



pondtech

POND TECHNOLOGIES HOLDINGS INC.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 and 2022

(Canadian dollars in thousands)



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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Pond Technologies Holdings Inc.:

Opinion

We have audited the consolidated financial statements of Pond Technologies Holdings Inc. and its subsidiaries (together the "Company"), which comprise the consolidated statements of financial position as at December 31, 2023 and 2022, and the consolidated statements of loss and comprehensive loss, consolidated statements of changes in equity (deficiency) and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which describes conditions indicating that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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In addition to the matter described in the *Material Uncertainty Related to Going Concern* section of our auditor’s report, we have determined the matters described below to be the key audit matter to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Determination of distinct performance obligations in customer contracts	
Refer to Notes 2 (e), 3 and 17	Our approach to addressing the matter included the following procedures, among others:
<p>Revenue is recognized from the sale of technology services that include multiple performance obligations, such as the algae growth studies, construction, engineering, installation, and commissioning. Technology services revenue of \$142 thousand was recognized during the year ended December 31, 2023 and deferred contract revenue at December 31, 2023 was \$1,572 thousand.</p> <p>Judgment is required by the Company to identify the distinct performance obligations and the timing of revenue recognition.</p> <p>We identified the determination of distinct performance obligations, and elements related thereto including allocation of transaction price based on stand-alone selling prices and timing of revenue recognition, as a key audit matter. Significant auditor attention was required to evaluate the Company’s significant judgments as to distinct obligations, progress thereon, and reasonably measurable contract outcomes.</p>	<ul style="list-style-type: none"> Assessed management's identification and interpretation of contract terms and data related to satisfaction of performance obligations by examining customer contracts on a sample basis. Evaluated management's determination of stand-alone selling prices for the applicable performance obligation on a sample basis by examining customer contracts, invoices, cash receipts and accounting records. For a sample of technology service contracts, evaluated contract costs incurred and management's assessment of the expected contract outcome with reference to contract milestones and customer correspondence.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Management’s Discussion and Analysis filed with the relevant Canadian securities commissions.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor’s report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Anna C. Moreton.

Baker Tilly WM LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, B.C.
April 29, 2024

Pond Technologies Holdings Inc.

Consolidated Statements of Financial Position

(Canadian dollars in thousands)

	Note	Dec 31, 2023	Dec 31, 2022
Assets			
Current assets			
Cash		\$ 84	\$ 196
Receivables	6	830	470
Inventories	7	302	385
Prepaid expenses and other assets		94	162
		1,310	1,213
Non-Current assets			
Costs of contracts	8	597	647
Intangibles	9	1,099	1,371
Capital assets	10	668	1,014
Right-of-use assets	14	336	426
Total assets		\$ 4,010	\$ 4,671
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	11	\$ 2,698	\$ 1,500
Current portion of loans & short term advances	12	2,265	1,590
Current portion of convertible debenture	13	1,791	250
Current portion of lease liabilities	14	90	72
Deferred contract revenue	17	1,572	1,610
		8,416	5,022
Non-Current liabilities			
Long-term portion of loans payable	12	65	40
Long-term portion of convertible debenture	13	-	1,474
Long-term portion of lease liabilities	14	304	398
Total liabilities		8,785	6,934
Shareholders' equity (deficiency)			
Share capital	15	44,399	39,134
Share-based payment reserve	15	4,166	8,469
Accumulated deficit		(53,340)	(49,866)
Shareholders' equity (deficiency)		(4,775)	(2,263)
Total liabilities and shareholders' equity (deficiency)		\$ 4,010	\$ 4,671

Reporting Entity and going concern (Note 1)

Subsequent events (Note 25)

Approved on behalf of the Board:

"John M Farah Jr."
Director

"Grant Smith"
Director

See accompanying notes to the consolidated financial statements.

Pond Technologies Holdings Inc.

Consolidated Statements of Loss and Comprehensive Loss

(Canadian dollars in thousands, except per share and weighted average figures)

	Note	Year Ended December 31,	
		2023	2022
Revenue			
Revenue	17,22	\$ 4,546	\$ 5,140
Expenses			
Direct costs and expenses	7,8,22	3,553	3,874
Operating expenses	18	1,910	2,039
General and administrative expense	18	1,306	2,054
Amortization	9,10,14	559	556
Stock-based compensation	15,21	446	486
		7,774	9,009
Operating loss		(3,228)	(3,869)
Other income / (expense)			
Financial expenses	19	(596)	(570)
Gain on loan settlement	12	505	-
Loss on impairment and sale of capital asset	10	(152)	-
Loss on sale of capital asset and abandonment of patent		(3)	(17)
Net loss and comprehensive loss		\$ (3,474)	\$ (4,456)
Weighted average number of shares outstanding		72,811,705	57,438,802
Earnings (loss) per share, basic and diluted		\$ (0.05)	\$ (0.08)

See accompanying notes to the consolidated financial statements.

Pond Technologies Holdings Inc.

Consolidated Statement of Cash Flows

(Canadian dollars in thousands)

	Note	Dec 31, 2023	Dec 31, 2022
Operating Activities			
Cash receipts from customers		\$ 4,128	\$ 6,145
Cash paid to suppliers and employees		(5,326)	(8,168)
Interest paid		(48)	(337)
Interest received		1	-
Cash used in operating activities		(1,245)	(2,360)
Investing Activities			
Patent costs incurred	9	-	(3)
Purchase of capital assets	10	(23)	(81)
Cash used in investing activities		(23)	(84)
Financing Activities			
Proceeds from issuance of shares and units, net of issuance costs	15	406	2,419
Convertible debenture subscription proceeds	12	800	-
Short-term advances	12	1,425	-
Repayment of lease liabilities	14	(125)	(116)
Repayments of loans	12	(1,350)	(730)
Cash used in financing activities		1,156	1,573
Net change in cash		(112)	(871)
Cash beginning of year		196	1,067
Cash, end of year		\$ 84	\$ 196

See accompanying notes to the consolidated financial statements.

Pond Technologies Holdings Inc.

Consolidated Statements of Changes in Shareholders' Equity (Deficiency)

For the year ended December 31, 2023 and 2022

(Canadian dollars in thousands, except number of shares and warrants)

	Number of Shares	Number of Warrants	Share Capital			Share-based Payment Reserve	Accumulated Deficit	Total
			Common Shares	Exchangeable Shares	Total Share Capital			
Balance - December 31, 2021	47,761,854	12,769,113	\$ 34,461	\$ 2,170	\$ 36,631	\$ 8,067	\$ (45,410)	\$ (712)
Shares issued (Note 15)	14,676,669	-	2,535	-	2,535	-	-	2,535
Shares issued from Reserve (Note 15)	3,617,167	-	2,170	(2,170)	-	-	-	-
Issuance costs	-	-	(116)	-	(116)	-	-	(116)
Warrants expired (Note 15)	-	(664,750)	84	-	84	(84)	-	-
Grant of deferred share units (Note 15)	-	-	-	-	-	-	-	-
Stock-based compensation expense	-	-	-	-	-	486	-	486
Net loss for the year	-	-	-	-	-	-	(4,456)	(4,456)
Balance - December 31, 2022	66,055,690	12,104,363	39,134	-	39,134	8,469	(49,866)	(2,263)
Shares issued	7,111,427	-	531	-	531	-	-	531
Shares issued from restricted share units (Note 15)	3,383,800	-	237	-	237	(237)	-	-
Shares issued from deferred share units (Note 15)	94,958	-	49	-	49	(49)	-	-
Issuance costs	-	-	(15)	-	(15)	-	-	(15)
Warrants & Agent warrants expired (Note 15)	-	(12,104,363)	4,463	-	4,463	(4,463)	-	-
Share-based compensation expense	-	-	-	-	-	446	-	446
Net loss for the year	-	-	-	-	-	-	(3,474)	(3,474)
Balance - December 31, 2023	76,645,875	-	\$ 44,399	\$ -	\$ 44,399	\$ 4,166	\$ (53,340)	\$ (4,775)

See accompanying notes to the consolidated financial statements

Pond Technologies Holdings Inc.

Notes to Consolidated Financial Statements
For the years ended December 31, 2023 and 2022

(Canadian dollars in thousands, except per share and weighted average figures)

1. REPORTING ENTITY AND GOING CONCERN

Pond Technologies Holdings Inc. (the "Company" or "Pond") is incorporated under the Business Corporations Act of Alberta. The Company's shares trade on the TSX Venture Exchange ("TSXV") under the trading symbol "POND", OTC Markets under the symbol "PNDHF" and on the FSE under the symbol "4O0". The Company's principal place of business is located at Unit 8, 250 Shields Court, Markham, Ontario.

The Company's primary business is to pursue microalgal biomass cultivation using available sources of carbon dioxide ("CO₂"), including CO₂ rich emission sources from industrial plants and the licensing of its technology. The resultant algae can be used in the production of nutraceuticals, commonly known as superfoods, growth of unique algae strains for the expression of complex proteins used in diagnostics and therapeutic treatments, aquaculture, and animal feeds. The Company has formed a nutraceutical business segment and is actively pursuing opportunities in the nutraceutical and superfood marketplace.

These consolidated financial statements have been prepared by management using IFRS Accounting Standards ("IFRS") applicable to a going concern, which contemplates the realization of assets and settlement of liabilities as they come due in the normal course of business for the foreseeable future.

The Company is in the commercialization stage, has not yet realized profitable operations and has relied on non-operational sources of financing to fund operations.

For the year ended December 31, 2023, the Company recorded a net loss from continuing operations of \$3,474 (2022 – \$4,456). The Company's ability to continue as a going concern is dependent on successfully executing its business plan, which includes the raising of additional funds and realization of profitable operations. The Company will continue to seek additional forms of debt or equity financing, but it cannot provide assurance that it will be successful in doing so. There is a material uncertainty related to these conditions that may cast significant doubt on the ability of the Company to meet its obligations as they come due and, accordingly, the ability to continue as a going concern.

These consolidated financial statements do not reflect the adjustments to the carrying amounts of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

2. BASIS OF PREPARATION

(a) *Statement of compliance*

The Company's management prepared these consolidated financial statements in accordance with IFRS Accounting Standards, as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretation Committee applicable to the preparation of financial statements. The Board of Directors approved these financial statements on April 26th, 2024.

(b) *Basis of presentation*

The consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments measured at fair value. In addition, the consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

(c) *Foreign currency*

Functional and presentation currency

Each entity of the Company determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. The determination of functional currency is based on the primary economic environment in which an entity operates. The functional currency of an entity reflects the underlying transactions, events and conditions that are relevant to the entity. The Company has determined the functional currency of the parent company and each of its subsidiaries is the Canadian Dollar (C\$).

Pond Technologies Holdings Inc.
Notes to Consolidated Financial Statements
For the years ended December 31, 2023 and 2022

(Canadian dollars in thousands, except per share and weighted average figures)

2. BASIS OF PREPARATION (Continued)

(c) Foreign currency (Continued)

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of non-monetary items are recognized directly in other comprehensive income to the extent that the gain or loss is directly recognized in other comprehensive income, otherwise the exchange difference is recognized in profit or loss.

(d) Consolidated Financial Statements

The consolidated financial statements comprise the financial statements of companies that are controlled by the Company (the "Group"). Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Potential voting rights are considered when assessing whether an entity has control. The consolidation of the subsidiaries commence on the date on which control is obtained and ends when such control ceases.

The financial statements of the Company and each of the subsidiaries are prepared as of the same dates and periods. The consolidated financial statements are prepared using uniform accounting policies by all companies in the Group, which is considered to have three operating and reportable segments. Intragroup balances and transactions and gains or losses resulting from intragroup transactions are eliminated in full in the consolidated financial statements.

The Company's wholly-owned subsidiaries are Pond Technologies Inc. (Ontario); Pond Naturals Inc. (British Columbia) and Paige Growth Technologies Inc. (Ontario)

(e) Use of significant accounting judgments, estimates and assumptions

The preparation of consolidated financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions based on currently available information that affect the application of accounting policies and reported amounts of assets and liabilities at the date of the statements of financial position and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results may differ from these estimates. Estimates and underlying assumptions and judgments are reviewed on an ongoing basis.

Pond Technologies Holdings Inc.
Notes to Consolidated Financial Statements
For the years ended December 31, 2023 and 2022

(Canadian dollars in thousands, except per share and weighted average figures)

2. BASIS OF PREPARATION (Continued)

(e) Use of significant accounting judgments, estimates and assumptions (Continued)

Significant estimates, judgments and assumptions made by management in the preparation of these consolidated financial statements are outlined below:

Significant judgments in applying accounting policies

(i) Capital assets and intangibles

Management uses judgment to determine whether its process patents, distribution rights and capital equipment meet the asset recognition criteria and are eligible to be capitalized on the statements of financial position, as well as assessments of useful lives and impairment indicators. In testing for impairment, goodwill acquired in a business combination is allocated to the CGUs that are expected to benefit from the synergies of the business combination.

(ii) Revenue recognition

The revenues for technology services are evaluated on a percentage of completion of customer contracts. Management's judgment for technology services is applied regarding the evaluation of multiple obligations within these arrangements to assess whether deliverables should be recognized as separate performance obligations for revenue recognition purposes and the percentage completed.

(iii) Revenue recognition in distribution arrangements

Determining whether the Company is acting as a principal or as an agent requires judgment and consideration of all relevant facts and circumstances. When deciding the most appropriate basis for presenting the revenue or related costs, both the legal form and substance of the agreement between the Company and its business partners are reviewed to determine each party's respective role in the transaction. Such judgments impact the amount of reported revenue and costs of revenue but do not impact reported assets, liabilities or net cash flows from operating activities. The Company has determined that it is acting as a principal in these arrangements with its current business partners.

Key sources of estimation uncertainty

The following are the key estimates and related assumptions concerning the sources of estimation uncertainty for the reporting period, that have a significant risk of causing adjustments to the carrying amounts in future periods.

(i) Stock-based compensation and warrants

In calculating the share-based compensation expense, key estimates such as the rate of forfeiture of options granted, the expected life of the option, the volatility of the Company's stock price and the risk-free interest rate are used. In calculating the value of the warrants, the Company includes key estimates such as the volatility of the Company's stock price, the value of a common share, and the risk-free interest rate.

(ii) Contract receivables

The valuation of contract receivables including the determination of the amount of expected credit losses that is updated at each reporting date to reflect changes in credit risk and recoverability since initial recognition is a significant estimate.

