

FISH FARMING FINANCIAL OPERATIONS

COST STRUCTURE & RISK MANAGEMENT 2026

Operational budgeting, breakeven analysis, and financial levers for the first 12 months.

INTERNAL OPERATIONAL BLUEPRINT / FY2026

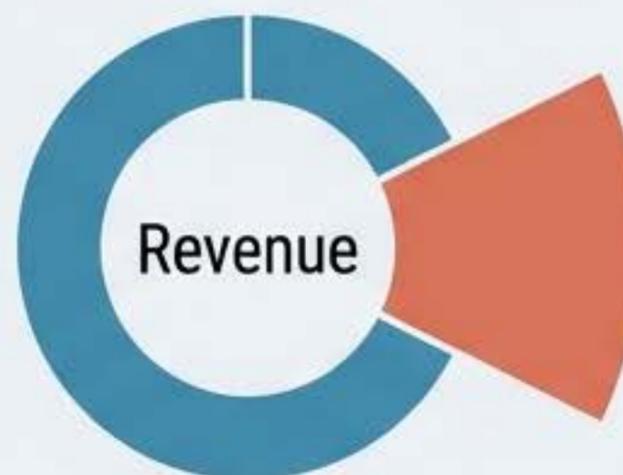
THE OPERATIONAL DASHBOARD: YEAR 1 REQUIREMENTS

THE FLOOR: FIXED OVERHEAD

\$97,400 / mo

Minimum sustainable operating budget
(Staff, Rent, Utilities).

THE EXPOSURE: VARIABLE RISK



Feed & Energy
> 130% Revenue
(If Unmanaged)

THE FUEL: CASH BUFFER

\$584k – \$876k



6–9 months working capital required pre-revenue.

