



**POND TECHNOLOGIES HOLDINGS INC.**

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2022**

**(Canadian dollars in thousands)**

**(UNAUDITED)**



## **NOTICE OF NON-REVIEWED CONDENSED INTERIM FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review or the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of Pond Technologies Holdings Inc. (the "Company") have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

# Pond Technologies Holdings Inc.

## Condensed Interim Consolidated Statements of Financial Position

(Canadian dollars in thousands)

(Unaudited)

	Note	Sept 30, 2022	Dec 31, 2021
<b>Assets</b>			
<b>Current assets</b>			
Cash		\$ 466	\$ 1,067
Receivables	3	964	439
Costs of contracts		757	354
Inventories	4	376	203
Prepaid expenses and other assets		214	177
		<b>2,779</b>	<b>2,240</b>
<b>Non-Current assets</b>			
Intangibles	5	1,461	1,673
Capital assets	6	980	1,117
Right-of-use assets	10	449	230
<b>Total assets</b>		<b>\$ 5,669</b>	<b>\$ 5,260</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	7	\$ 1,664	\$ 1,119
Current portion of loans payable	8	1,740	600
Current portion of lease liabilities	10	70	85
Deferred contract revenue	12	1,609	574
		<b>5,083</b>	<b>2,378</b>
<b>Non-Current liabilities</b>			
Long-term portion of loans payable	8	40	1,630
Convertible debenture	9	1,747	1,788
Long-term portion of lease liabilities	10	415	176
<b>Total liabilities</b>		<b>\$ 7,285</b>	<b>\$ 5,972</b>
<b>Shareholders' equity (deficiency)</b>			
Share capital	11	\$ 38,693	\$ 36,631
Share-based payment reserve	11	8,398	8,067
Accumulated deficit		(48,708)	(45,410)
<b>Shareholders' equity (deficiency)</b>		<b>(1,616)</b>	<b>(712)</b>
<b>Total liabilities and shareholders' equity (deficiency)</b>		<b>\$ 5,669</b>	<b>\$ 5,260</b>

*Reporting Entity and going concern (Note 1)*

*Commitments and contingencies (Note 17)*

*Subsequent events (Note 18)*

Approved on behalf of the Board:

"John M Farah Jr."  
Director

"Grant Smith"  
Director

# Pond Technologies Holdings Inc.

## Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

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

(Unaudited)

Period ended Sept 30,	Note	Thee Months		Nine Months	
		2022	2021	2022	2021
<b>Revenue</b>					
Revenue	16	\$ 1,746	\$ 2,163	\$ 3,794	4,364
<b>Expenses</b>					
Direct costs and expenses	16	1,159	1,260	2,774	3,039
Operating expenses	13	475	331	1,368	1,088
General and administrative expense	13	511	816	1,708	1,575
Amortization	5, 6, 10	132	173	412	453
Stock-based compensation	11	122	140	417	500
		<b>2,399</b>	<b>2,720</b>	<b>6,679</b>	<b>6,655</b>
<b>Operating loss</b>		<b>(654)</b>	<b>(557)</b>	<b>(2,886)</b>	<b>(2,291)</b>
<b>Other income / (expense)</b>					
Interest income		-	-	-	1
Financial expenses	14	(137)	(238)	(412)	(483)
<b>Net loss from continuing operations</b>		<b>(791)</b>	<b>(795)</b>	<b>(3,298)</b>	<b>(2,773)</b>
<b>Discontinued Operations</b>					
Net gain (loss) from discontinued operations		-	-	-	239
<b>Net loss and comprehensive loss</b>		<b>(791)</b>	<b>(795)</b>	<b>(3,298)</b>	<b>(2,534)</b>
Weighted average number of shares outstanding		<b>59,119,999</b>	45,277,566	<b>55,166,811</b>	39,929,802
<b>Loss per share, basic and diluted</b>					
Continuing operations		\$ (0.01)	\$ (0.02)	\$ (0.06)	(0.07)
Discontinued operations		<b>0.00</b>	0.00	<b>0.00</b>	0.01
		<b>\$ (0.01)</b>	<b>\$ (0.02)</b>	<b>\$ (0.06)</b>	<b>0</b> (0.07)

See accompanying notes to the consolidated financial statements.