Pond Technologies Holdings Inc.
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(Canadian dollars in thousands, except per share and weighted average figures)

3. MATERIAL ACCOUNTING POLICY INFORMATION

Revenue recognition and costs

(i) Technology services contract revenue and costs

Revenue is recognized in a manner that depicts the transfer of promised goods or services to the customer and at an amount that reflects the consideration expected to be received in exchange for transferring those goods or services. For each contract with a customer, the Company applies the following five step model:

1. Identify the contract with a customer;
2. Identify the performance obligation in the contract;
3. Determine the transaction price which takes into account estimates of variable consideration and the time value of money;
4. Allocate the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and
5. Recognize revenue when the performance obligation is satisfied and in a manner that depicts the transfer of the goods or services promised to the customer.

The Company earns revenues from the sale of technology services that include multiple performance obligations, such as the algae growth studies, construction of a bio-reactor, engineering, installation, and commissioning. In the majority of the Company's contracts, the customer controls the work in process as evidenced by the right to payment for work performed to date, plus a reasonable profit to deliver products or services that do not have an alternative use to the Company. Based on the nature of these contractual arrangements, control is transferred over time and revenue is recognized over time.

For each performance obligation satisfied over time, the Company will recognize revenue by measuring progress toward complete satisfaction of that performance obligation.

Using output or input methods based on the type of contract, the Company recognizes revenue in a pattern that reflects the transfer of control of the promised goods or services to the customer. Revenue from fixed price and cost reimbursable contracts is recognized using the input method with reference to costs incurred. If the outcome of a revenue contract cannot be estimated reliably for management to estimate the ultimate profitability of the contract with a reasonable degree of certainty, no profit is recognized. When further clarity is gained throughout the progression of the contract, the constrained margin and associated revenue will be reassessed.

Where costs are determined to be greater than total revenues, losses from any contract revenues are recognized in full in the period the loss becomes apparent.

Contract costs

Contract costs are expensed as incurred unless they result in an asset related to future contract activity and meet the criteria to be capitalized as contract assets. Construction costs include all expenses that relate directly to execution of the specific contract, including labor and supervision, direct materials, subcontractor costs, equipment rentals and depreciation and design and technical assistance.

Pond Technologies Holdings Inc.
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(Canadian dollars in thousands, except per share and weighted average figures)

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(i) Technology services contract revenue and costs (Continued)

Contract receivables and deferred contract revenue

Any excess of costs and estimated earnings over progress billings on construction contracts is carried as a contract receivable in the consolidated financial statements. Contract receivables also arise when the Company capitalizes incremental costs of obtaining contracts with customers and the costs incurred in fulfilling those contracts, such as mobilization costs. Costs to fulfill a contract are required to be capitalized where they are determined to relate directly to a contract or an anticipated contract that the entity can specifically identify, they generate or enhance resources of the Company that will be used in satisfying performance obligations in the future, and they are expected to be recovered under that specific contract. In all cases, the specific contract receivable is amortized into the project with reference to the same pattern of recognition as the revenue recognized on the associated project. Any excess of progress billings over earned revenue on construction contracts is carried as deferred contract revenue in the consolidated financial statements. All contract receivables and deferred contract revenue are classified as non-current in the consolidated financial statements when they are not expected to be settled within the Company's normal operating cycle.

(ii) Nutraceutical products

The majority of the Company's revenue is derived from the sales of nutraceutical and related products to business customers and retail customers. Revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods to a customer. The Company recognizes revenue when control of the goods has transferred, which is determined by respective shipping terms and certain additional considerations. Invoices are generally issued at the time of shipment (which is when the Company has satisfied its performance obligations under the arrangement). As such, a receivable is recognized as the consideration is unconditional and only the passage of time is required before payment is due. The Company does not have performance obligations subsequent to delivery on the sale of goods to customers. Where the Company's role in a transaction is that of principal, revenue is recognized on a gross basis. This requires revenue to comprise the gross value of the transaction billed to the customer, after trade discounts, with any related direct costs recorded in costs of revenue.

Costs and Inventories

Inventories are stated at the lower of cost and net realizable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average cost method. Net realizable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in selling and distribution.

Capital assets

Capital assets are stated at cost less accumulated depreciation and accumulated impairment losses. Amounts recorded for amortization of capital assets are based on management's best estimate of their useful lives. Accordingly, those amounts are subject to estimates.

The Company uses the straight-line method for amortization as follows: (Note 10)

Project equipment	5-20 years
Plant and machinery	10 years
Leasehold improvements	Life of lease
Furniture, fixtures and equipment	5 years
Computer hardware and software	3 years

Amortization, useful lives and residual values are reviewed at each reporting period and changes in estimates are applied prospectively.

Pond Technologies Holdings Inc.
Notes to Consolidated Financial Statements
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(Canadian dollars in thousands, except per share and weighted average figures)

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Impairment of capital assets

The carrying amounts of the Company's capital assets are reviewed at each reporting date to determine whether there is any indication of impairment. For the purpose of impairment testing, capital assets are tested separately and are grouped into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets or Cash Generating Unit ("CGU"s).

The recoverable amount of an asset or a CGU is the greater of its value in use and its fair value less costs of disposal. Fair value is determined to be the amount for which the asset could be sold in an arm's-length transaction between knowledgeable and willing parties. Unless indicated otherwise, the recoverable amount used in assessing impairment losses is fair value less costs of disposal. Value in use is determined by estimating the present value of the future net cash flows to be derived from the continued use of the CGU in its present form. These cash flows are discounted at a rate based on the time value of money and risks specific to the CGU.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. An impairment loss in respect of capital assets recognized in prior years, is assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of amortization, if no impairment loss had been recognized.

Intangible assets

Patents represent the costs incurred to file the patent application, primarily relating to legal expenses, and are capitalized when the costs meet the intangible asset recognition criteria. Patents are recorded at cost and amortized over 20 years, according to their expected useful lives.

Assignments and transfers of intellectual property are recorded at the cost of acquiring the assignment and transfer and amortized over 20 years, according to their expected useful lives.

Research and development expenditures during the research phase are expensed as incurred. Expenditures during the development phase are capitalized when the underlying activities meet the intangible asset recognition criteria. In order for costs to be capitalized, an intangible asset must meet the criteria under IAS 38 Intangible Assets: (i) demonstration of technical feasibility, (ii) intention to complete; (iii) ability to use or sell; (iv) the ability to generate future economic benefits; (v) the availability of technical, financial and other resources; and (vi) the ability to measure reliably. If these criteria are not met, the costs are expensed as incurred.

Distribution rights are recorded at the cost of acquiring the distribution right and amortized over the period the distribution right is expected to be of benefit to the Company, which is 5 years.

Goodwill

Goodwill is initially recognized at cost, being the excess of the purchase price of acquired businesses over the estimated fair value of the identifiable tangible and intangible acquired assets and liabilities assumed at the date acquired and is allocated to the CGU expected to benefit from the acquisition. A CGU is the smallest group of assets for which there are separately identifiable cash flows.

Subsequently, goodwill is not amortized but is assessed at the end of each reporting period for impairment and more frequently whenever events or circumstances indicate that the carrying value may not be fully recoverable. The annual impairment test requires comparing the carrying values of the CGU's goodwill to their recoverable amount. The recoverable amount is the higher of fair value less costs of disposal and value in use.

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3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Goodwill (Continued)

Any excess of the carrying value amount of the CGU over the recoverable amount is expensed in the period the impairment is identified. An impairment loss recorded for goodwill is not reversed in a subsequent period. Upon disposal of a business, any related goodwill is included in the determination of gain or loss on disposal. The value-in-use is the present value of the estimated future cash flows relating to the assets using a pre-tax discounted rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issuance of shares are recognized as a reduction of share capital.

Where units are issued, consisting of a share and warrant, the Company apportions the fair value of consideration between share capital and warrants by using the Black-Scholes pricing model to value the warrants first and then the residual value is allocated to share capital. The fair value attributed to warrants is transferred to share capital when the warrants are exercised or expire.

Stock-based compensation

The fair value of all stock options granted to employees (including directors and senior executives) is determined using the Black-Scholes option pricing model. Restricted and deferred stock units are measured at fair value by reference to the market price on the grant date. The resulting value is charged to profit or loss over the vesting period of the options. A corresponding increase to share-based payment reserve is recorded when employee stock options are expensed.

The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

Where equity instruments are granted to non-employees, they are recorded at the fair value of goods or services received in profit or loss, unless the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, in which case the goods or services received are measured, indirectly, by reference to the fair value of equity instruments granted, measured at the date the Company obtains the goods or the counterparty renders service.

For stock-based compensation with non-vesting conditions, the grant date fair value of stock-based payment is measured to reflect such conditions and there is no adjustment for differences between expected and actual outcomes. When a stock option is exercised, share capital is recorded at the sum of proceeds received plus the amount previously recorded in share-based payment reserve relating to the options exercised.

Income taxes and deferred tax assets

Current income taxes are the expected income taxes payable on the taxable income for the year, using income tax rates enacted or substantively enacted, at the end of the reporting period, and any adjustment to income taxes payable in respect of previous periods.

In general, deferred taxes are recognized in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred taxes are determined on a non-discounted basis using income tax rates and laws that have been enacted or substantively enacted as at the statement of financial position dates and are expected to apply when the deferred tax asset is realized or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered. Deferred tax assets and liabilities are presented as non-current.

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3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Income taxes and deferred tax assets (Continued)

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Current and deferred tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

The determination of the Company's income and other tax liabilities requires the interpretation of complex laws and regulations, which may involve multiple jurisdictions. Judgment is required in determining whether deferred tax assets should be recognized on the consolidated statement of financial position. Deferred tax assets, including those arising from unutilized tax losses, require management to assess the likelihood that the Company will generate taxable income in future periods in order to utilize available deferred tax assets.

Provisions

A provision is a liability of uncertain timing or amount. Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. Provisions are remeasured at each statement of financial position date using the current discount rate. The increase in the provision due to passage of time is recognized as interest expense.

Convertible Debentures

Convertible debentures issued by the Company are compound financial instruments under IAS 32 *Financial Instruments Presentation* ("IAS 32"). Under IAS 32, the Company must recognize separately the components that create a financial liability (the "liability component") and grants an option to the holder of the debentures to convert them into an equity instrument of the Company (the "equity component").

Proceeds received by the Company upon issuance of debentures are allocated between the liability and equity components. Transaction costs incurred in the process of issuing debentures are allocated between the financial instruments recognized on the same basis as the liability and equity components.

The fair value of the liability component is the present value of the stream of future cash flows discounted by a rate of interest applicable to comparable non-convertible instruments in the market determined by the effective interest method. The Company initially recognizes a financial liability as the fair value of the liability component, offset by the proportionate share of transaction costs. The financial liability is subsequently accreted to the face value of the liability component over the term of the debentures at the effective interest rate.

The equity component is allocated the residual value being the difference between the proceeds received and the fair value of the liability component. The Company then assesses whether the equity component is an equity instrument or financial liability based on if a difference exists between the functional currency of the issuing entity and the currency of the debentures' conversion option, or if a conversion price adjustment feature exists. If an equity instrument is recognized, the proportionate share of transaction costs is a charge to equity.

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3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Earnings (loss) per share

The basic earnings (loss) per share is computed by dividing the net earnings (loss) by the weighted average number of common shares outstanding during the year. The diluted earnings per share reflects the potential dilution of common share equivalents, such as outstanding stock options, convertible debentures and share purchase warrants, in the weighted average number of common shares outstanding during the year. Diluted earnings per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all share purchase warrants, stock options, and convertible debentures outstanding that may add to the total number of common shares, except where the effect of including that dilutive instruments would be anti-dilutive. Diluted loss per share is equivalent to basic loss per share, as the potentially dilutive instruments would be anti-dilutive.

Financial instruments

The Company recognizes a financial asset or liability on the consolidated statement of financial position when it becomes party to the contractual provisions of the financial instrument.

Financial assets

After initial recognition at fair value financial assets are classified into one of the following categories:

- those to be measured subsequently at fair value (either through other comprehensive income (“OCI”), or through profit or loss); and
- those to be measured at amortized cost.

The classification and measurement of financial assets after initial recognition at fair value depends on the business model for managing the financial asset and the contractual terms of the cash flows. Financial assets that are held with a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding, are generally measured at amortized cost at each subsequent reporting period. All other financial assets are measured at their fair values at each subsequent reporting period, with any changes recorded through profit or loss or through other comprehensive income (which designation is made as an irrevocable election at the time of recognition).

After initial recognition at fair value, financial liabilities are classified and measured at either:

- Amortized cost;
- Fair value through profit or loss (“FVTPL”), if the Company has made an irrevocable election at the time of recognition, or when required instruments held for trading or derivatives); or,
- Fair value through other comprehensive income (“FVTOCI”), when the change in fair value is attributable to changes in the Company’s credit risk.

The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

Transaction costs that are directly attributable to the acquisition or issuance of a financial asset or financial liability classified as subsequently measured at amortized cost or FVTOCI are included in the fair value of the instrument on initial recognition. Transaction costs for financial assets and financial liabilities classified at FVTPL are expensed in profit or loss.

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3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial assets (continued)

Classification

The following table shows the classification and measurement of the Company's financial instruments:

Cash	Amortized cost
Receivables	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Loans payable	Amortized cost
Convertible debenture	Amortized cost

Impairment of financial and contract assets

The Company recognizes a loss allowance for expected credit losses on financial assets which are either measured at amortized cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Company's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available without undue cost or effort to obtain.

IFRS 9 specifies different approaches for measuring and recognizing expected credit losses, by considering only defaults in the next 12 months and/or the full remaining life of the financial asset. The expected credit loss model requires a credit loss to be reflected in profit and loss immediately after an asset or receivable is acquired, with subsequent changes in expected credit losses at each reporting date recorded to reflect any change in credit risk. The Company applies the simplified approach, which reflects the lifetime expected credit losses from inception.

Derivative financial instruments

A contract that could result in the delivery of a variable number of the Company's own common shares is considered a financial liability and is measured at FVTPL.

Derecognition

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risk and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in profit or loss. However, gains and losses on derecognition of financial assets classified at FVTOCI remain within accumulated other comprehensive income (loss).