THE LEVERS: CONTROL

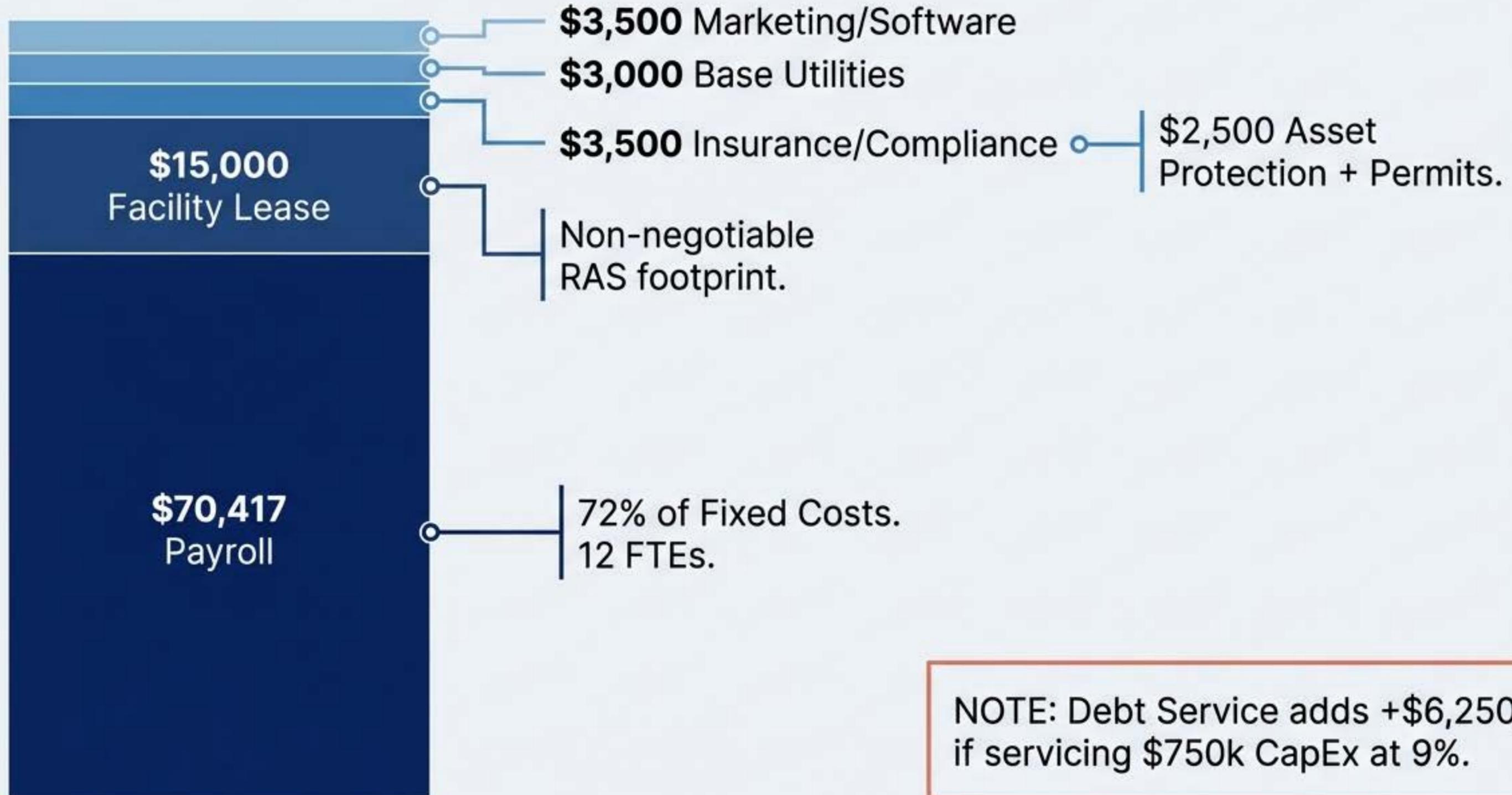


Labor Flexibility (12 FTEs)



Mortality Control (<5%)

THE FIXED COST FLOOR: \$97,400 MONTHLY BURN



NOTE: Debt Service adds +\$6,250/mo if servicing \$750k CapEx at 9%.

HUMAN CAPITAL: THE \$70,417 PAYROLL BURDEN

HEADCOUNT STRUCTURE

12 Total FTEs



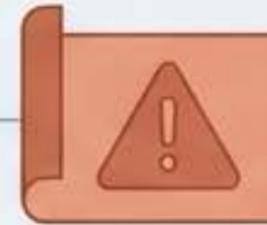
Processing Staff (Code 50)



Facility Technicians (Code 30)

\$70,417 / Month

RISK & OPTIMIZATION



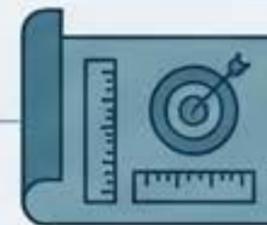
The Risk

Over-hiring before production stabilizes creates immediate cash drain.



The Fix

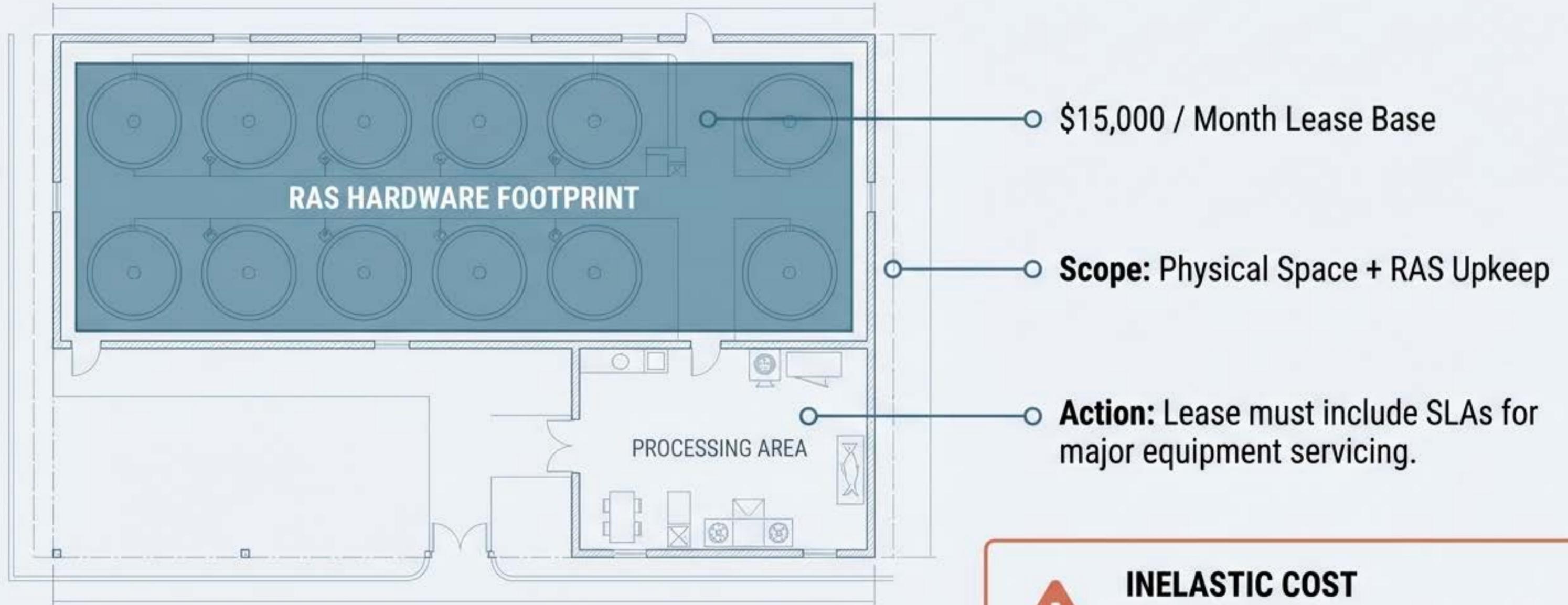
Use seasonal/volume-based contracts for processing. Do not use fixed salaries for variable roles.



