



# Scaling to 81%

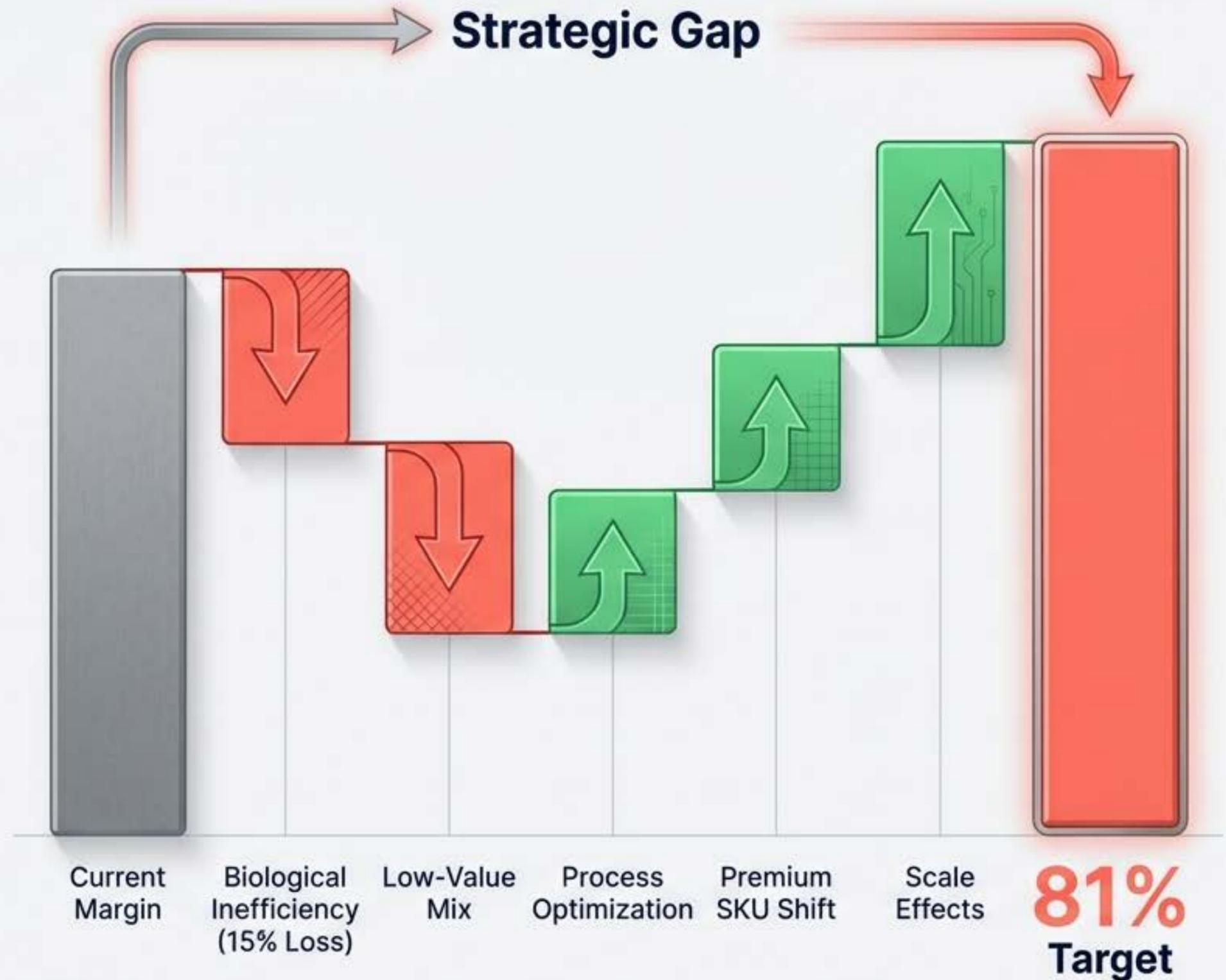
## A Roadmap for Margin Optimization

Strategic operational shifts to maximize yield, revenue, and EBITDA by 2034.

# The North Star Metric

Targeting 81% Gross Margin by 2026.

Current **biological drag** (15% juvenile loss) and **sub-optimal product mix** are the primary antagonists to profitability. Achieving the target requires aggressively plugging leaks before scaling volume.



