)	1,776	(1,153)	2,929	(254)%
Loss from continuing operations	(2,778)	(33,240)	30,462	(92)%
Loss from discontinued operations	(194)	(28,432)	28,238	(99)%
Net loss	\$ (2,972)	\$ (61,672)	58,700	(95)%

Sales and Marketing Expenses

Sales and marketing expenses for the six months ended June 30, 2025, were down from the corresponding period in 2024 due to decreases in personnel costs and program spending related to the sale of our Indiana Farm and Canadian Farms.

Research and Development Expenses

There were no research and development expenses for the six months ended June 30, 2025, as we no longer have research and development operations after the sale of our Canadian Farms.

General and Administrative Expenses

General and administrative expenses for the six months ended June 30, 2025, were down from the corresponding period in 2024 due to reductions in personnel costs, legal fees, state excise tax liabilities, share-based compensation costs, professional fees, audit fees, and travel.

Asset Impairment, Net

During the six months ended June 30, 2025, we sold Ohio Equipment Assets for net proceeds of \$4.7 million. These assets had been partially impaired in 2024 and further impaired during the first quarter of 2025. At June 30, 2025, we concluded that the value of the remaining Ohio Equipment Assets was \$100 thousand, and thus we recorded a non-cash impairment charge of \$1.2 million.

Other Income (Expense)

Other income for the six months ended June 30, 2025, is comprised of the forgiveness of an outstanding loan and interest income, less interest expense and bank charges. Other expense for the six months ended June 30, 2024 is comprised of interest expense and bank charges, less interest income.

Loss from Discontinued Operations

The loss from discontinued operations for the six months ended June 30, 2025 was comprised of remaining operating costs for the Indiana Farm and Canadian Farms. For the six months ended June 30, 2024, the loss was comprised of all operating costs for our

Indiana Farm and our Canadian Farms, including fish and egg production costs, sales and marketing, research and development, general and administrative expenses, non-cash long-lived asset impairment charges, a net realizable value adjustment of inventory, interest expense and banking fees.

Cash Flows

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

	Six Months Ended June 30,		Dollar Change	% Change
	2025	2024		
	(unaudited)			
Net cash (used in) provided by:				
Operating activities	\$ (3,910)	\$ (8,742)	4,832	(55)%
Investing activities	4,632	(1,851)	6,483	(350)%
Financing activities	(232)	2,122	(2,354)	(111)%
Effect of exchange rate changes on cash	9	(5)	14	(280)%
Net change in cash	\$ 499	\$ (8,476)	8,975	(106)%

Cash Flows from Operating Activities

Net cash used in operating activities during the six months ended June 30, 2025, was primarily comprised of our \$3.0 million net loss, which included a \$2.0 million non-cash gain on the forgiveness of an outstanding loan, and working capital uses of \$206 thousand, partially offset by non-cash share-based compensation charges of \$57 thousand and an asset impairment charge of \$1.2 million. Net cash used in operating activities during the six months ended June 30, 2024, was primarily comprised of our \$61.7 million net loss, offset by non-cash depreciation and share-based compensation charges of \$897 thousand, a long-lived asset impairment charge of \$48.7 million, and working capital sources of \$3.3 million.

Spending on operations decreased in the current period due to reductions in personnel, farm operating costs, depreciation charges, and share-based compensation. Uses of cash from changes in working capital were due to increases in prepaid expenses and other assets, and decreases in accounts payable and accrued expenses.

Cash Flows from Investing Activities

During the six months ended June 30, 2025, we received \$4.6 million from the sale of assets, and during the six months ended June 30, 2024, we spent \$2.0 million for construction activities at our farm sites and the purchase of equipment and received \$149 thousand from the sale of assets.

Cash Flows from Financing Activities

During the six months ended June 30, 2025, we made \$232 thousand in debt repayments. During the six months ended June 30, 2024, we received \$5.1 million from new debt and made \$3.0 million in debt repayments.

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 June 30, 2025, we had \$730 thousand of 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 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 condensed 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. We also focused on cost containment to preserve and extend our available cash. In February 2025, we completed an auction of certain Ohio Equipment Assets for net proceeds of \$2.3 million, and in March 2025, we completed the sale of our Canadian Farms for net proceeds of \$1.9 million. In June 2025, we sold Ohio Equipment Assets for net proceeds of \$2.4 million. Going forward, we plan to continue to sell available Ohio Equipment Assets to increase our cash liquidity in order to realize the potential value of our assets.

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, and strategic alliances. 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, we may have to relinquish 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.

Critical Accounting Policies and Estimates

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

There have been no material changes to these estimates, or the policies related to them, during the six months ended June 30, 2025. For a full discussion of these estimates and policies, see "Critical Accounting Policies and Estimates" within "Management's Discussion and Analysis of Financial Results of Operations" in our 2024 Annual Report on Form 10-K.