Benchmark

Align technician wages with local utility rates.

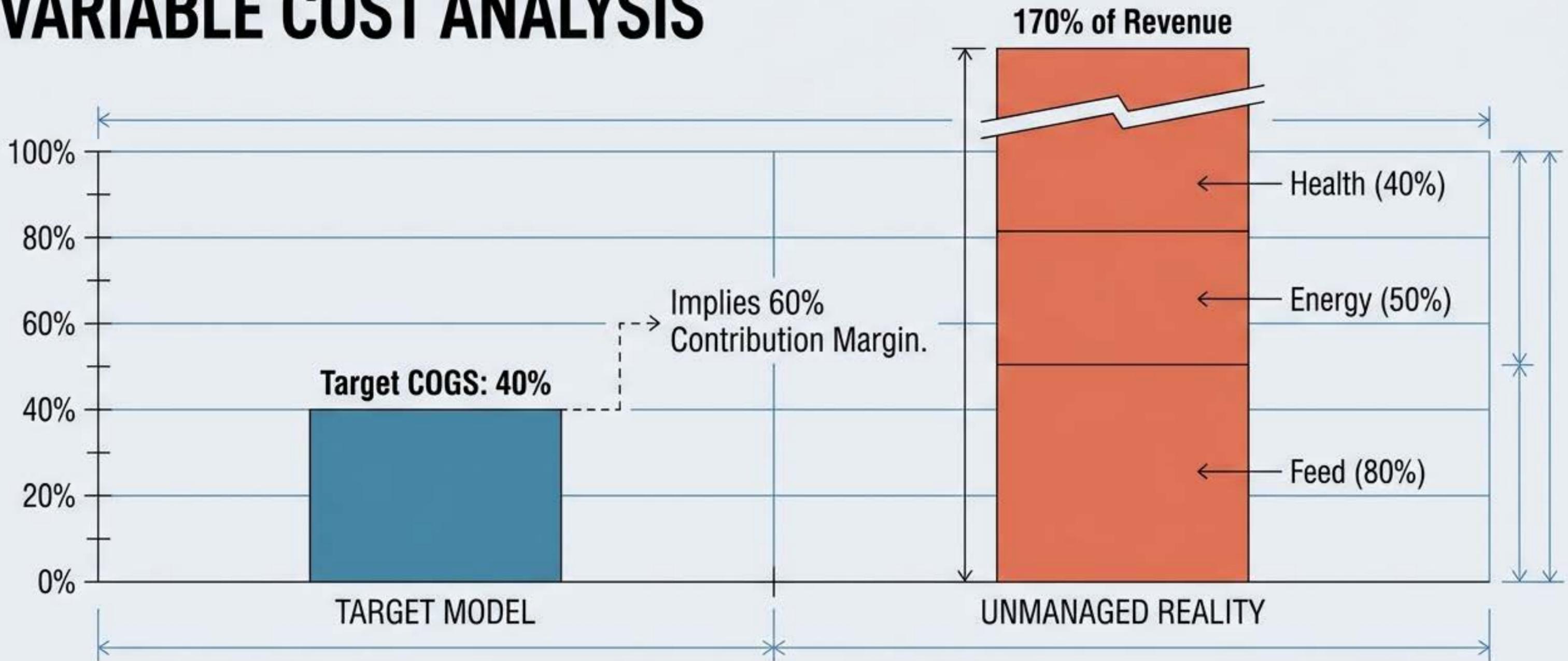
INFRASTRUCTURE: THE \$15,000 FACILITY BASELINE