# Quantifying the Biological Drag



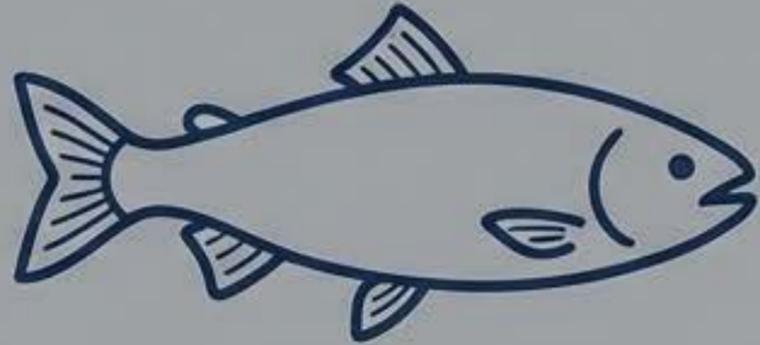
**25%**

**Total Value Destruction**

Direct, avoidable costs eating into margin.

We must plug the leaks. Protocol stabilization is the prerequisite for scale.

# Strategy 1: Flipping the Product Mix



Current State:  
**Whole Fresh Fish**

**\$800 / kg**

40% of Volume

**+212.5%**  
Value Increase



Target State:  
**Smoked Portions**

**\$2,500 / kg**

Processing capacity is the primary lever.  
We stop selling raw material and start selling value-added goods.

# Pricing Power & Elasticity Testing

Premium Fillets

**\$18.00 (2026) →**  
**\$22.00 (Target)**

Justified by Traceability  
& Taste Scores.

Juvenile Stock

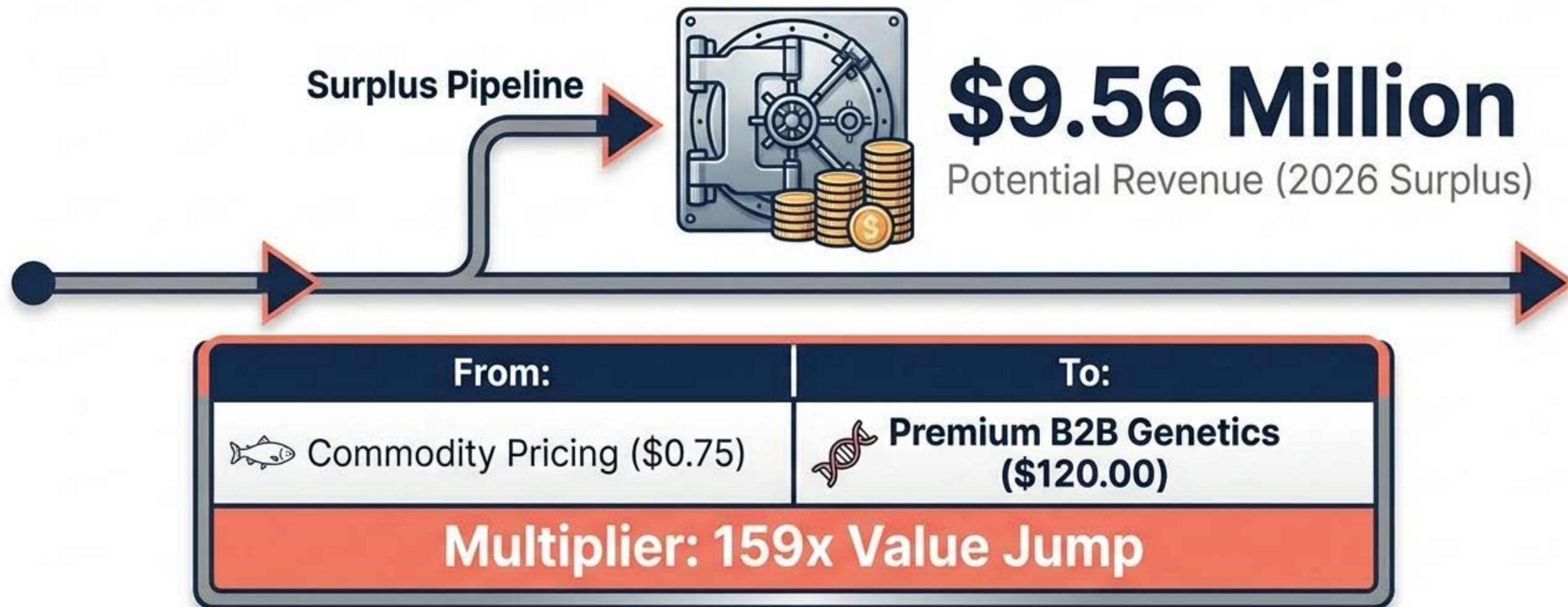
**\$0.75 (2026) →**  
**\$1.20 (2034)**

+60% from baseline.  
Driven by Superior Genetics.