Smaller Reporting Company Status

We are a "smaller reporting company," meaning that the market value of our stock held by non-affiliates is less than \$700 million and our annual revenue was less than \$100 million during the most recently completed fiscal year. We may continue to be a smaller reporting company if either (i) the market value of our stock held by non-affiliates is less than \$250 million or (ii) our annual revenue is less than \$100 million during the most recently completed fiscal year and the market value of our stock held by non-affiliates is less than \$700 million.

As a smaller reporting company, we may continue to rely on exemptions from certain disclosure requirements that are available to smaller reporting companies. Specifically, as a smaller reporting company, we may choose to present only the two most recent fiscal years of audited financial statements in our Annual Report on Form 10-K and smaller reporting companies have reduced disclosure obligations regarding executive compensation.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

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

Interest Rate Risk

Our primary exposure to market risk is interest rate risk associated with debt financing that we utilize from time to time to fund operations or specific projects. The interest on this debt is usually determined based on a fixed rate and is contractually set in advance. As of June 30, 2025 and December 31, 2024, we had \$7.4 million and \$1.3 million, respectively, in interest-bearing debt instruments for our continuing operations, and \$0 and \$1.6 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 income (loss) within stockholders' equity. We do not expect to incur foreign translation gains or losses in the future, as we have sold our Canadian subsidiary.

Item 4. Controls and Procedures

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 SEC'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 June 30, 2025 (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.

Changes in Internal Control Over Financial Reporting

There have been no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) for the three months ended June 30, 2025, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

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 \$1.5 million. 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. The amount of this liability has been recorded in our condensed consolidated financial statements.

On June 25, 2025, a complaint was filed by Buckeye Power Sales Co. Inc. ("Buckeye") against AFO in the Court of Common Pleas, Franklin County, Ohio. The complaint alleges that AFO ordered a switch gear from Buckeye in 2024 and entered into a credit contract with Buckeye. Buckeye claims that AFO owes Buckeye \$930 thousand plus interest at the rate of 1.5% per month from January 22, 2025, and costs, including attorney fees. The Company and AFO are currently assessing next steps. The amount of this liability has not been recorded in our condensed consolidated financial statements, as the items ordered have not been shipped by the vendor and received by the Company.

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 1A. Risk Factors

As disclosed in "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2024, which was filed on March 27, 2025, there are a number of risk factors that could affect our business, financial condition, and results of operations. The

following risk factors are either new or have changed materially from those set forth in our Annual Report on Form 10-K for the year ended December 31, 2024. In evaluating our business, you should carefully review the risks described in our Annual Report on Form 10-K, including our consolidated financial statements and related notes, and in other reports we file with the SEC. We cannot assure you that any of the events discussed in the risk factors below will not occur. These risks could have a material and adverse impact on our business, results of operations, financial condition, or prospects. If that were to happen, the trading price of our common stock could decline, and you could lose all or part of your investment.

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

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 June 30, 2025, we have incurred cumulative net losses of approximately \$373 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 June 30, 2025, we had \$730 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.

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, tariffs, or changes in political administrations at the federal, state or local levels that result in policy changes. Farm equipment prices may increase significantly due to tariffs or other factors described above, and other 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.

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 the Nasdaq Stock Market LLC (“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 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 provided us with a compliance period of 180 calendar days, or until July 15, 2025, to regain compliance. We were subsequently granted an additional 180 calendar days, or until January 12, 2026, to regain compliance with the minimum \$1.00 bid price per share requirement for continued listing on Nasdaq. 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 (except the bid price requirement). In addition, we provided 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.

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.

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

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

During the three months ended June 30, 2025, 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 6. Exhibits

EXHIBIT INDEX

Exhibit Number	Exhibit Description
31.1	Certification of the Chief Executive Officer and 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.
101.INS	XBRL instance document.
101.SCH	XBRL taxonomy extension schema document.
101.CAL	XBRL taxonomy extension calculation linkbase document.
101.LAB	XBRL taxonomy label linkbase document.
101.PRE	XBRL taxonomy extension presentation linkbase document.
101.DEF	XBRL taxonomy extension definition linkbase document.
104	Cover Page Interactive Data File-the cover page interactive data file does not appear in the Interactive Data File because the XBRL tags are embedded within the Inline XBRL document.

- + The certification furnished in Exhibit 32.1 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.

Signatures

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

August 5, 2025

AQUABOUNTY TECHNOLOGIES, INC.

/s/ David A. Frank

David A. Frank

Interim Chief Executive Officer, Chief Financial
Officer and Treasurer (principal executive, financial
and accounting officer and duly authorized officer)

Certification

I, David A. Frank, certify that:

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

Date: August 5, 2025

/s/ David A. Frank
David A. Frank
Interim Chief Executive Officer, Chief Financial Officer and Treasurer
(Principal Executive Officer and Principal Financial Officer)

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

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

(i) the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2025, which this statement accompanies, fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and

(ii) the information contained in the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2025, fairly presents, in all material respects, the financial condition and results of operations of AquaBounty Technologies, Inc.

Dated as of this 5th day of August, 2025.

/s/ David A. Frank

David A. Frank
Interim Chief Executive Officer, Chief Financial Officer and Treasurer
(Principal Executive Officer and Principal Financial Officer)