INELASTIC COST

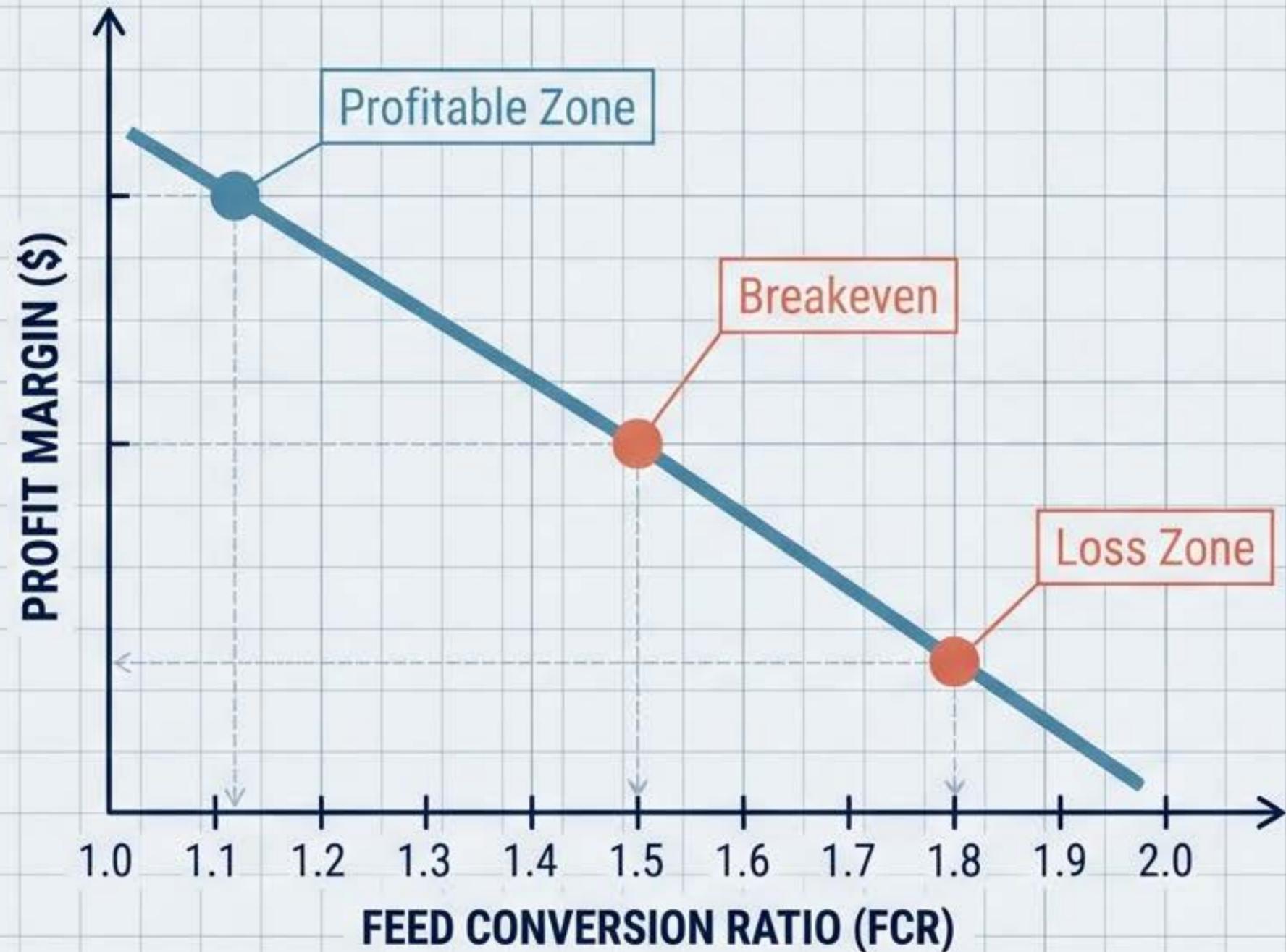
This expense does not scale down if sales slow. Negotiate exit clauses early.