**Risk:** Churn risk rises crucially if distributor onboarding takes >14 days. Superior genetics must justify the premium.

# Strategy 5: Monetizing the Hatchery Surplus



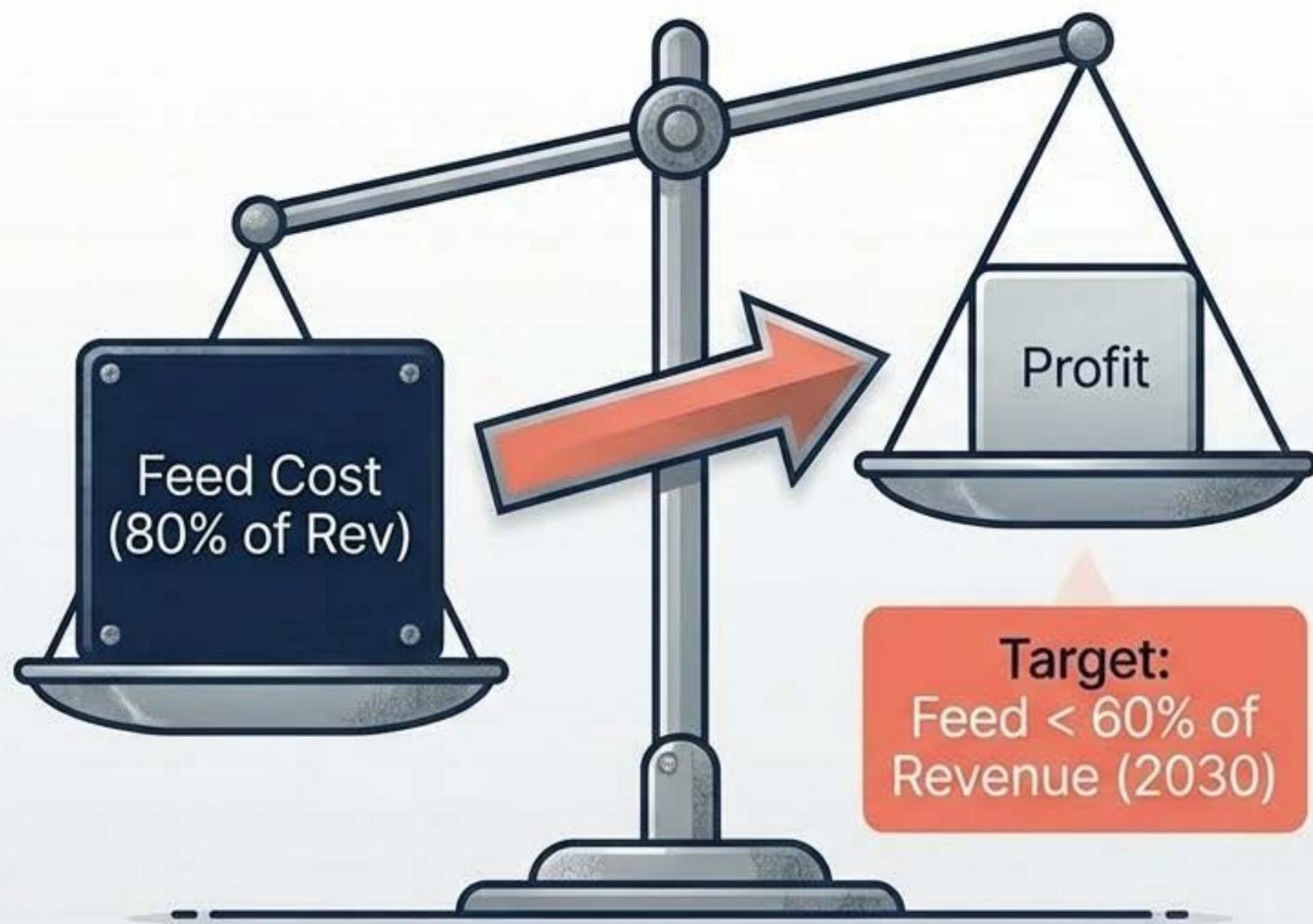
Selling 25% of output (approx. 79,688 units) to external aquaculture buyers accelerates Hatchery ROI. Requires strict separation of internal vs. external inventory.

## Strategy 2: The Mortality Volume Multiplier



Keeping fish alive is the cheapest form of growth. Success hinges on mandating weekly water quality audits and tracking survival rates daily.