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

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3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The assets are depreciated to the earlier of the end of useful life of the right-of-use asset or the lease term using the straight-line method as this most closely reflects the expected pattern of consumption of the future economic benefits. The lease term includes periods covered by an option to extend if the Company is reasonably certain to exercise that option. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and these amounts are recognized in profit or loss when incurred.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company has elected to apply the practical expedient option not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases is recognized in profit or loss on a straight-line basis over the lease term.

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4. RECENT ACCOUNTING PRONOUNCEMENTS

Standards, interpretations and amendments to published standards adopted

Adoption to amendments to IASB 1 Presentation of Consolidated Financial Statements

Effective January 1, 2023, amendments to IAS 1 *Presentation of Consolidated Financial Statements* were adopted with respect to disclosure of the Company accounting policies. The adoption of the amendments did not result in any changes to the Company's accounting policies, the only impact was to the accounting policy information disclosed in the consolidated financial statements. As a result of the adoption of the amendments, the title of note 3 was changed from "significant accounting policies" which had been used in all previous periods. Where management determined necessary, clarifying language was applied in order to enhance focus on the materiality of a policy, and immaterial policy language was deleted.

Adoption of amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors

Effective January 1, 2023, the Company adopted the amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* with respect to the new definition of "accounting estimates". The amendments clarify how measurement techniques and inputs are used to develop accounting estimates, and clarifies the distinction between changes in accounting policies, correction of prior period errors, and when changes are made to accounting estimates, including the facts and circumstances that are considered. The definition of a change in accounting estimates was deleted. The adoption of the amendments did not result in any impact to the Company's financial statements.

New Standards Not Yet Adopted and interpretations issued but not yet effective

The following are the standards, amendments, and interpretations that the Company expects may be applicable at a future date and, if so, intends to adopt when they become effective. Certain accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

5. INTEREST IN OIL AND NATURAL GAS PROPERTY

On June 1, 2021 the Company and Grizzly Resources Limited ("GRL") entered into a transaction to sell all of the Company's petroleum and natural gas assets in the Pembina Area, Alberta. GRL assumed all abandonment and reclamation liabilities related to the assets and agreed to pay up to \$2.25 million in future conditional consideration to Pond based upon the sale of the assets and/or upon the resumption of production. The Company recognized an amount of \$Nil related to the results of discontinued operations during year ended December 31, 2023 (2022: \$Nil).

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6. RECEIVABLES

Receivables include customer and government balances. The government receivables arise from HST and GST recoveries. The past due amounts related to customer receivables total \$146 (2022: \$94). The Bad debt provision was \$7 (2022: \$Nil) for year ended December 31, 2023.

	Dec 31, 2023	Dec 31, 2022
Customer accounts	\$ 810	\$ 435
Government receivables	20	35
	\$ 830	\$ 470

	Dec 31, 2023	Dec 31, 2022
Current	\$ 684	\$ 323
Past due but not impaired trade receivables, net		
Under 30 days	43	53
30 - 60 days	47	9
60-90 days	21	36
over 90 days	35	49
Total receivables	\$ 830	\$ 470

7. INVENTORIES

The inventory balances arising from the nutraceutical business are as follows:

	Dec 31, 2023	Dec 31, 2022
Raw materials	\$ 55	\$ 6
Work-in-process	1	1
Finished goods	246	378
	\$ 302	\$ 385

The cost of nutraceutical inventories recognized as an expense during the year was \$3,456 (2022 - \$3,704). During the year ended December 31, 2023, the Company recorded \$Nil write-downs of inventory (2022: \$Nil).

8. COST OF CONTRACTS

A reconciliation of the beginning and ending carrying amounts of cost of contracts is as follows:

	Dec 31, 2023	Dec 31, 2022
Balance, beginning of year	\$ 647	\$ 354
Costs incurred during the year	38	463
Costs recognized as direct costs and expenses during the year	(88)	(170)
Balance, end of year	\$ 597	\$ 647

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9. INTANGIBLES

	Patent Filing Costs and Acquired Intellectual Property		Distribution Rights	Total
Costs				
Balance, December 31, 2021	\$	2,812	\$ 640	\$ 3,452
Additions		4	-	4
Disposals		(19)	-	(19)
Balance, December 31, 2022		2,797	640	3,437
Additions		-	-	-
Disposals		-	-	-
Balance, December 31, 2023		2,797	640	3,437
Accumulated amortization				
Balance, December 31, 2021		1,419	360	1,779
Additions		140	146	286
Disposals		-	-	-
Balance, December 31, 2022		1,559	506	2,065
Additions		139	134	273
Disposals		-	-	-
Balance, December 31, 2023	\$	1,698	\$ 640	\$ 2,338
<i>Net carrying amount</i>				
Balance, December 31, 2022	\$	1,238	\$ 134	\$ 1,372
Balance, December 31, 2023	\$	1,099	\$ -	\$ 1,099

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10. CAPITAL ASSETS

	Project equipment plant machinery and leasehold		Furniture and fixtures	Computer and hardware	Total
Cost					
Balance, December 31, 2021	\$	2,845	\$ 129	\$ 154	\$ 3,128
Additions		81	-	-	81
Disposals		-	-	-	-
Balance, December 31, 2022		2,926	129	154	3,209
Additions		23	-	-	23
Disposals		(63)	-	-	(63)
Balance, December 31, 2023		2,886	129	154	3,169
Accumulated amortization					
Balance, December 31, 2021		1,816	85	110	2,011
Amortization and depletion		164	4	16	184
Disposals		-	-	-	-
Balance, December 31, 2022		1,980	89	126	2,195
Amortization and depletion		184	4	8	196
Disposals		(42)	-	-	(42)
Loss on impairment		152	-	-	152
Balance, December 31 2023	\$	2,274	\$ 93	\$ 134	\$ 2,501
<i>Net carrying amount</i>					
Balance, December 31, 2022	\$	946	\$ 40	\$ 28	1,014
Balance, December 31, 2023	\$	612	\$ 36	\$ 20	668

11. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	Dec 31, 2023	Dec 31, 2022
Accounts payable	\$ 1,523	\$ 818
Interest payable	338	179
Accrued liabilities	837	503
	\$ 2,698	\$ 1,500

Accounts payable are unsecured and are generally due on terms of 30 to 60 days of recognition.

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12. LOANS AND SHORT-TERM ADVANCES

A summary of the changes in the loans and short-term advances is as follows:

	CW(i)	STA(ii)	CEBA (iii)	SMC (iv)	Total
Balance, December 31, 2021	\$ 2,190	\$ -	\$ 40	\$ -	\$ 2,230
Repayments	(600)	-	-	-	(600)
Balance, December 31, 2022	1,590	-	40	-	1,630
Advances	-	2,225	-	65	2,290
Repayments/settlement	(1,590)	-	-	-	(1,590)
Balance, December 31, 2023	\$ -	\$ 2,225	\$ 40	\$ 65	\$ 2,330
Less: Current portion of loans payable	\$ -	\$ 2,225	\$ 40	\$ -	\$ 2,265
Long-term portion of loans payable	\$ -	\$ -	\$ -	\$ 65	\$ 65

(i) *Crystal Wealth Management System Ltd. ("CW" or "Crystal Wealth")*

The loan initially bore interest at 12% per annum and was secured by a general security agreement with a first charge on the assets of Pond Technologies Inc. and a specific assignment of rights in all patents.

On March 24, 2021, the Company entered into an amending agreement with Crystal Wealth providing for an extension of the term of the loan to June 30, 2023, with Pond agreeing to make a payment of \$900 by March 31, 2021 towards interest and principal, monthly principal payments of \$50 beginning July 31, 2021, and continued quarterly interest payments of 8% and 4% deferred interest (Note 11). All previous principal repayment requirements including the payment of 20% of any financings and proceeds from the sale of the Pembina oil and gas property were deleted in their entirety. All other terms of the loan remained in effect.

On October 30, 2023 and pursuant to a settlement agreement dated October 5, 2023, between Pond Technologies Inc., and Grant Thornton Limited, in its capacity as court-appointed receiver and manager of Crystal Wealth Management System Limited, Pond settled on a full and final basis, all of its obligations owing under the Crystal Wealth loan for \$1,200. The settlement was temporarily funded by a short-term advance ("STA") provided to Pond from Colmac Holdings Limited ("Colmac") (an entity controlled by Pond's Chairman, Mr. Robert McLeese). The full and final settlement resulted in a financial expense gain to Pond of \$505 in 2023.

(ii) *Short Term Advances ("STA")*

On October 30, 2023 Pond received a temporary short-term advance ("STA") of \$1,200 from Colmac to settle the Crystal Wealth loan on a full and final basis. On November 28, 2023 and December 28, 2023 Pond received further STAs of \$125 and \$100 from Colmac for working capital purposes. The STAs incur an interest rate of 15% and are to be repaid in full, from the proceeds of the \$8,000 convertible debentures private placement.

During 2023 the Company received a total of \$800 temporary advances from Colmac to be applied against its subscription to the 12% Convertible Debenture. This temporary advance initially incurred interest of 15% which was reduced to 12% on October 6, 2023. This temporary advance is to be used to subscribe to \$800 of the \$8,000 convertible debenture private placement.

(iii) *Canada Emergency Business Account program ("CEBA")*

On April 20, 2020 the Company entered into a \$40 non-revolving loan agreement with TD Canada Trust under the Canada Emergency Business Account program ("CEBA"). The CEBA loan has a nil interest rate for the initial term of the loan which ends on December 31, 2023 and a 5% interest rate, payable monthly during the extended term which ends on December 31, 2025. The CEBA loan can be repaid at any time and, if 75% of the loan is repaid before January 18, 2024, the remaining balance will be forgiven. The 25% has not been recorded as it is contingent upon early payment. No repayments were made during year ended December 31, 2023.

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12. LOANS AND SHORT-TERM ADVANCES (Continued)

(iv) *St Mary's Cement Inc. (Canada) (SMC)*

On February 3, 2023, SMC advanced \$65 to the Company under the terms of a promissory note with an interest rate of 8%. The promissory note matures on February 7, 2025, and the Company is required to repay 20% of the loan balance on the completion of a private placement investment or loan in excess of \$1,000.

13. CONVERTIBLE DEBENTURE

On November 21, 2019, the Company issued a secured convertible debenture (the "debenture") to Georgian Villas Inc. ("GV"), an entity controlled by one of Pond's directors (Note 22) with respect to a \$2,000 loan provided by GV. The debenture was to mature on November 15, 2021, bears interest at 12% per annum, payable quarterly. The debenture convertible, at the option of the lender, into common shares of Pond after the first anniversary date of the Loan at a conversion price of \$1.00 per share and is secured by a first priority interest over all of the Company's present and after-acquired property and assets. As consideration for agreeing to provide the loan, GV also received a cash fee equal to 4% (\$80) of the principal amount of the loan.

On the issue of the convertible debenture in fiscal 2019 the fair value of the liability component was determined to be \$1,664 using a 36% market rate for an equivalent non-convertible debenture and this amount is measured at amortized cost until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognized as a finance cost as interest accretion.

The difference between the fair value of the debt portion and principal amount of proceeds at date of issue of \$336 is determined to be the value of the conversion option that is recognized and included in shareholders' deficiency, net of transaction costs amounting to \$13.

On November 15, 2021, on maturity of the previous debenture the Company issued an amended and restated secured convertible debenture to Georgian Villas Inc. with a face value of \$1,988. The debenture was amended to, among other things, reduce the interest rate to 9.55% from 12% per annum except in the event of default which occurred in 2023 and a revised maturity date of November 15, 2024. The debenture is convertible, at the option of the lender, into common shares at \$0.39 per common share. All other terms of the debenture remain in effect. At issue the fair value of the liability component was determined to be \$1,791 using a 15% market rate for an equivalent non-convertible debenture and this amount is measured at amortized cost until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognized as a finance cost as interest accretion.

The difference between the fair value of the debt portion and principal amount of proceeds at date of issue of \$197 is determined to be the value of the conversion option that is recognized and included in shareholders' deficiency.

Convertible Debenture - December 31, 2021	\$	1,788
Interest accretion		66
Repayments		(130)
Convertible Debenture - December 31, 2022		1,724
Interest accretion		67
Repayments		-
Convertible Debenture - December 31, 2023	\$	1,791
Less: Current portion of Convertible Debenture	\$	1,791
Long-term portion of Convertible Debenture	\$	-

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14. LEASE LIABILITIES AND RIGHT-OF-USE ASSETS

The Company's leases are for office space. Certain of the leases contain renewal options. The Company has included renewal options on the measurement of lease obligations when it is reasonably certain that the Company will exercise the renewal option.

The following tables sets out the Company's lease liabilities:

Lease liabilities, December 31, 2021	\$	261
Interest on lease liabilities		45
Lease modification adjustments		280
Lease payments		(116)
Lease liabilities, December 31, 2022		470
Interest on lease liabilities		49
Lease payments		(125)
Lease liabilities, December 31, 2023	\$	394

	Dec 31, 2023	Dec 31, 2022
Current	\$ 90	\$ 72
Non-current :		
Year 2	105	90
Year 3	75	105
Year 4	75	75
Years 5+	49	128
Lease liabilities	\$ 394	\$ 470

The following tables presents the associated right-of-use assets for the Company:

Right-of-use asset, December 31, 2021	\$	230
Additions		280
Amortization		(84)
Right-of-use asset, December 31, 2022		426
Additions		-
Amortization		(90)
Right-of-use asset, December 31, 2023	\$	336

Amounts recognized in the profit or loss:

	Dec 31, 2023	Dec 31, 2022
Amortization for right-of-use asset	\$ 90	\$ 84
Interest expense on lease liabilities	49	45
	\$ 139	\$ 129

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15. SHARE CAPITAL

Authorized

The Company is authorized to issue an unlimited number of common shares.

	Number of shares	Amount
Balance, as at December 31, 2021	47,761,854	36,631
Share issuance, private placements	14,676,669	2,535
Reserve for exchangeable shares	3,617,167	-
Issuance costs	-	(116)
Expired warrants	-	84
Balance, as at December 31, 2022	66,055,690	39,134
Share issuance, private placements & debt settlement	7,111,427	531
Shares issued from restricted share units	3,383,800	237
Shares issued from deferred share units	94,958	49
Issuance costs	-	(15)
Expired warrants and Agent warrants	-	4,463
Balance, as at December 31, 2023	76,645,875	\$ 44,399

Transactions in 2022

Non-Brokered private placements

On March 2 and 28, 2022, the Company issued a total of 8,920,002 common shares at \$0.20 per share for total cash proceeds of \$1,784.