# Pond Technologies Holdings Inc.

## Condensed Interim Consolidated Statements of Changes in Shareholders' Equity (Deficiency)

For the nine months ended September 30, 2022

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

(Unaudited)

	Number of Shares	Number of Warrants	Share Capital			Share-based Payment Reserve	Accumulated Deficit	Total
			Issued Share Capital	Reserve For Exchangable Shares	Total Share Capital			
<b>Balance - December 31, 2020</b>	<b>29,526,598</b>	<b>11,511,130</b>	<b>\$ 27,088</b>	<b>\$ 2,821</b>	<b>\$ 29,909</b>	<b>\$ 8,047</b>	<b>\$ (40,336)</b>	<b>\$ (2,380)</b>
Shares issued (Note 11)	16,616,583	(3,283,250)	4,870	-	4,870	(417)	-	4,453
Shares issued from Reserve (Note 11)	989,139	-	593	(593)	-	-	-	-
Shares issued from deferred share units	284,031	-	152	-	152	(152)	-	-
Warrants issued (Note 11)	-	10,775,196	-	-	-	1,368	-	1,368
Warrants expired (Note 11)	-	(4,720,626)	1,182	-	1,182	(1,182)	-	-
Issuance costs	-	-	(71)	-	(71)	31	-	(40)
Grant of deferred share units (Note 11)	-	-	-	-	-	64	-	64
Stock-based compensation expense	-	-	-	-	-	436	-	436
Net loss for the year	-	-	-	-	-	-	(2,534)	(2,534)
<b>Balance - September 30, 2021</b>	<b>47,416,351</b>	<b>14,282,450</b>	<b>\$ 33,814</b>	<b>\$ 2,228</b>	<b>\$ 36,042</b>	<b>\$ 8,195</b>	<b>(42,870)</b>	<b>\$ 1,366</b>
Shares issued (Note 11)	250,000	(100,000)	(1,864)	-	(1,865)	(27)	-	(1,892)
Shares issued from Reserve (Note 11)	95,503	-	58	(58)	-	-	-	-
Shares issued from deferred share units	-	-	11	-	11	(11)	-	-
Warrants issued (Note 11)	-	1,329,167	-	-	-	1,967	-	1,967
Warrants expired (Note 11)	-	(2,742,504)	2,598	-	2,599	(2,598)	-	1
Issuance costs	-	-	(156)	-	(156)	99	-	(57)
Grant of deferred share units (Note 11)	-	-	-	-	-	27	-	27
Cancellation of deferred share units (Note 11)	-	-	-	-	-	(10)	-	(10)
Stock-based compensation expense	-	-	-	-	-	228	-	228
Convertible debenture (Note 9, 15)	-	-	-	-	-	197	-	197
Net loss for the year	-	-	-	-	-	-	(2,540)	(2,540)
<b>Balance - December 31, 2021</b>	<b>47,761,854</b>	<b>12,769,113</b>	<b>\$ 34,461</b>	<b>\$ 2,170</b>	<b>\$ 36,631</b>	<b>\$ 8,067</b>	<b>(45,410)</b>	<b>(712)</b>
Shares issued (Note 11)	10,926,669	-	2,085	-	2,085	-	-	2,085
Shares issued from Reserve (Note 11)	3,617,167	-	2,170	(2,170)	-	-	-	-
Issuance costs	-	-	-	-	(107)	-	-	(107)
Warrants expired (Note 11)	-	(664,750)	-	-	84	(84)	-	-
Grant of deferred share units (Note 11)	-	-	-	-	-	90	-	90
Stock-based compensation expense	-	-	-	-	-	326	-	326
Net loss for the year	-	-	-	-	-	-	(3,298)	(3,298)
<b>Balance - September 30, 2022</b>	<b>62,305,690</b>	<b>12,104,363</b>	<b>\$ 38,560</b>	<b>-</b>	<b>\$ 38,693</b>	<b>\$ 8,398</b>	<b>(48,708)</b>	<b>(1,616)</b>

See accompanying notes to the consolidated financial statements.

# Pond Technologies Holdings Inc.

## Condensed Interim Consolidated Statement of Cash Flows

(Canadian dollars in thousands)

(Unaudited)

For the nine months ended Sept 30,	Note	2022	2021
<b>Operating Activities</b>			
Cash receipts from customers		\$ 4,437	\$ 4,454
Cash paid to suppliers and employees		(6,378)	(5,957)
Interest paid		(157)	(818)
Interest received		-	-
<b>Cash used in operating activities</b>		<b>(2,098)</b>	<b>(2,321)</b>
<b>Investing Activities</b>			
Patent costs incurred	5	(3)	(112)
Purchase of capital assets	6	-	(14)
<b>Cash used in investing activities</b>		<b>(3)</b>	<b>(126)</b>
<b>Financing Activities</b>			
Proceeds from issuance of units, net of issuance costs	11	2,043	5,203
Repayment of lease liabilities	10	(53)	(56)
Repayments of loans payable and convertible debt	8	(490)	(697)
<b>Cash used in financing activities</b>		<b>1,500</b>	<b>4,450</b>
<b>Net change in cash</b>		<b>(601)</b>	<b>2,003</b>
<b>Cash beginning of period</b>		<b>1,067</b>	<b>156</b>
<b>Cash, end of period</b>		<b>\$ 466</b>	<b>\$ 2,159</b>

See accompanying notes to the consolidated financial statements.