# Strategy 3: The Feed Equation (FCR)



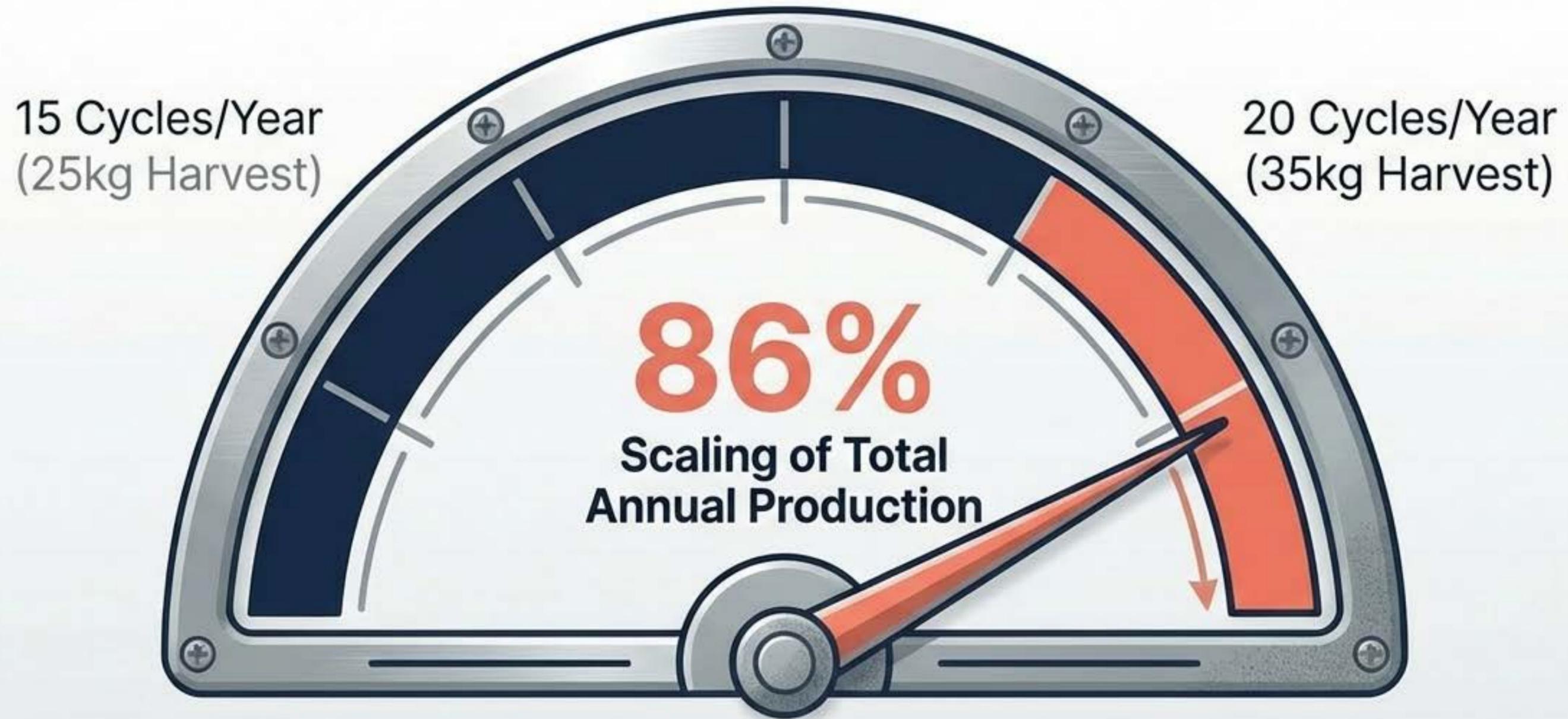
**Target: Feed < 60% of Revenue (2030)**

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Feed < 60% of Revenue (2030)

- Lock in 12-month bulk pricing
- Audit feeding schedules daily
- Benchmark against industry FCR