On September 27, 2022, the Company issued a total of 2,006,667 common shares at \$0.15 per share for total cash proceeds of \$301.

On November 16, 2022, the Company issued a total of 3,750,000 common shares at \$0.12 per share for total cash proceeds of \$450.

Transactions in 2023

On January 25, 2023 the Company issued to Georgian Villas Inc 1,086,428 shares to satisfy \$108 of accrued interest owing under the secured convertible loan.

On January 25, 2023 the Company issued 94,958 shares to Mr. Jacob Gamble as settlement of his outstanding deferred share units under the Company's Directors Deferred Share Unit Plan.

On March 24, 2023, the Company issued a total of 5,299,999 common shares at \$0.07 per share for total cash proceeds of \$371 pursuant to a non-brokered private placement.

On May 11, 2023, the Company issued a total of 725,000 common shares at \$0.07 per share for total cash proceeds of \$51 pursuant to a non-brokered private placement.

On September 7, 2023 3,350,000 RSUs were converted to common shares at a total fair value of \$236.

On November 23, 2023 33,800 RSUs were converted to common shares at a fair value of \$1.

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15. SHARE CAPITAL (Continued)

Shares issued for Exchangeable reserve shares

On August 2, 2022, the Company's subsidiary Pond Naturals Inc., cancelled all its remaining unexchanged junior and senior preference shares under the terms of the automatic exchange related to the Company's amalgamation transaction with Regenurex that closed on January 30, 2019.

During the year ended December 31, 2022, the Company issued 3,617,167 (2021: 1,084,642) common shares on the conversion of 7,242,577 (2021: 3,991,541) junior preferred Pond Naturals Inc. shares and 3,219,198 (2021: 320,000) senior preferred Pond Naturals Inc. shares.

Exchangeable shares activity	Exchangeable shares outstanding
Balance, as at December 31, 2021	3,617,224
Converted during the year	(3,617,167)
Expired unconverted during the year	(57)
Balance, as at December 31, 2022 & 2023	-

As at December 31, 2022 and 2023 there are no outstanding junior or senior preferred Pond Naturals shares.

Equity incentive plan

At a meeting of the Company's shareholders held on June 28, 2022, the shareholders approved an Equity Incentive Plan ("EIP") and the EIP was subsequently approved by the TSXV on September 1, 2022 and by the Company shareholders on June 19, 2023. The EIP allows the Company to compensate eligible participants from time to time, through the granting of common share rights under three separate new plans. The three new plans include a share options plan, deferred share units plan ("DSU") and restricted share units plan ("RSU"). The Company is not able to grant further share options under the share option plan which was in place prior to the adoption of the EIP.

The maximum number of shares issuable pursuant to the EIP, and any other share compensation arrangement, shall not exceed 10% of the issued and outstanding shares from time to time (calculated on a non-diluted basis).

The stock options vest according to the provisions of the underlying directors' resolution approving the issuance.

Stock option plan

Stock Options	Number of options outstanding	Weighted average exercise price
Balance, as at December 31, 2021	4,490,000	0.59
Expired during 2022	(90,000)	2.00
Forfeited during 2022	(380,000)	0.50
Cancelled during 2022	(3,315,000)	0.60
Balance, as at December 31, 2022 & 2023	705,000	0.39

During the year ended December 31, 2023, the Company granted Nil (2022 – Nil) stock options

As at December 31, 2023, 705,000 (2022 – 617,500) stock options were exercisable and the weighted average remaining contractual lives of the stock options was 1.51 years (2022 – 2.51 years).

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15. SHARE CAPITAL (Continued)

Deferred share units

The directors of the Board may elect to receive all or a portion of their compensation in the form of deferred share units (“DSUs”) in any year, based on the terms and conditions of the Deferred Share Unit Plan (“Plan”) which was established on October 11, 2018 and amended in September 2022. A deferred share unit account (“DSU Account”) is established for each participant and is credited with notional grants of DSU’s to which each participant is entitled. Settlement of the DSUs shall be satisfied through the issuance of shares, payment of cash or combination thereof as determined by the Company.

The number of DSU’s granted to a participant’s DSU Account is determined quarterly, based on the monetary amount of the participant’s annual fee compensation and the greater of \$0.50 and the closing price of the Company’s common shares on the TSX on the date of grant. At such time as a director ceases to be a director, the Company’s Nomination and Compensation Committee has chosen to settle the DSU Account in Company common shares from treasury.

As at, December 31, 2023 there were 868,576 shares reserved for issuance on settlement of DSUs (December 31, 2022: 823,534) for which the Company recognized a \$70 to share-based payment reserve (2022: \$109).

Restricted share units

A restricted share unit (“RSU”) is an award in the nature of a bonus for services rendered that, upon settlement, entitles the recipient to receive shares in the Company as determined by the Board or, subject to the provisions of the EIP, to receive the cash equivalent or a combination thereof. The Board may establish conditions and vesting provisions, including performance criteria. RSUs that are subject to performance criteria may not become fully vested prior to the expiry of the restricted period. RSUs expire no later than December 31 of the calendar year which commences three years after the calendar year in which the performance of services for which the RSU was granted, occurred. An RSU may be forfeited if conditions to vesting are not met. The Board, in its discretion, may award dividend equivalents with respect to Awards of RSUs. Such dividend equivalent entitlements will not be available until the RSUs are vested and paid out.

As at, December 31, 2023 there were 1,617,600 shares reserved for issuance on settlement of RSUs (2022: 1,651,400). During the year ended December 31, 2023 the Company granted 3,350,000 RSU’s, with expiry dates being three years after grant and 3,383,800 were converted to common shares. For the year ended December 31, 2023, the Company recognized a \$371 charge to share-based payment reserve (2022: \$6). All 1,617,600 RSUs were fully vested as at December 31, 2023 and expire on November 2, 2025 and March 27, 2026.

Share-based payment reserve

Share-based payment reserve is comprised of the following:

	Dec 31,		Dec 31,
	2023		2022
Stock based compensation	\$ 3,969	\$	3,809
Warrants and Agent Warrants	-		4,463
Convertible Debenture	197		197
	\$ 4,166	\$	8,469

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15. SHARE CAPITAL (Continued)

Warrants

The Company has issued warrants and Agent Warrants as part of the brokered and non-brokered placements, conversion of loans and debt settlements.

	Number of			Amount (\$000's)
	Warrants	Agent Warrants	Total	
Balance, as at December 31 2021	12,331,417	437,696	12,769,113	\$ 4,547
Warrants expired	(664,750)	-	(664,750)	(84)
Balance, as at December 31, 2022	11,666,667	437,696	12,104,363	4,463
Warrants expired	(11,666,667)	(437,696)	(12,104,363)	(4,463)
Balance, as at December 31, 2023	-	-	-	\$ -

As at December 31, 2023, Nil warrants and Nil Agent Warrants were outstanding (2022 – 11,666,668 warrants and 437,696 Agent Warrants). The warrants have an average exercise price of \$NA (2022: \$0.47), and an average estimated life of Nil years (2022: 0.2 years). The agent warrants have an average exercise price of \$NA (2022: \$0.45) and an average estimated life of and Nil years (2022: 0.2 years).

16. SUPPLEMENTAL CASH FLOW INFORMATION

Investing and financing activities that do not require the use of cash are excluded from the consolidated statements of cash flows.

During the year ended December 31, 2023, the following transactions were excluded from the consolidated statement of cash flows:

- 1,086,428 shares were issued to settle \$108 of accrued interest owing on the GV Convertible Debenture.
- 94,958 shares were issued on conversion of deferred share units; and
- 3,383,800 shares were issued on conversion of restricted share units.
- 11,666,667 warrants expired and related costs transferred to share capital.
- 437,696 agent warrants expired and related costs transferred to share capital.

During the year ended December 31, 2022, the following transactions were excluded from the consolidated statement of cash flows:

- 3,617,167 shares were issued on conversion of 3,219,198 Junior preferred shares and 7,242,577 Senior preferred shares of Pond Naturals Inc.

17. REVENUE AND DEFERRED CONTRACT REVENUE

Revenue is comprised of sales of products and services to external customers (excluding HST and other sales taxes). Revenue from the transfer of goods or services to customers is recognized in amounts that reflect the consideration (that is, payment) to which the Company expects to be entitled in exchange for those goods or services.

The majority of the Company's Nutraceutical Products revenue is generated from purchase order contracts in which nutraceutical goods, shipping and payment terms are specified. Payment is normally thirty days from the date of invoice by the customer.

The majority of the Company's technology services revenue is generated from contracts in which goods and services are typically provided over time. The Company's technology services revenue was derived from several contractual obligations.

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17. REVENUE AND DEFERRED CONTRACT REVENUE (Continued)

Revenues from contracts are recognized on a milestone completion basis. Deferred revenue is the difference between actual amounts invoiced and the amount of revenue recognized and is recorded in the consolidated statements of financial position.

Deferred Contract Revenue

A reconciliation of the beginning and ending carrying amounts of deferred revenue is as follows:

	Dec 31, 2023	Dec 31, 2022
Balance, beginning of year	\$ 1,610	\$ 574
Related revenue earned during the year	(142)	(580)
Payments received during the year	104	1,616
	\$ 1,572	\$ 1,610

Management continuously evaluates the expected outcome of each of the performance obligations under its technology services contracts. As at December 31, 2023, the Company has deferred recognition on the contract in progress until such time that the outcome of the delays relating to feasibility and design can be reasonably measured, and continues to engage in discussions with the customer to determine the contract outcome.

18. BREAK DOWN OF EXPENSES

The details for operating and general and administrative expenses, are as follows:

	Year Ended	
	Dec 31, 2023	Dec 31, 2022
<i>Operating expenses</i>		
Salaries and benefits	\$ 1,703	\$ 1,437
Travel and transportation	95	67
Project supplies and maintenance	112	535
	\$ 1,910	\$ 2,039
<i>General and administrative expenses</i>		
Audit & accounting	\$ 248	\$ 145
Computer & subscriptions	69	100
Consulting and advisory services	104	279
Investor relations	528	840
Legal	109	222
Marketing	25	70
Office expense	-	13
Other general and administrative expenses	223	385
	\$ 1,306	\$ 2,054

During the year ended December 31, 2023 the Company received government grants totalling \$Nil (2022: \$19) which reduced operating expenses.

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19. FINANCIAL EXPENSES

The details for financial expenses are as follows:

	Year Ended	
	Dec 31, 2023	Dec 31, 2022
Interest expense on loans and short-term advances (Note 12)	\$ 224	\$ 235
Interest on debenture (Note 13)	235	208
Accretion on debenture (Note 13)	67	67
Interest on lease obligations (Note 14)	49	45
Bank and other expenses	21	15
	\$ 596	\$ 570

20. INCOME TAXES

The following table reconciles income tax recovery calculated at the basic Canadian corporate tax rate with the income taxes recorded in these financial statements:

Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

(\$ 000's)	2023	2022
Net loss before income taxes	\$ (3,474)	\$ (4,456)
Statutory tax rates	24.92%	24.92%
Expected income tax recovery	(865)	(1,110)
<i>Increase in income tax due to the following:</i>		
Permanent and temporary differences, net	(56)	177
Deferred tax asset not recognized	921	933
Income tax expense	\$ (0)	\$ (0)

(000's)	2023	2022
Non-capital losses	\$ 14,615	\$ 13,078
Investment tax credits	156	156
Excess of undepreciated capital costs over net carrying value	84	870
Excess of net carrying amount over cumulative eligible capital	345	342
Other	23	11
Unrecognized deferred tax asset	(15,223)	(14,457)
	\$ -	\$ -

As at December 31, 2023, the Company has non-capital loss carryforwards for income tax purposes, which may be available to reduce taxable income in future years. The amounts and expiry dates are as follows:

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20. INCOME TAXES (Continued)

Non-capital loss carryforwards (000's)	2023
2029	\$ 522
2030	1,390
2031	3,329
2032	11,033
2033	1,590
2034	3,103
2035	2,589
2036	3,595
2037	4,580
2038	5,481
2039	5,573
2040	3,269
2041	4,118
2042	4,632
2043	2,640
	\$ 57,444

Included in the non-capital carry forwards is \$11,054 of losses which are restricted to oil and conventional natural gas business.

As at December 31, 2023, the Company has investment tax credits earned as a result of incurring Scientific Research and Experimental Development expenditures. Investment tax credit amounts, which have not been recognized in these consolidated financial statements, and expiry dates are as follows:

Investment tax credits, December 31, 2023 (000's)	2023	2022
2029	\$ 97	\$ 97
2030	14	14
2038	37	37
	\$ 148	\$ 148

21. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties include key management and may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between the Company and a related party regardless of whether a price is charged.

The Company enters into related party transactions with management and arrangements with its shareholders. Details of these transactions and year end balances are as follows:

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21. RELATED PARTY TRANSACTIONS (Continued)

	2023	2022
<i>Transactions twelve months ended December 31:</i>		
Debenture effective interest - GV (Note 12)	\$ 302	\$ 274
Loan interest to shareholders - Colmac (Note 12)	73	-
Loan interest to shareholders - CW (Note 12)	146	235
Gain on settlement of loan - CW	505	-
<i>Balances, December 31, 2023 & December 31, 2022:</i>		
Loan payable to CW (Note 12)	-	1,590
Convertible debenture - GV (Note 12)	1,791	1,724
Short-term advances (Note 12)	2,225	-
Director fees payable	80	63
Accounts payable and accrued liabilities	\$ 815	\$ 72

Key management personnel include those individuals that have authority and responsibility for planning, directing, and controlling the activities of the Company as a whole.

The Company defines key management personnel as its key executive management and Board of Directors. In addition to their salaries, key executive officers participate in short-term bonus plans based on the financial performance of the Company and other non-financial factors, set annually. The Company provides a benefit plan and other allowances to executive officers. In addition, key executive officers are granted stock options and RSUs at the discretion of the Board of Directors.

Key management compensation is comprised of:

	Year Ended Dec 31,	
	2023	2022
Stock based compensation	\$ 360	\$ 102
Director fees included in advisory services	87	24
Salaries and benefits included in operating expenses	\$ 578	\$ 479

22. SEGMENTED INFORMATION

The Company considered the basis on which it is organized including service and product offerings and geographic areas and segmented reporting is based on identifiable reporting segments. Operating segments of the Company are defined as components of the Company for which separate financial information is available and are evaluated regularly by the chief operating decision maker when allocating resources and assessing performance.