THE 'MARGIN CRUSHERS': VARIABLE COST ANALYSIS



Profitability exists only in the gap between Target Efficiency and Unmanaged Exposure.
Without strict controls on FCR and Energy, costs will exceed revenue.

CRITICAL RISK 1: FISH FEED (80% REVENUE EXPOSURE)



OPERATIONAL REALITY

- **Metric:** FCR (Feed weight vs. Harvest weight).
- **Lever:** Avoid Spot Buying. Use multi-year supply agreements.
- **Insight:** A 5% reduction in feed waste dwarfs total savings from fixed utility management.

CRITICAL RISK 2: ENERGY & UTILITIES (50% REVENUE EXPOSURE)

**TOTAL
ENERGY COST**

=

**[\$3,000
Fixed Base]**

+

[(Volume × Efficiency Rate)]

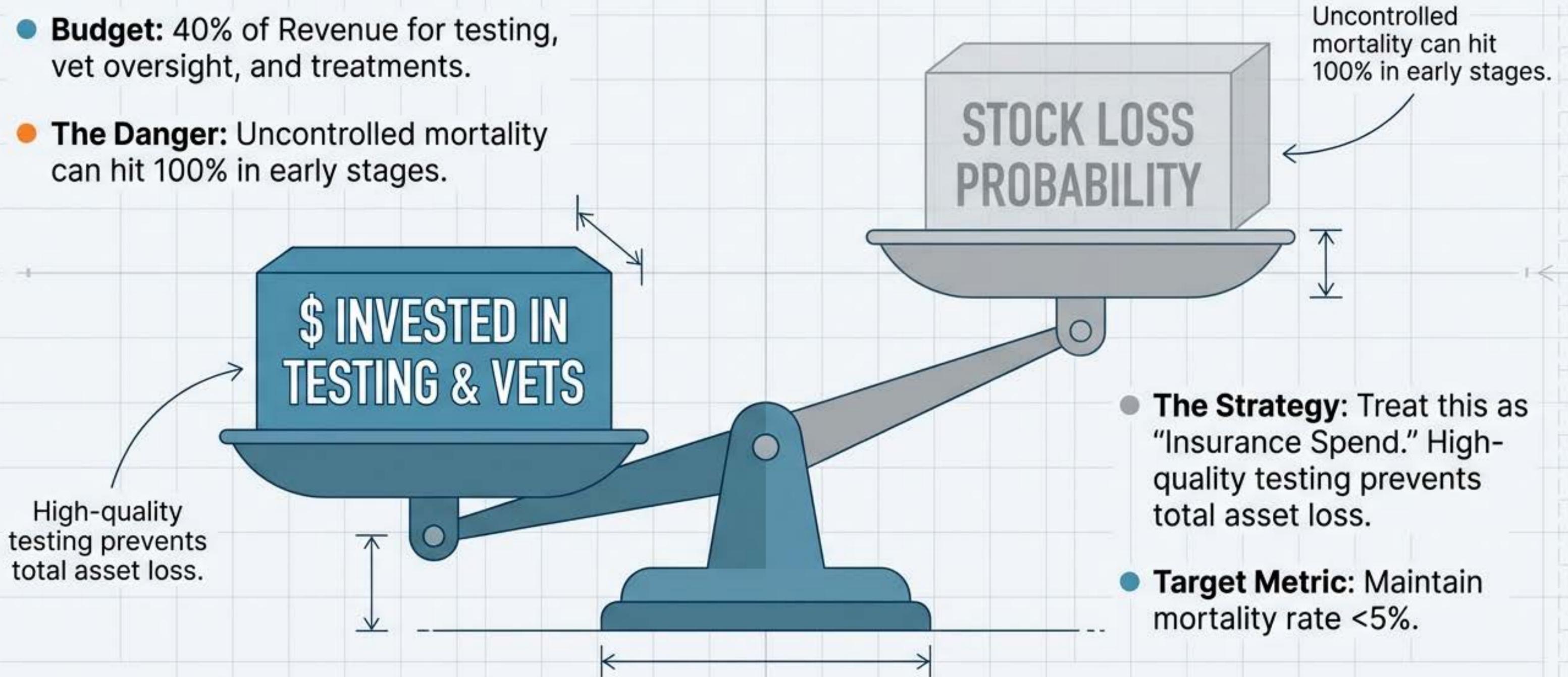
1. Water Circulation
(Pumps)