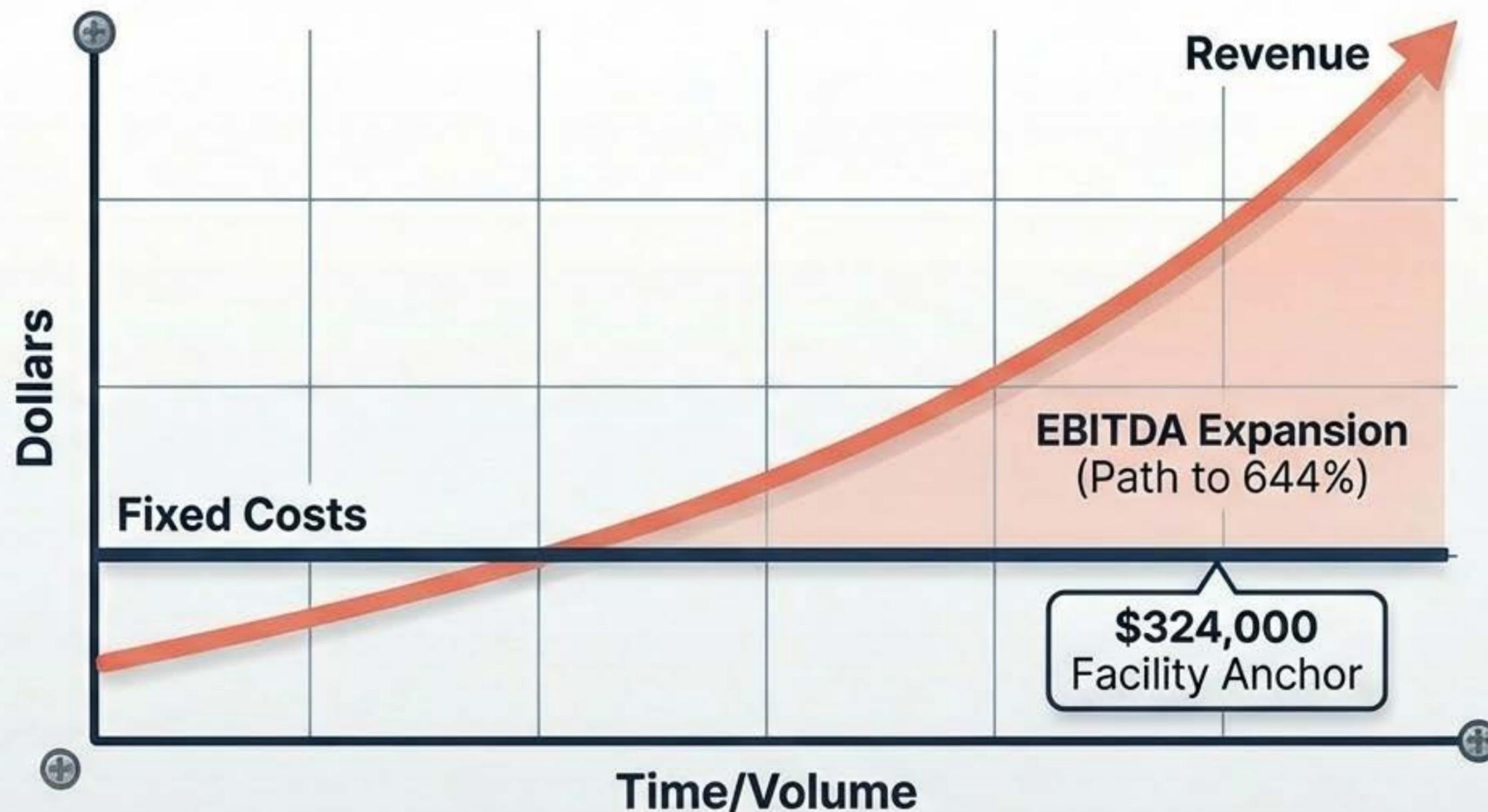
Directly lifts Gross Margin by 2 percentage points.

# Strategy 4: Cycle Velocity & Throughput



Requires reducing average grow-out time by ~25% (24 days -> 18 days).  
Critical reliance on dissolved oxygen control.

# Strategy 6: Fixed Cost Leverage



We scale volume against a flat facility anchor. Resist scope creep. Do not expand facility size or add non-essential admin overhead.

# Strategy 7: Strategic Labor Allocation



50 → 100 FTE

Linked to \$2,500/kg Revenue

Estimated \$65,000  
per FTE (loaded)



30 → 60 FTE

Linked to Survival Rates

Hiring must be tightly linked to revenue lift. We only double headcount if value-added processing volume justifies it.

# The Unified Margin Optimization Engine



# Key Takeaways & Operational Risks



Aggressive shift to Smoked Portions (\$2,500/kg)



Immediate reduction of 15% juvenile loss



Strict adherence to FCR targets (<60% Rev)

## Operational Watchlist



- **Churn Risk:** Critical if distributor onboarding > 14 days.
- **Water Quality:** 18-day cycles risk biological crash without oxygen control.
- **Scope Creep:** Any increase in \$324k fixed base erodes leverage.