The chief operating decision maker is the CEO of the Company and the Company's operating segments are based on its three primary offerings and one regional geographic area.

The three reportable segments for the year ended December 31, 2023, are Nutraceutical Products (including production and sales to consumers and business and distribution or third-party products) Technology Services (including the license fees, production of microalgal biomass, consulting, engineering services and the construction of biomass production facilities), and Corporate.

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22. SEGMENTED INFORMATION (Continued)

Reportable Segments

For the year ended December 31, 2023

Consolidated Statements of Financial Position As at Dec 31, 2023	Nutraceutical Products	Technology Services	Corporate	Total
Non-Current Assets				
Intangibles	\$ -	\$ 1,099	\$ -	\$ 1,099
Capital assets	571	97	-	668
Right-of-use asset	70	266	-	336

Consolidated Statement of Loss & Comprehensive Loss	For The Twelve Months Ended Dec. 31, 2023			
	Nutraceutical Products	Technology Services	Corporate	Total
Revenue:				
Nutraceutical products	\$ 4,404	\$ -	\$ -	\$ 4,404
Technology services	-	142	-	142
	4,404	142	-	4,546
Direct costs and expenses:				
Nutraceutical products	(3,456)	-	-	(3,456)
Technology services	-	(97)	-	(97)
Operating Expenses	(571)	(1,339)	-	(1,910)
General and administrative expenses	(124)	(542)	(640)	(1,306)
Amortization & depletion	(134)	(290)	(135)	(559)
Stock-based compensation	-	-	(446)	(446)
Operating loss	119	(2,126)	(1,221)	(3,228)
Other income / (expense):				
Gain on loan settlement	-	505	-	505
Finance expenses	(20)	(270)	(306)	(596)
Loss on sale of capital asset and abandonment of patent	-	(3)	-	(3)
Loss on impairment & sale of capital assets	-	(152)	-	(152)
Net loss and comprehensive loss	\$ 99	\$ (2,046)	\$ (1,527)	\$ (3,474)

Major Customer Revenue (Year ended December 31, 2023)	Nutraceutical Products	Technology Services
Largest customer	\$ 2,572	\$ -
Second largest customer	\$ 628	\$ 142

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22. SEGMENTED REPORTING (Continued)

Reportable Segments (Continued)

For the year ended December 31, 2022

Consolidated Statements of Financial Position As at December 31, 2022	Nutraceutical Products	Technology Services	Corporate	Total
Non-Current Assets				
Intangibles	\$ -	\$ 1,240	\$ 131	\$ 1,371
Capital assets	674	340	-	1,014
Right-of-use asset	\$ 104	\$ 322	-	\$ 426
Costs of contracts	-	647	-	647

For the year ended December 31, 2022 (Continued)

Consolidated Statement of Loss & Comprehensive Loss	For The Year Ended December 31, 2022			
	Nutraceutical Products	Technology Services	Corporate	Total
Revenue:				
Nutraceutical products	\$ 4,560	\$ -	\$ -	\$ 4,560
Technology services	-	580	-	580
	4,560	580	-	5,140
Direct costs and expenses:				
Nutraceutical products	(3,704)	-	-	(3,704)
Technology services	-	(170)	-	(170)
Operating Expenses	(521)	(1,518)	-	(2,039)
General and administrative expenses	(294)	(599)	(1,161)	(2,054)
Amortization & depletion	(137)	(273)	(146)	(556)
Stock-based compensation	-	-	(486)	(486)
Operating loss	(96)	(1,980)	(1,793)	(3,869)
Other income / (expense):				
Interest income	-	-	-	-
Finance expenses	(23)	(273)	(274)	(570)
Loss on abandonment of patent	-	(17)	-	(17)
Net loss and comprehensive loss	\$ (119)	\$ (2,270)	\$ (2,067)	\$ (4,456)

Major Customer Revenue (Year ended December 31, 2022)	Nutraceutical Products	Technology Services
Largest customer	\$ 1,840	\$ 580
Second largest customer	\$ 900	\$ -

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22. SEGMENTED INFORMATION (Continued)

Reportable Segments (Continued)

The following table presents geographical information about reported revenues from external customers for the years ended December 31, 2023 and December 31, 2022. The sales below are in relation to the physical delivery location of the customers which may not represent the jurisdiction where revenue was recognized.

Revenues by geographic destination are as follows:

For the years ended December 31,	2023	2022
Canada	\$ 4,339	\$ 5,025
USA	207	\$ 115
Total revenue	\$ 4,546	\$ 5,140

23. CAPITAL MANAGEMENT

The Company manages its capital structure and adjusts it, based on the funds available to the Company, in order to support the acquisition and development of its business projects. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. Management considers the Company's capital structure to primarily consist of the components of shareholder's equity (deficiency).

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the year and there will be a need to refinance through a convertible debenture in 2024.

24. FINANCIAL INSTRUMENTS & RISK MANAGEMENT

Financial risk management objectives and policies

The Company's activities expose it to a variety of financial risks including credit risk, liquidity risk, and market risk which includes interest rate, foreign currency and other price risk. These financial risks are managed by the Company under policies approved by the Board of Directors. The principal financial risks are actively managed by the Company's management team and there was no change in the approach during the year ended December 31, 2023.

The primary risks that affect the Company are set out below and the risks have not changed during the reporting year. The list does not cover all risks to the Company, nor is there an assurance that the strategy of management to mitigate the risks is sufficient to eliminate the risk.

Credit risk

Credit risk arises from the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation or the counterparty will fail to meet its contractual obligations. The Company is exposed to credit risk from its banks and receivables from its customers. The Company's cash and accounts receivables total \$914 (2022: \$666), representing the maximum exposure to credit risk from those financial assets.

The Company monitors its exposure to credit risk by ensuring all cash is maintained with large chartered Canadian banks. The Company's objective is to minimize its exposure to credit risk in order to prevent losses on financial assets, by placing its investment in lower risk deposits and interest earning bank accounts of these chartered banks.

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24. FINANCIAL INSTRUMENTS & RISK MANAGEMENT (Continued)

Financial risk management objectives and policies (Continued)

As at December 31, 2023 there are trade receivables of \$35 (2022: \$49) that are outstanding more than three months. The Company has a carrying amount of \$830 (2022: \$470) relating to receivables primarily from customers in the nutraceutical business. The Company monitors its exposure to credit risk by customer ensuring that amounts are paid under the terms of the invoice and the customer's credit worthiness. The Company's management of credit risk has not changed materially from that of the prior year.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due, will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company manages liquidity risk through regular monitoring of forecasted and actual cash flows, review of available credit or financing alternatives and strategic planning by management in evaluating the cash requirements of the business. The Company's management of liquidity risk has not changed materially from that of the prior year.

The following are the undiscounted amounts and contractual maturities of the Company's loans payable and anticipated timing of settlements of its other financial liabilities as at December 31, 2023 and 2022:

Balances, as at December 31, 2023	< 1 year	1-2 years
\$		\$
Accounts payable and accrued liabilities	2,698	-
Loans and short-term advances payable	2,265	65
Convertible debenture	1,791	-
Balances, as at December 31, 2022	< 1 year	1-2 years
\$		\$
Accounts payable and accrued liabilities	1,500	-
Loans payable	1,590	40
Convertible debenture	250	1,474

Market Risk

(i) *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. As at December 31, 2023, the Company does not have any variable rate debt. The exposure to interest rates for the Company is considered minimal. The Company has not used any financial instrument to hedge potential fluctuations in interest rates. Pond's debt instruments are fixed interest rates and there is a fair value risk at time of renewals. The Company's exposure to and management of interest rate risk has not changed materially from that of the prior year.

(ii) *Foreign Currency Risk*

Foreign currency risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's functional currency is the Canadian dollar and administrative expenditures are transacted in Canadian dollars. A portion of the Company's transactions are denominated in currencies other than the functional currency of the Company.

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24. FINANCIAL INSTRUMENTS & RISK MANAGEMENT (Continued)

(ii) Foreign Currency Risk (Continued)

As a result, the Company is exposed to currency risk on these transactions. The Company manages its currency risk by minimizing its exposure to currencies other than its functional currency. Foreign exchange gains and losses are primarily derived from changes in the Canadian dollar exchange in relation to the U.S Dollar. A 1% strengthening of the US dollar would affect net loss by approximately \$8. The Company's management of foreign currency risk has not changed materially from that of the prior year.

Fair value

The fair value of a financial instrument is approximated by the consideration that would be agreed to in an arm's length transaction between willing parties and through appropriate valuation methods. The actual amount that could be realized in a current market exchange could be different than the estimated value.

The carrying amounts of cash, receivables and accounts payable and accrued liabilities approximate fair value due to the short-term maturities of these instruments. The fair value of the loans payable and convertible debenture approximate the carrying value due to these instruments bearing interest at market rate.

The Company categorizes its financial assets and liabilities measured at fair value into three different levels depending on the observation of the inputs used in measurement. The three levels are defined as follows:

- i. Level 1: Fair value is based on unadjusted quoted prices for identical assets or liabilities in active markets.
- ii. Level 2: Fair value is based on inputs other than quoted prices included within Level 1 that are not observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- iii. Level 3: Fair value is based on valuation techniques that require one or more significant unobservable inputs.

The estimated fair value of the financial instruments has been determined based on the Company's assessment of available market information. However, these estimates may not necessarily be indicative of the amounts that the Company could realize in a current market exchange. As at December 31, 2023, the Company did not have any financial assets or liabilities recorded at fair value.

25. SUBSEQUENT EVENTS

Convertible Debentures Financing

On November 3, 2023, the Company announced it was in receipt of subscriptions to complete a private placement of Convertible Debentures totaling \$8,000 which bear interest at 12% per annum, are convertible into Common Shares of Pond at the option of the holders thereof at any time at a conversion price of \$0.20 per share (the "Conversion Price"), and mature three (3) years from the date of issuance. In the event that, following closing, the daily volume weighted average trading price (or closing bid price on days when there are no trades) of the Common Shares on the TSX Venture Exchange exceeds \$0.40 per Common Share for 20 consecutive trading days (the "Triggering Event"), the Convertible Debentures shall be automatically converted into Common Shares on the effective date of the Triggering Event at the Conversion Price.

The closing of the Convertible Debentures private placement is expected to occur in May 2024 and is to be secured against all of Pond Technologies Inc.'s present and after-acquired personal property, including all technology, patents, copyrights, inventions and other intellectual property.

The net proceeds of the Convertible Debenture private placement is to be used for the repayment of the Short Term Advances (Note 12 (ii)) which included the settlement the Crystal Wealth loan on October 30, 2023 and for growth working capital and general corporate purposes.

POND TECHNOLOGIES HOLDINGS INC.

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

**FOR THE THREE AND TWELVE MONTHS ENDED
DECEMBER 31, 2023**



pondtech

Dated April 29, 2024

All amounts are Canadian dollars in thousands, except share and per share amounts where specified.

Introduction

This Management's Discussion and Analysis ("**MD&A**") of financial condition and results of operations of Pond Technologies Holdings Inc. ("**Pond**" or the "**Corporation**") constitutes management's review of the Corporation's financial and operating performance for the three and twelve months ended December 31, 2023, financial condition and future prospects. Except as otherwise noted, this MD&A is dated April 29, 2024 and should be read in conjunction with the audited consolidated annual financial statements of Pond Technologies Holdings Inc. for the years ended December 31, 2023 and 2022 and the related notes thereto (the "Financial Statements").

Pond is incorporated under the *Business Corporations Act* of Alberta. As of February 6, 2018, the Corporation's shares began trading on the TSX Venture Exchange ("**TSXV**") under the new trading symbol "POND." As of January 29, 2020 the Corporation's shares began trading on the OTC market under the trading symbol "PNDH."

This MD&A is prepared as at April 29, 2024 and is current to that date unless otherwise stated. The Financial Statements of the Corporation and extracts of those Financial Statements provided within this MD&A, have been prepared in Canadian dollars, in accordance with IFRS Accounting Standards ("**IFRS**") as issued by the International Accounting Standards Board.

For the purposes of preparing this MD&A, management, in conjunction with the Board of Directors, (the "**Board**") considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of Pond common shares; (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity. Further information about the Corporation and its operations is available on Pond's website at www.pondtech.com or on the System for Electronic Documents Analysis and Retrieval (SEDAR+) at www.sedarplus.ca.

Description of Business

The Corporation is commercializing its patent protected algae growing platform, which converts carbon dioxide (CO₂) into algal-based commercial products. Its algae growing platform converts the CO₂ found in the untreated and treated stack gas of industrial emitters into animal feed, human dietary supplements, nutraceuticals, and natural fertilizers. The key to the business model is the vertical integration from the initial capturing of the carbon dioxide to the growing of algae, to the end sustainable product. In over ten+ years of R&D, Pond has developed a robust disruptive technology platform based on artificial intelligence, proprietary LED-lights, and patented CO₂-management. Pond has begun to license its technology to third parties for ongoing license fees and royalties as well as selling its proprietary equipment. Pond has segregated the Pond Carbon division to focus on absorbing greenhouse gas emissions, transforming these into food, feed, and nutraceutical ingredients.

The Corporation also has nutraceutical and biotech business segments and is actively pursuing opportunities in the nutraceutical superfood marketplace, and the production of complex proteins used in therapeutic treatments. In addition, the Corporation is also working to extend its technology applications into related verticals, including land remediation, aquaculture and animal feeds, and high-value natural food dyes in an effort to commercialize the adoption of its integrated proprietary algae growth platform.