2. Temperature Control
(Heating/Cooling)

Management Strategy: Track kWh per pound produced. Audit pump efficiency annually.
Utility price hikes can crush margins immediately due to high revenue exposure.

CRITICAL RISK 3: HEALTH & MORTALITY (40% REVENUE BUDGET)

- **Budget:** 40% of Revenue for testing, vet oversight, and treatments.
- **The Danger:** Uncontrolled mortality can hit 100% in early stages.



THE CASH CONVERSION REALITY: 6-9 MONTH LEAD TIME

REQUIRED WORKING CAPITAL BUFFER:
\$584,400 – \$876,600

REVENUE REALIZATION



Biology cannot be rushed. You must pre-fund the entire production cycle before realizing revenue.

INPUT ECONOMICS: JUVENILE STOCK STRATEGY

OPTION A: INTERNAL HATCHERY

- **Cost Shift:** Moves to CapEx & Labor.
- **Requirement:** Must achieve <\$0.80/head cost basis.

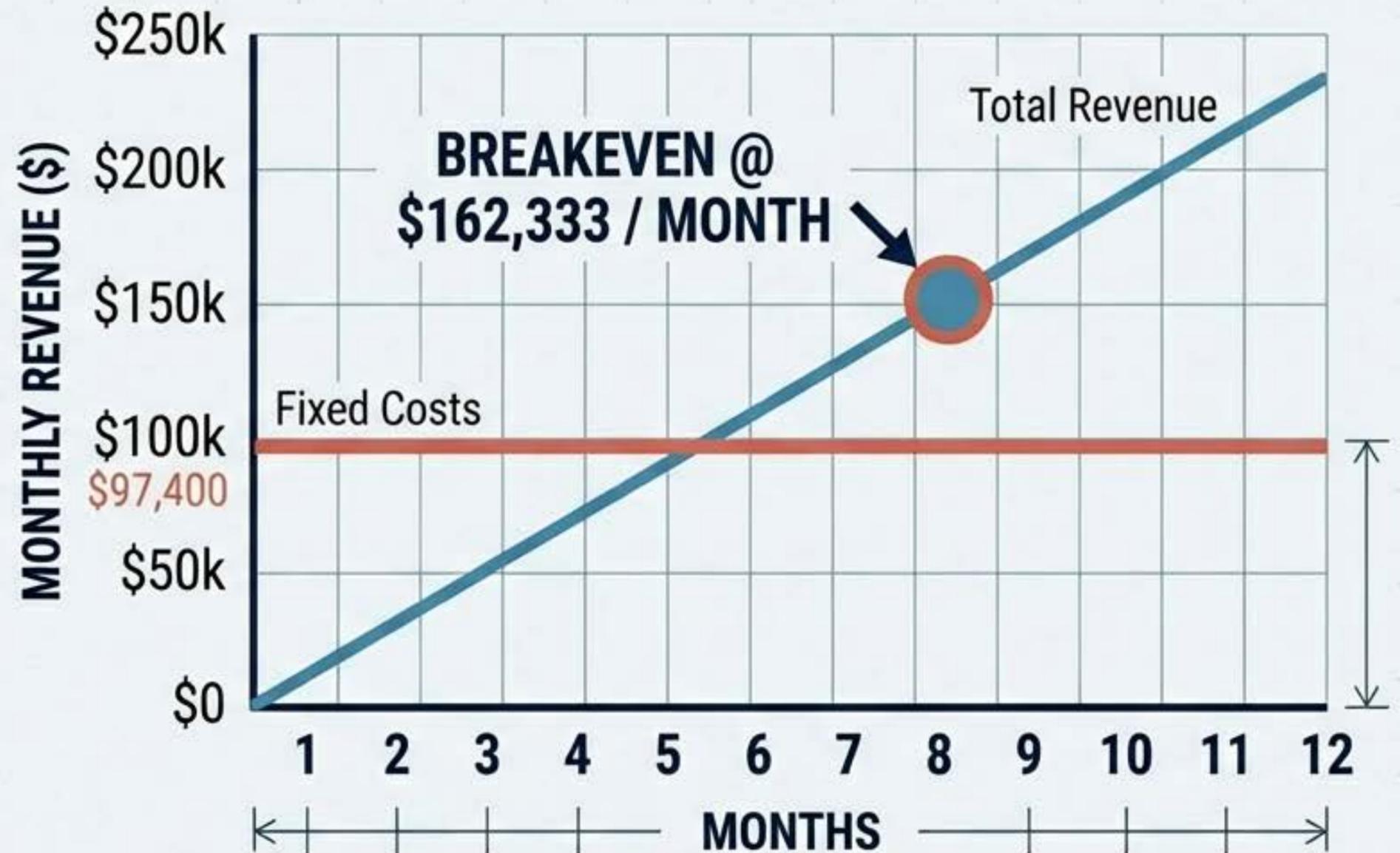
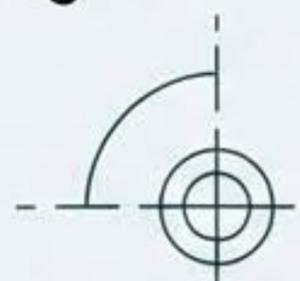
OPTION B: EXTERNAL BUY