2023 Highlights

Financial and continuing operations highlights for the three and twelve months ended December 31, 2023:

Group operating highlights

- **Decrease in Net Loss From Continuing Operations** – The twelve month operating net loss and comprehensive loss of \$3,474 (2022: \$4,456) was \$982 lower as compared to year end 2022. The decrease was primarily due to a \$505 gain on the Crystal Wealth loan settlement and lower operating and general and administrative costs.
- **Share Issuance** - The Corporation completed a \$422 private placement share offering on May 12, 2023 at \$0.07 per share and no warrants. The funds from this offering were used to meet working capital, capital commitments and debt servicing needs.
- **Crystal Wealth Loan Settlement** – Pursuant to a settlement agreement dated October 5, 2023, between Pond Technologies Inc., and Grant Thornton Limited, in its capacity as court-appointed receiver and manager of Crystal Wealth Management System Limited, Pond settled on a full and final basis, all of its obligations owing under the Crystal Wealth loan on October 30, 2023 for \$1,200. The settlement was funded by a short-term advance (“STA”) provided to Pond from Colmac Holdings Limited (an entity controlled by Pond’s Chairman, Mr. Robert McLeese). The settlement resulted in a financial gain to Pond of \$505. The STA is to be repaid from the proceeds of Pond’s private placement of a \$8,000 convertible debentures.
- **AB Agri** - The AB Agri EPC agreement was terminated on July 10, 2023 and the Corporation entered good faith negotiations to try and settle all disputed amounts owed to or from the Corporation arising from the termination of the agreement. To date the Corporation has not been able to agree to a settlement between the parties. The dispute may end up in arbitration under the terms of the EPC contract for amounts owed to or from Pond. The existing license agreement with AB Agri remains in place unchanged.

Outlook and Strategy

Pond is a publicly traded ESG company which is able to provide proprietary carbon-to-microalgae technology to address the global sustainability challenges of climate change, sustainable food production and the production of complex proteins used in therapeutic treatments.

Pond is recognized as a world leader in the development of its proprietary world class technology and related systems to optimize algae growth in controlled and scalable environments.

Pond believes that the multi-billion-dollar sustainable animal feed and functional food protein markets, the production of complex proteins used in therapeutic treatments and nutraceutical markets are all ready for an algae-based revolution. These industries have been researching the uses of algae for decades, but few technologies can scale production. A scalable algae production technology would enable these industries to be more profitable and more sustainable, resulting in a paradigm shift similar to the transformational changes that we see in renewable energies today. Pond believes it provides the disruptive, scalable platform technology that has held the industry back to-date. Pond’s aim is to become the largest supplier of algae-growing technology in the world.

Adoption of Pond's Technology - The Corporation's research and development work has positioned the Corporation to be able to deploy its technology on a commercial basis once further adoption of the technology by industry is achieved. Pond is in discussions with industrial stack emitters and commercial feed and ingredient producers and processors to adopt its technology to grow microalgae. If successful, this would result in the sale and adoption of commercial size Pond bioreactors and related technology. Pond will have working capital requirements arising from the commercial sale of its technology and the amount of working capital required will depend on the type and terms of any contract agreed to with a customer.

Proprietary Technology - Pond's algae growth platform, based upon enclosed, controlled, and monitored photobioreactors, may provide a significant competitive advantage, and allow the Corporation to compete effectively on quality, consistency of supply, and price. Pond's strategy is to demonstrate its technological advantage, with its lighting, illumination, and sensor system control technology, as well as its working knowhow. Pond continues to approach ESG solution seeking businesses with a view toward adopting and licensing its technology.

Technology Developments

Investors, shareholders and ESG solution seeking companies and individuals regularly request information and a better understanding of the products Pond's businesses have developed, as well as significant technology developments. This section has been prepared to help with the understanding of the ever-evolving Pond growth platform technology.

Technology Developments

During 2023 and to date, Pond has worked on creating a new commercial "Black Box" product which receives data from and controls the many sensors required to assist with achieving optimal real-time algae growth results and continuous harvest. This product has been installed on Pond's reactors to enable biologists to make and control growth decisions using real-time data, improving algae productivity while reducing input costs.

During 2023 and to-date, Pond also developed a process flow and design documentation for the extraction of phycocyanin from the microalgae spirulina. Efficient extraction was demonstrated at lab-scale in 2023, and future work will scale the process for a commercial spirulina powder and phycocyanin plant.

Pond Carbon

Pond Carbon is at the heart of the Corporation's algae growth platform technology. Pond Carbon is engaged in ongoing research, development and the sale of its algae and algae growth technology. Pond Carbon also holds the technology patents and issues licenses for access to our technology, as well as providing consulting services for project development.

Pond continues to work to grow the future markets for algae as a feed ingredient, supporting the future roll-out of large installations and innovation developments. Pond worked with the National Research Council of Canada (NRC) to feed spirulina algae to salmon, and the NRC published results suggesting that a diet including up to 20% spirulina biomass has similar essential amino acid and essential fatty acid digestibility as a conventional farmed salmon diet based on fishmeal. Reducing fishmeal in salmon diets has significant environmental and potentially cost benefits for salmon farmers.

Pond BioTech

On August 10, 2021, Pond entered into a Scale Up and Technology Access Agreement with a North American Fortune 500 Company. Under the terms of this agreement, Pond has collected approximately \$600 in fees to scale-up growth of genetically modified algae expressing high-quality antigens for diagnostic tests.

Pond's proprietary growth technology and bioreactors have successfully grown genetically-modified algae, for protein extracts incorporated into diagnostic tests that successfully detect COVID-19 antibodies. These results were published in the journal Nature Scientific Reports in mid-2022. Pond made regular deliveries of algae biomass to its project partners for extraction of the recombinant protein that was incorporated into test batches of these diagnostic tests.

Pond Naturals – Regenurex

Throughout 2023, Regenurex experienced significant expansion in its softgel production capacity, leveraging the scaled production achieved in 2022 to generate high-margin nutraceuticals for sale. This strategic expansion allowed us to effectively address the escalating market demand for algae-based products across various sectors. Moreover, we successfully broadened our product portfolio, introducing pioneering algae-derived solutions tailored to a wide array of industries including pharmaceuticals, nutraceuticals, and food. This strategic diversification has not only bolstered our market positioning but also mitigated our commercial risk.

In terms of financial performance, Regenurex witnessed robust revenue growth in 2023. This growth was propelled by our concerted efforts to increase wholesale and online sales volumes, expand our product offerings, and intensify our market presence. Our dynamic pricing strategies and customer-centric approach played pivotal roles in optimizing revenue streams both online and offline. Furthermore, we implemented stringent cost control measures aimed at enhancing operational efficiency and maximizing profitability. Our strategic initiatives encompassed procurement, production optimization, cost of goods reduction, and overhead management, resulting in the enhancement of our cost structures and expansion of margins.

Looking ahead, the algae market continues to exhibit vigorous growth driven by heightened consumer awareness regarding the sustainability and health benefits of algae-derived products. The evolving regulatory landscape and shifting consumer preferences present ample opportunities for innovation and market expansion. In line with this, Regenurex remains steadfast in its commitment to maintaining our Food Safe GMP facility and upholding the renowned standard of quality that defines our brand. This commitment underscores our dedication to delivering premium products while ensuring consumer safety and satisfaction.

Overview of Financial Results

Selected Annual Information

Financial results (\$000's except per share amounts)	For Years Ended December 31,		
	2023	2022	2021
Revenue from continuing operations	4,546	5,140	5,133
Loss from continuing operations	(3,474)	(4,456)	(5,342)
Gain / (Loss) from discontinued operations	-	-	268
Net loss and comprehensive loss	(3,474)	(4,456)	(5,073)
Loss per share continuing operations	(0.05)	(0.08)	(0.13)
Loss per share discontinued operations	0.00	0.00	0.01
Net loss per share (1)	(0.05)	(0.08)	(0.12)
Total assets	4,010	4,671	5,260

Selected Quarterly Information

The results of operations for the three and twelve months ended December 31, 2023, as compared to the three months and twelve months ended December 31, 2022 is as follows:

**Pond Technologies Holdings Inc.
Management's Discussion & Analysis
Three and Twelve Months Ended December 31, 2023**

Selected Financial Information

The following table is a summary of the Corporation's results from operations:

(CDN \$000's)	3 Months Ended Dec. 31		12 Months Ended Dec. 31	
	2023	2022	2023	2022
Revenue from continued operations	1,263	1,345	4,546	5,140
Costs of revenue and expenses	(994)	(1,100)	(3,553)	(3,874)
Operating expenses	(458)	(670)	(1,910)	(2,039)
General and administrative expenses	(256)	(344)	(1,306)	(2,054)
Amortization	(186)	(144)	(559)	(556)
Stock-based compensation	(48)	(69)	(446)	(486)
	(1,942)	(2,327)	(7,774)	(9,009)
Operating (loss) for the period	(679)	(982)	(3,228)	(3,869)
Finance expenses	(189)	(158)	(596)	(570)
Gain on loan settlement	505	-	505	-
Loss on impairment of capital assets	(152)	-	(152)	-
Loss on sale of capital assets & abandonment of patent	-	(17)	(3)	(17)
Loss before tax	(515)	(1,157)	(3,474)	(4,456)
Net profit/(loss) continuing operations and comprehensive	(515)	(1,157)	(3,474)	(4,456)
Profit / (loss) per share, basic and diluted				
Continuing operations\$(1)	(0.01)	(0.02)	(0.05)	(0.08)
Total assets	4,010	4,671	4,010	4,671
Total current liabilities	8,416	5,022	8,416	5,022
Total non-current liabilities	369	1,912	369	1,912

Note:

- (1) Basic loss per share is calculated by dividing the net loss by the weighted average number of shares in issue and outstanding during the quarter.

Discussion of Continuing Operations

A. Profit and loss for the three months ended December 31, 2023 and 2022

The Corporation reported a net operating loss from continuing operations of \$515 (2022: loss of \$1,157) for the three months ended December 31, 2023 which was a \$642 improvement as compared to 2022. The decrease in net loss as compared to Q4 2022 was principally due to the following:

- 1) *Trading Revenue* - Decreased by of \$83

Revenue changes for Q4, by business segment is as follows:

- Nutraceutical Products – Revenue of \$1,263 (2022: \$1,265) decrease of \$2; and
- Carbon Technology Services – Revenue of \$Nil (2022: \$81) decrease of \$81. The decrease related to no project fees being recognized in the 4th quarter.

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2) *Direct costs and expenses* – decreased by \$107

The changes by business segment are as follows:

- Nutraceutical Products - Decrease in direct costs of \$107 due to better margins; and
- Carbon Technology Services – Increase in direct costs of \$Nil.

3) *Operating, general and administrative expenses, stock-based compensation and amortization*

a. Decrease in operating expenses of \$212 primarily due to:

- Carbon Technology and Nutraceutical operating expenses decrease of \$212 was due to a decrease in operating development activities while Pond awaited new convertible debenture financing;

b. Decrease in general and administrative expenses of \$88 primarily due to:

- Reduced use of third-party consultants, advisors, marketing activities and shareholder relations activities arising from the refocusing of the Corporation's business.

c. Stock-based compensation - Decrease of \$21:

d. Amortization – Increase of \$42:

e. Capital asset impairment charge of \$152 which did not occur in 2022: and

f. Finance expenses and gain on settlement of loan – The Q4 2023 net gain of \$474 in the period arising from a \$505 gain on the settlement of the Crystal Wealth loan which was offset by \$31 increase in interest expense.

B. Profit and loss for the twelve months ended December 31, 2023 and December 31, 2022

The Corporation reported a net loss from continuing operations of \$3,474 (2022: \$4,456) and a net decrease of \$982. The reason for the decrease relates primarily to the \$505 gain on the settlement of the Crystal Wealth loan and other matters as follow:

1) *Revenue decreased by \$594*

- The decrease related to a \$439 decrease in Carbon Technology revenue and a \$155 reduction in Pond Naturals revenue. The decrease in Pond Carbon Technology revenue was lower due to lower contract completions which will be recognized in future periods.

The 2023 net trading margin (revenue less direct costs and expenses) amount was \$993 (2022: \$1,266). The decrease of \$273 was due to lower revenue from the technology contract completions.

Pond Technologies Holdings Inc.
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2) *Operating, general and administrative expenses, stock-based compensation and amortization*

- a) Decrease in operating expenses of \$129
- The decrease is primarily due to a decrease in development project supplies and maintenance costs as the Corporation awaited new financing.
- b) Decrease in general and administrative expenses of \$748
- The decrease is primarily due to a decrease in investor relation services of \$312 decrease of \$174 in the use of consultants and other advisory professional fees and other general and administrative expenses of \$262.
- c) Increase in amortization expense of \$3
- d) Stock based compensation decrease of \$40
- The decrease in stock-based compensation related to Pond's low share price and the resulting lower costs from granting DSUs and RSUs.
- e) Loss on impairment and sale of capital assets \$155; and
- f) Finance expenses increase of \$26 and gain on loan settlement of \$505.

Summary of Quarterly Results

Financial results (\$000's except per share amounts)	Year ended 2023				Year ended 2022			
	Q4 31-Dec	Q3 30-Sep	Q2 30-Jun	Q1 31-Mar	Q4 31-Dec	Q3 30-Sep	Q2 30-Jun	Q1 31-Mar
Revenue from continuing operations	1,263	1,308	608	1,367	1,345	1,747	1,018	1,030
Profit / loss from continuing operations	(515)	(874)	(1,225)	(860)	(1,157)	(792)	(1,389)	(1,118)
Net profit / (loss) and comprehensive loss	(515)	(874)	(1,225)	(860)	(1,157)	(792)	(1,389)	(1,118)
Loss per share continuing operations	(0.01)	(0.01)	(0.02)	(0.01)	(0.02)	(0.01)	(0.02)	(0.02)
Net loss per share (1)	(0.01)	(0.01)	(0.02)	(0.01)	(0.02)	(0.01)	(0.02)	(0.02)
Cash from /(used in) provided by operating activities	(463)	(203)	(344)	(235)	(482)	(319)	(171)	(1,608)
Capital expenditures & patents	-	-	-	(23)	(84)	-	-	(3)
Cash and cash equivalents net of short-term liabilities	(8,332)	(6,192)	(5,698)	(5,555)	(4,826)	(4,617)	(2,698)	(1,891)

Note:

(1) Basic loss per share is calculated by dividing the net loss by the weighted average number of shares in issue and outstanding during the quarter.

The Corporation's revenue of \$1,263 (Q3: 1,308) for the three months ended December 31, 2023 arose from the Corporation's two business segments. The revenue for each business segment for the three months ended December 31, 2023 - 1) Nutraceutical products \$1,263 (Q3 2023: \$1,271); and 2) Technology

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\$Nil (Q3 2023: \$37). The overall \$46 decrease in revenue in Q4 2023 as compared to Q3 2023 and prior quarters is primarily due to the decrease in technology contract revenue.

The Corporation's quarterly losses from continuing operations fluctuate primarily by the amount of nutraceutical revenue, percentage of completion of third-party carbon technology project work, completion of significant contractual milestones and completions, the amount of government grants earned which are offset against the development costs incurred in a quarter and shareholder services activities.

For the three months ended December 31, 2023 the Corporation had a loss of \$515 from continuing operations, as compared to a loss of \$1,157 for the three months ended December 31, 2022. This was primarily due to the \$505 gain on the settlement of the Crystal Wealth loan. There was a \$982 decrease in the loss from continuing operations for the twelve months ended December 31, 2023 as compared to the twelve months ended December 31, 2022. The majority of the 2023 decrease in loss from continuing operations related to reduced operating and G& A expenses and the \$505 gain arising from settlement of the Crystal wealth loan.

Net cash used in continuing operations of \$1,245 (2022: \$2,360) decreased during the twelve months ended December 31, 2023 as compared to the twelve months ended December 31, 2022 is a result of:

- Receipts from customers of \$4,128 (2022: \$6,145), decrease of \$2,017. \$1,572 of revenue decreases in 2023 were a result of year end 2022 deferred revenue;
- Lower payments to suppliers and employees of \$5,326 (2022: \$8,168), decrease of \$2,842. \$1,198 of the increase arose from an increase in accounts payable and accrued liabilities.
- Lower interest payments of \$48 (2022: \$81). Interest payment deferrals were agreed during 2023; and
- Interest received of \$1 (2022: \$Nil).

Liquidity and Capital Resources

For the twelve months ended December 31, 2023 the cash balance decreased by \$112. This was a result of net cash used in operations of \$1,245 (2022: \$2,360), investing activities cash outflows of \$23 (2022: \$84) off-set by cash inflows from financing activities of \$1,156 (2022: \$1,573).

Pond had a working capital deficiency on December 31, 2023 of \$7,106. \$2,225 relates to short-term advances which were used to repay \$1,200 to settle the Crystal Wealth loan and working capital, \$1,198 of accounts payable increase and a movement of the Georgian Villa Inc. ("GV") convertible debenture to current liabilities of \$1,791 from long term liabilities.

Commitments and Contingencies

Loans and Temporary Advances

As of December 31, 2023, \$2,265 of the Corporation's loan obligations were current and due within one year (2022: \$1,590) and \$65 was non-current (2022: \$40). \$2,225 of the Corporations short term advances relate to advances received from Colmac Holdings Inc. and are to be repaid upon the closing of the \$8m Convertible Debenture and \$40 from CEBA, the latter settled in January 2024 for \$30. Long term loans comprise \$65 from St Marys Cement Inc. (Canada) ("SMC").

Promissory Note - Convertible Debenture

As of December 31, 2023 the Corporation's promissory note obligation balance to GV was \$1,791. The convertible debenture was amended on November 15, 2021, matures on November 15, 2024, bears interest at 9.55% per annum (default rate 12%), payable quarterly and principal repayments of \$10 per month for the first twelve months followed by \$20 per month after twelve months and increasing to \$30 per month after twenty-four months. The Corporation made no principal repayments in 2023 and the Corporation postponed principal repayments until the \$8m convertible debenture closes.

The debenture is convertible, at the option of the lender, into common shares of Pond at a conversion price equal to \$0.39 per common share. All other terms of the original debenture remain in effect.

Leases

The Corporation has entered into two premise leases with total lease payments of \$125 in 2023 (2022: \$116). Future lease payments are approximately \$300 over 5 years.

Contingencies

The Corporation is contingently liable with respect to litigation claims and environmental matters that may arise from time to time, including those that could result in mandatory damages or other relief, which could result in significant expenditures. While the outcome of these matters cannot be predicted with certainty, in the opinion of management, any liability that may arise from such contingencies would not have a material adverse effect on the financial position or results of operations of the Corporation. Any expected settlement of claims in excess of amounts recorded will be charged to operations as and when such determination is made.

Litigation and Potential Arbitration

Concurrent with the closing of the Corporation's reverse take-over business combination with Pond Technologies Inc., the Corporation assigned all its rights and interest in all claims made by the Corporation in the existing litigation with Sinopec to Grizzly Resources Inc ("Grizzly"). Grizzly assumed the rights and interest and indemnified the Corporation from and against all of the Corporation's liabilities in respect of the claim made by Sinopec in the Sinopec litigation and all future costs associated therewith.

On October 18, 2022, Synergraze Inc. an Alberta company filed a Statement of Claim against the Corporation alleging a breach of a Mutual Confidentiality, Non-Disclosure and Non-Circumvention Agreement ("Agreement") signed on August 18, 2021. The Corporation has filed a Defense stating it has complied with the spirit of the Intent of the Agreement and Synergraze Inc. has not suffered any damages. The Corporation has also filed a Counter Claim alleging a breach of contract and breach of duty of confidence, and conversion by Synergraze Inc. The term of the Agreement expires on August 18, 2024.

On September 7, 2021, the Corporation entered into two contracts with AB Agri, a subsidiary of Associated British Foods (LSE:ABF) for the commercialization of algae-based animal feed ingredients from CO2 emissions. One agreement was an Engineering, Procurement and Supply Agreement ("EPC") where AB Agri agreed to purchase a pilot algae demonstration system from the Corporation to be installed in the UK

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for approximately \$2,900 and the second agreement is a licence agreement to access the Company's technology where the Company received an initial fee of GBP 500 for signing the agreements.

The AB Agri EPC agreement was terminated on July 10, 2023 and the Corporation entered into good faith negotiations to try and settle all disputed amounts owed to or from the Corporation arising from the termination of the agreement. To date the Company has not been able to agree a settlement between the parties. The dispute may end up in arbitration under the terms of the EPC contract. The existing licence agreement with AB Agri remains in place unchanged.

Outstanding Share Data

As at the date of this MD&A the Corporation had the following number of common shares and share related securities outstanding:

Securities	
Common shares	76,645,875
Warrants	-
Issuable under share options	705,000
Issuable under restricted share unit plan	1,582,600
Issuable under deferred share units plan to directors	868,576
Total Securities	79,802,051

As of the date of this MDA the Corporation has 76,645,875 common shares outstanding. The Corporation has nil warrants and agent warrants outstanding, 705,000 stock options all of which are exercisable at a weighted average price of \$0.39 per share.

As at, December 31, 2023 there were 1,617,600 shares reserved for issuance on settlement of RSUs (2022: 1,651,400). During the year ended December 31, 2023 the Corporation granted 3,350,000 RSU's and 3,383,800 were converted to common shares. All 1,617,600 RSUs were fully vested as at December 31, 2023 and expire on November 2, 2025 and March 27, 2026.

Off-Balance Sheet Arrangements

The Corporation does not have any off-balance sheet arrangements.

Related Party Transactions

The Corporation enters into related transactions with management and agreements with its shareholders. Details of these transactions for the twelve months ended December 31, 2023 and 2022 and balances are as follows:

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	2023	2022
<i>Transactions twelve months ended December 31:</i>		
Debenture effective interest - GV (Note 12)	\$ 302	\$ 274
Loan interest to shareholders - Colmac (Note 12)	73	-
Loan interest to shareholders - CW (Note 12)	146	235
Gain on settlement of loan - CW	505	-
<i>Balances, December 31, 2023 & December 31, 2022:</i>		
Loan payable to CW (Note 12)	-	1,590
Convertible debenture - GV (Note 12)	1,791	1,724
Short-term advances (Note 12)	2,225	-
Director fees payable	80	63
Accounts payable and accrued liabilities	\$ 815	\$ 72

The loans payable and loan interest amounts relate to loan amounts advanced by SMC who are shareholders of the Corporation. The convertible promissory note issued to GV and the short-term advances relate to an entity controlled by Pond's director Mr. Robert McLeese.

The accounts payable and accrued liabilities balance relates to unpaid compensation owed senior executive management of the Corporation who are shareholders of the Corporation.

Key Management Compensation

Key management personnel include key executive management and the Corporation's Board of Directors. The Corporation provides a benefit plan and other allowances to executive officers. In addition, key executive officers are granted stock options and RSU's at the discretion of the Board of Directors and directors may elect to receive a portion of their compensation in deferred share units.

Key management personnel compensation for the twelve months ended December 31, is comprised of:

	Year Ended Dec 31,	
	2023	2022
Stock based compensation	\$ 360	\$ 102
Director fees included in advisory services	87	24
Salaries and benefits included in operating expenses	\$ 578	\$ 479

Recent Developments

Crystal Wealth Management System Ltd. Settlement

On October 30, 2023 and pursuant to a settlement agreement dated October 5, 2023, between Pond Technologies Inc., and Grant Thornton Limited, in its capacity as court-appointed receiver and manager of Crystal Wealth Management System Limited, Pond settled on a full and final basis, all of its obligations owing under the Crystal Wealth loan for \$1,200. The settlement was temporarily funded by a short-term advance ("STA") provided to Pond from Colmac Holdings Limited (an entity controlled by Pond's

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Chairman, Mr. Robert McLeese). The full and final settlement resulted in a financial expense gain to Pond of \$505 in 2023.

Directors

On June 28, 2022 at the Corporation's Annual and Special Meeting of Shareholders and Robert McLeese, Grant Smith, William Asselstine, Jacob Gamble and John M Farah Jr. were re-elected as directors.

On October 31, 2022 Mr. Jacob Gamble resigned from the Board of Directors.

On June 19, 2023 at the Corporation's Annual and Special Meeting of Shareholders and Robert McLeese, Grant Smith, William Asselstine and John M Farah Jr. were re-elected as directors.

Convertible Promissory Note

The Corporation has issued a secured convertible promissory note to Georgian Villas Inc., an entity controlled by one of Pond's directors, Mr. Robert McLeese, with respect to a \$2,000 loan provided by GV on November 21, 2019. On November 15, 2021, the Corporation issued an amended and restated secured convertible debenture to Georgian Villas. The previous convertible debenture was amended to, among other things, reduce the interest rate to 9.55% from 12% per annum and extend the maturity date to November 15, 2024. The debenture is convertible, at the option of the lender, into common shares at \$0.39 per common share.

On January 25, 2023 - The Corporation issued 1,086,428 common shares to GV to satisfy \$108 of accrued interest owing under its \$2,000 principal amount secured convertible loan to Pond, representing a deemed price per share of \$0.10.

Security Based Compensation Plan

On September 1, 2022, Pond received TSXV acceptance of the new Security Based Compensation Plan ("SBC Plan"). The SBC Plan includes Share Options, Deferred Share Units and Restricted Share Units. The SBC Plan was previously approved at Pond's Annual General and Special Meeting of shareholders on June 28, 2022. The number of shares reserved for issuance under the SBC Plan and previously granted share options at anytime shall not exceed 10% of the outstanding common shares.

AB Agri Agreements

On September 7, 2021, the Pond Carbon division signed a licensing agreement and an engineering, procurement and construction agreement with a combined value over \$5,000. The agreements were signed with AB Agri Limited a subsidiary of Associated British Foods (LSE:ABF) and the key terms of the agreements are:

- Pond has agreed an exclusive global partnership to grow algae-based animal feed from CO2 emissions.
- The engagement consists of two parts: a supply agreement, where AB Agri will purchase an algae demonstration system from Pond to be installed in the UK for the sum of approximately \$2.8 million and a license agreement, where Pond will receive up to \$2.6 million in technology

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access fees and an ongoing royalty based on the production from commercial algae plants deployed in the future.

- The demonstration system will be used to grow algae strains for animal feed trials and the development of commercial animal feeds which will be sold by AB Agri.
- The AB Agri EPC agreement was terminated on July 10, 2023 and the Corporation entered good faith negotiations to try and settle all disputed amounts owed to or from the Corporation arising from the termination of the agreement. To date the Corporation has not been able to agree a settlement between the parties. The dispute may end up in arbitration under the terms of the EPC contract. The existing licensee agreement with AB Agri remains in place unchanged.

Non-Brokered private placements 2022

On March 2 and 28, 2022, the Corporation issued a total of 8,920,000 common shares at \$0.20/share for a total of \$1,784.

On September 27, 2022, the Corporation issued a total of 2,006,667 common shares at \$0.15 per share for a total of \$301.

On November 16, 2022, the Corporation issued a total of 3,750,000 common shares at \$0.12 per share for a total of \$450.

Non—Brokered and RSU Share Conversion Transactions in 2023

On January 25, 2023 the Corporation issued to Georgian Villas Inc 1,086,428 shares to satisfy \$108 of accrued interest owing under its \$1,988 secured convertible loan.

On January 25, 2023 the Corporation issued 94,958 shares to Mr. Jacob Gamble as settlement of his outstanding deferred share units under the Corporation's Directors Deferred Share Unit Plan.

On March 24, 2023, the Corporation issued a total of 5,299,999 common shares at \$0.07 per share for a total of \$371 pursuant to a non-brokered private placement.

On May 11, 2023, the Corporation issued a total of 725,000 common shares at \$0.07 per share for a total of \$51 pursuant to a non-brokered private placement.

On September 7, 2023 3,350,000 RSUs were converted to common shares at a total fair value of \$236.

On November 23, 2023 35,800 RSUs were converted to common shares at a fair value of \$1.

Shares issued for Exchangeable reserve shares

On August 2, 2022, the Corporation's subsidiary Pond Naturals Inc., cancelled all its remaining unexchanged junior and senior preference shares under the terms of the automatic exchange related to the Company's amalgamation transaction with Regenurex that closed on January 30, 2019.

During the year ended December 31, 2022, the Corporation issued 3,617,167 (2021: 1,084,642) common shares on the conversion of 7,242,577 (2021: 3,991,541) junior preferred Pond Naturals Inc. shares and 3,219,198 (2021: 320,000) senior preferred Pond Naturals Inc shares.

As at December 31, 2023 there are no outstanding junior or senior preferred Pond Naturals shares.

Pembina – Contingent Asset

The Corporation completed a transaction with Grizzly effective June 1, 2021, to sell all of its petroleum and natural gas assets in the Pembina Area, Alberta (the "Divestiture"). As part of the Divestiture, Grizzly assumed all abandonment and reclamation liabilities related to the assets and agreed to pay up to \$2.25 million in future conditional consideration to Pond upon the sale of the assets and/or upon the resumption of production.