- **Cost Impact:** Direct COGS.
- **Unit Cost:** **\$0.80** per head.
- **Volume:** 15,000 units/year (~\$1,000/mo).

Trade-off: High-quality genetics cost more upfront but lower FCR and mortality later. Do not overpay for poor genetics.

BREAKEVEN ANALYSIS: THE \$162,333 MONTHLY TARGET

- Target Contribution Margin: 60%
- (Assumes managed COGS of 40%)



This is the minimum revenue required to keep the lights on and staff paid.

CRISIS MANAGEMENT: EMERGENCY LEVERS

- **LABOR ADJUSTMENT (High Impact)**

- ↳ Shift 5 FTEs to part-time/hourly. Target the \$225k processing bucket. Easier to cut hours than close tanks.

- **MARKETING FREEZE (Immediate)**

- ↳ Pause the \$2,000/mo discretionary spend.

- **SOFTWARE AUDIT (Immediate)**

- ↳ Cut non-critical subscriptions (\$1,500/mo).

- **FEED NEGOTIATION (Strategic)**

- ↳ Renegotiate terms immediately. Challenge the 80% revenue share.

REGULATORY & COMPLIANCE CHECKLIST

**PERMIT
VERIFICATION**

**RISK:
14+ DAY DELAY**

**RESULT: CHURN
/ CASH BURN**

THE COST OF COMPLIANCE: \$3,500 / MONTH

- \$2,500 Insurance (Asset Protection)
- \$1,000 Permits & Licenses

**VERIFY ALL PERMITS BEFORE OPERATIONAL SPEND BEGINS.
BUNDLE LIABILITY POLICIES TO OPTIMIZE PREMIUMS.**

STRATEGIC RECAP: THE PATH TO PROFITABILITY



SECURE CAPITAL

Lock in 9 months of working capital (~\$876k) to cover biological lead time.



ANCHOR FIXED COSTS

Keep fixed floor below \$98k/month via payroll and lease management.



MANAGE VARIABLES

Aggressively manage Feed and Energy to force COGS toward 40%.



PREPARE LEVERS

Have the '5 FTE reduction' plan ready for immediate deployment.

OPERATIONAL DISCIPLINE IS THE ONLY HEDGE AGAINST VOLATILITY.