Subsequent Events to the Corporation's year ended December 31, 2023

Convertible Debentures Financing

On November 3, 2023, the Corporation announced it was in receipt of subscriptions to complete a private placement of Convertible Debentures totaling \$8,000 which bear interest at 12% per annum, are convertible into Common Shares of Pond at the option of the holders thereof at any time at a conversion price of \$0.20 per share (the "Conversion Price"), and mature three (3) years from the date of issuance. In the event that, following closing, the daily volume weighted average trading price (or closing bid price on days when there are no trades) of the Common Shares on the TSX Venture Exchange exceeds \$0.40 per Common Share for 20 consecutive trading days (the "Triggering Event"), the Convertible Debentures shall be automatically converted into Common Shares on the effective date of the Triggering Event at the Conversion Price.

The closing of the Convertible Debentures private placement is expected to occur in May 2024 and is to be secured against all of Pond Technologies Inc.'s present and after-acquired personal property, including all technology, patents, copyrights, inventions and other intellectual property.

The net proceeds of the Convertible Debenture private placement is to be used for the repayment of the Short Term Advances (Note 12 (ii)) which included the settlement the Crystal Wealth loan on October 30, 2023 and for growth working capital and general corporate purposes.

Financial Instruments and Other Instruments

As at December 31, 2023 the Corporation had loans and short-term advances outstanding totaling \$2,265 (2022: \$1,630).

Short-term Advances

During 2023 the Corporation received \$2,225 of short-term advances from Colmac Holdings Inc. which are to be repaid in full from the proceeds of the \$8m Convertible Debenture private placement.

Canada Emergency Business Account program ("CEBA")

On April 20, 2020 the Company entered into a \$40 non-revolving loan agreement with TD Canada Trust under the Canada Emergency Business Account program ("CEBA"). The CEBA loan has a nil interest rate for the initial term of the loan which ends on December 31, 2023 and a 5% interest rate, payable monthly during the extended term which ends on December 31, 2025. The CEBA loan can be repaid at any time and, if 75% of the loan is repaid before January 18, 2024, the remaining balance will be forgiven. The 25%

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has not been recorded as it is contingent upon early payment. No repayments were made during year ended December 31, 2023.

On January 16, 2024 the Corporation paid \$30 to settle the CEBA loan and recorded a \$10 gain arising from early payment.

Georgian Villas Inc. – Convertible Note

On November 21, 2019, the Corporation issued a secured convertible debenture to GV, an entity controlled by one of Pond's directors, Mr. Robert McLeese with respect to a \$2,000 loan provided by GV. The debenture matures on November 15, 2021, bears interest at 12% per annum, payable quarterly. The debenture is convertible, at the option of the lender, into common shares of Pond after the first anniversary date of the debenture at a conversion price of \$1.00 per share, and is secured by a first priority interest over all of the Corporation's present and after-acquired property and assets, excluding any equity interests from time to time held by the Corporation other than equity interest in Pond Naturals Inc. As consideration for agreeing to provide the loan, GV also received a cash fee equal to 4% (\$80) of the principal amount of the loan.

On November 15, 2021, the Corporation issued an amended and restated secured convertible debenture to GV. The convertible debenture was amended to, among other things, reduce the interest rate to 9.55% from 12% per annum and extend the maturity date to November 15, 2024. The debenture is convertible, at the option of the lender, into common shares at \$0.39 per common share. All other terms of the debenture remain in effect.

SMC Loan

On February 3, 2023, SMC advanced \$65 to the Corporation under the terms of a promissory note with an interest rate of 8%. The promissory note matures on February 7, 2025, and the Corporation is required to repay 20% of the loan balance on the completion of a private placement investment in excess of \$1,000.

Risk Factors

Many factors could cause the Corporation's actual results, performance and achievements to differ materially from those expressed or implied by the forward-looking statements and forward-looking information, including without limitation, the following factors.

1. The Corporation has yet to generate significant revenues from the licensing of its technology or sale of microalgal biomass products. Investments in research and development in the field of microalgal biomass production are necessary to develop the technology required to generate future revenues. While the Corporation is confident in its technology, it cannot know with complete certainty if or when any of its technologies will be commercialized;
2. The Corporation has a history of net losses, may incur significant net losses in the future and may not achieve or maintain profitability;
3. There can be no assurance that the Corporation will be able to establish additional collaboration agreements on favorable terms, if at all, or that current or future collaborative arrangements will be successful;

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4. The production of algae involves complex aquaculture systems with inherent risks including disease and contamination, and should the algae growth system fail to grow algae, or should the algae fail to consume the greenhouse gas introduced to the system, then the abatement will fail. While the Corporation has taken what it believes to be reasonable steps to mitigate risks associated with its processes, certain factors may arise beyond the Corporation's control, therefore, the Corporation cannot, and does not attempt to, provide any form of assurance with regard to its systems, processes, or cost-effectiveness;
5. The Corporation will be highly dependent upon consumer perception of the safety and quality of its greenhouse gas abatement technology and algae products and the ingredients they contain, as well as that of similar systems and products developed and distributed by other companies;
6. The Corporation may fail to manage growth effectively;
7. Much of the Corporation's strategy is based on the belief that the application of its proprietary photobioreactors and control systems to use carbon dioxide in the production of bio-products for the markets it is addressing may result in the creation of commercially viable products or technical applications; however, there can be no assurance that such beliefs will prove to be correct or that there will be market acceptance of technology developed by the Corporation;
8. The market price for the common shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the Corporation's control;
9. The Corporation's operations will depend on continuous improvements in technology to meet customer demands in respect of performance and cost, and to explore additional business opportunities;
10. Commercial success will depend in part on obtaining and maintaining patent, confidential know-how/trade secret and trade-mark protection of the Corporation's technologies in Canada, the United States and other jurisdictions, as well as successfully enforcing this intellectual property and defending this intellectual property against third-party challenges;
11. The Corporation may become party to litigation, mediation and/or arbitration from time to time in the ordinary course of business which could adversely affect its business;
12. The Corporation may not be able to develop sufficient manufacturing capacity to meet demand in an economical manner or at all;
13. There is potential that the Corporation will face intense competition from other companies, some of which can be expected to have longer operating histories and more financial resources and manufacturing and marketing experience than the Corporation;
14. The Corporation may engage in acquisitions or other strategic transactions or make investments that could result in significant changes or management disruption;
15. The Corporation could fail to integrate subsidiaries and other interests into the business of the Corporation;
16. The Corporation's production costs will be dependent on the costs of the energy sources used to run

its production facilities. These costs are subject to fluctuations and variations in different locations where the Corporation may operate, and it may not be able to predict or control these costs;

17. The activities of the Corporation are subject to regulation by governmental authorities;
18. The Corporation's operations are subject to environmental and safety laws and regulations concerning, among other things, emissions and discharges to water, air and land, the handling and disposal of hazardous and non-hazardous materials and wastes, and employee health and safety;
19. The Corporation cannot be certain that it will be able to secure additional government grants or subsidies. Any existing grants or new grants that the Corporation may obtain may be terminated, modified or recovered by the granting governmental body under certain conditions;
20. The Corporation's ability to recruit and retain management, skilled labour and suppliers is crucial to the Corporation's success;
21. The Corporation has a limited operating history;
22. Completed acquisitions, strategic transactions, or investments could fail to increase shareholder value;
23. Certain of the directors and officers of the Corporation are also directors and officers of other companies, and conflicts of interest may arise between their duties as officers and directors of the Corporation and as officers and directors of such other companies.
24. There can be no assurance that an active and liquid market for the common shares will be maintained and an investor may find it difficult to resell any securities of the Corporation;
25. In the event that the Corporation issues convertible debt or equity securities to raise additional funds, its existing shareholders may experience dilution, and the new convertible debt or equity securities may have advantageous rights, preferences and privileges when compared to those of the Corporation's existing shareholders;
26. A substantial number of common shares are owned by a limited number of existing shareholders and as such these shareholders are in a position to exercise influence over matters requiring shareholder approval or cause delay or prevent a change in control of the Corporation that could otherwise be beneficial to the Corporation's shareholders;
27. The Corporation does not anticipate paying any dividends on the common shares in the foreseeable future; and
28. The Corporation is dependent on its workforce, distributors and project engineering service providers to sell and deliver its products and services. Developments such as social distancing and shelter-in-place directives related to the COVID-19 outbreak have impacted the Corporation's ability to deploy its workforce effectively. These same developments may affect the operations of the Corporation's suppliers as their own workforces and operations are disrupted by efforts to curtail the spread of this virus or any future pandemic outbreak. The effectiveness of remote work environments and hosted services may also be constrained due to unprecedented levels of internet usage stemming from such outbreaks. The Corporation's research and development activities may also be impacted by the such outbreaks as well as associated travel and supply chain restrictions. While expected to be temporary,

these disruptions may negatively impact the Corporation's sales, its results of operations, financial condition, and liquidity.

Critical Accounting Estimates

The preparation of the Financial Statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses and the disclosure of contingent assets and liabilities. These estimates and assumptions are affected by management's application of accounting policies and historical experience and are believed by management to be reasonable under the circumstances. Such estimates and assumptions are, and will continue to be, evaluated on an ongoing basis. However, actual results could differ significantly from these estimates.

Management believes that the following critical accounting policies reflect the more significant estimates and assumptions used in the preparation of the Corporation's Financial Statements. It is believed that there have been no significant changes in the critical accounting estimates for the periods presented in the Financial Statements:

Foreign currency translation

The consolidated Financial Statements are presented in Canadian dollars. The Pond Naturals distribution business, and some of the business of Regenurex transacts in US dollars which are translated to Canadian dollars using average foreign exchange rates during the quarter and quarter end rates for ending balances.

Asset impairment

Assets are reviewed for an indication of impairment at each statement of financial position date. If an indication of impairment exists, the asset's recoverable amount is estimated. Numerous factors can be used to trigger an impairment review and significant estimates and assumptions could be used to determine if impairment exists. These could include estimates of future cash flows, interest and discount rates, etc.

The Corporation recorded a impairment charge of \$152 during Q4 2023 (2022: \$Nil) against capital assets.

Research & development tax credits and government assistance

The Corporation is entitled to government assistance in the form of research tax credit, grants and wage subsidy. Grants and wage subsidy are subject to compliance with terms and conditions of the related agreements. Government assistance is recognized when there is reasonable assurance that the Corporation has met the requirements of the approved grant and wage subsidy programs or, with regard to tax credits, when there is reasonable assurance that they will be realized.

Management monitors whether the recognition requirements for research and development tax credits receivable continue to be met. The Corporation has made estimates of the recoverable amounts, but research and development tax credits must be examined and approved by the tax authorities and the amount allowed may be different from the amount recorded.

Non-IFRS Measures

The Management's Discussion and Analysis includes references to and uses measures and terms that are not specifically defined in IFRS and do not have any standardized meaning prescribed by IFRS. These measures and terms include working capital and net trading margin. These non-IFRS measures may not be comparable to similar measures presented by other companies.

Changes in Accounting Policies

Standards, interpretations and amendments to published standards adopted

Adoption to amendments to IASB 1 Presentation of Financial Statements

Effective January 1, 2023, amendments to IAS 1 *Presentation of Financial Statements* were adopted with respect to disclosure of Pond Technologies Inc.'s accounting policies. The adoption of the amendments did not result in any changes to Pond Technologies Inc.'s accounting policies, the only impact was to the accounting policy information disclosed in the consolidated Financial Statements. As a result of the adoption of the amendments, the title was changed from "significant accounting policies" which had been used in all previous periods. Where management determined necessary, clarifying language was applied in order to enhance focus on the materiality of a policy, and immaterial policy language was deleted.

Adoption of amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors

Effective January 1, 2023, the Corporation adopted the amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* with respect to the new definition of "accounting estimates". The amendments clarify how measurement techniques and inputs are used to develop accounting estimates, and clarifies the distinction between changes in accounting policies, correction of prior period errors, and changes are made to accounting estimates, including the facts and circumstances that are considered. The definition of a change in accounting estimates was deleted. The adoption of the amendments did not result in any impact to the Corporation's Financial Statements.

New Standards Not Yet Adopted and interpretations issued but not yet effective

The following are the standards, amendments, and interpretations that the Corporation expects may be applicable at a future date and, if so, intends to adopt when they become effective. Certain accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Corporation's Financial Statements.

Caution Regarding Forward-looking Statements

Certain statements in this MD&A that are not current or historical factual information may constitute "forward-looking" statements within the meaning of applicable securities laws, regarding, among other things, the beliefs, plans, objectives, strategies, estimates, intentions or expectations of the Corporation, including as they relate to its financial results and the ability to execute on its investing and business strategies. Inherent in these forward-looking statements are known and unknown risks, uncertainties, and other factors which may cause the actual results, performance or achievements of the Corporation to be materially different from any future results, performance or achievements expressed or implied by such forward-looking

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statements. Such statements can often be identified by the use of words such as “may”, “will”, “expect”, “believe”, “plan”, “intend”, “anticipate”, “estimate” and other similar terminology. These statements reflect current expectations regarding future events and performance and speak only as of the date of this MD&A.

Similarly, statements contained in, but not limited to, the sections titled “Outlook and Strategy”, & Technology Development”, “Liquidity and Capital Resources” and “Commitments and Contingencies” of this MD&A, including those with respect to the implementation of the Corporation’s business strategy, the development of the nutraceutical algae production, the development of the biotechnology and technology services business and expectations concerning the Corporation’s financial condition, results of operations, business, assets, prices, foreign exchange rates, earnings, market conditions, capital expenditures, risks, availability of regulatory approvals, corporate objectives and plans or goals, are or may be forward-looking statements. Forward-looking statements involve significant risks and uncertainties, should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not such results will be achieved. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements including, but not limited to, the factors discussed under “Risk Factors”. Although the forward-looking statements contained in this MD&A are based upon what management of the Corporation believes are reasonable assumptions, the Corporation cannot assure readers that actual results will be consistent with these forward-looking statements.

Investors and others should carefully consider risk factors including, without limitation, those set out under the heading “Risk Factors”, and not place undue reliance on forward-looking statements. The Corporation anticipates that subsequent events and circumstances may cause the Corporation’s views to change. Forward-looking statements are made as of the date of this MD&A and the Corporation assumes no obligation to update or revise any forward-looking statements to reflect new events or circumstances, except as required by law.

Additional Information

Additional Information concerning the Corporation is available on SEDAR+ at www.sedarplus.ca under the Corporation’s profile.

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