# Pond Technologies Holdings Inc.

Notes to Condensed Interim Consolidated Financial Statements

For the Nine Months Ended September 30, 2022 and 2021

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

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## 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 “400”. 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 (“CO<sub>2</sub>”), including CO<sub>2</sub> 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 International Financial Reporting 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 three and nine months ended September 30, 2022, the Company recorded a net loss from continuing operations of \$791 (2021 – \$795) and \$3,298 (2021 – \$2,773). The Company recorded a gain on disposal of discontinued operations of \$Nil (2021 – \$239) for the nine months ended September 30, 2022. 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 unaudited condensed interim 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.

### ***Statement of compliance***

The Company’s management prepared these unaudited condensed interim consolidated financial statements in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”) and interpretations by the IFRS Interpretation Committee applicable to the preparation of financial statements. The Board of Directors approved these financial statements on November 28, 2022.

### ***Significant Accounting Policies***

The significant accounting policies used in preparing these unaudited condensed interim consolidated financial statements are unchanged from those disclosed in Note 3 of the Company’s 2021 annual consolidated financial statements and have been applied consistently to all periods presented in these condensed interim consolidated financial statements.

# Pond Technologies Holdings Inc.

Notes to Condensed Interim Consolidated Financial Statements

For the Nine Months Ended September 30, 2022 and 2021

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

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## 1. REPORTING ENTITY AND GOING CONCERN (Continued)

### ***New Standards Adopted***

#### **IFRS 3 Business Combinations**

On May 14, 2020, the IASB issued amendments to IFRS 3 Business Combinations that added an explicit statement that an acquirer does not recognize contingent assets acquired in a business combination. The amendments are effective for annual periods beginning on or after January 1, 2022 and the adoption did not have an impact on these financial statements.

#### **IAS 16, Property, Plant and Equipment**

On May 14, 2020, the IASB issued amendments to IAS 16, Property, Plant and Equipment which prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss. An entity applies the amendments retrospectively only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The amendments are effective for annual periods beginning on or after January 1, 2022, and the adoption did not have an impact on these financial statements.

#### **IAS 37, Provisions, Contingent Liabilities and Contingent Assets**

On May 14, 2020, the IASB issued amendments to IAS 37, Provisions, Contingent Liabilities and Contingent Assets providing guidance regarding the costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous. The amendments specify that the cost of fulfilling a contract comprises the costs that relate directly to the contract and can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts. The amendments are effective for annual periods beginning on or after January 1, 2022, with comparative figures not restated. Their adoption did not have an impact on these financial statements.

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

#### **IAS 1 Presentation of Financial Statements**

On January 23, 2020, the IASB issued amendments to IAS 1 Presentation of Financial Statements to clarify the requirements for classifying liabilities as current or non-current. The amendments include specifying the conditions which exist at the end of the reporting period are those which will be used to determine if a right to defer settlement of a liability exists and expectations about events after the balance sheet date are not relevant. The amendments are effective for annual reporting periods beginning on or after January 1, 2023. Their adoption is not expected to have an impact on these financial statements.

### ***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 statement 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.

## Pond Technologies Holdings Inc.

Notes to Condensed Interim Consolidated Financial Statements

For the Nine Months Ended September 30, 2022 and 2021

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

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### 1. REPORTING ENTITY AND GOING CONCERN (Continued)

#### *Significant judgments in applying accounting policies (Continued)*

##### *(ii) Business combination*

The amount of goodwill initially recognized as a result of a business combination is dependent on the allocation of the consideration transferred to the fair value of the identifiable assets acquired and the liabilities assumed. The Company applies judgment in identification of identifiable intangible assets. The Company uses external parties with the requisite expertise to determine the acquisition-date fair values of certain identifiable assets acquired and resulting goodwill balance at time of business combination.

The fair value of assets is determined by discounting estimated future net cash flows generated by the assets, where no active market for the assets exists. The use of different discount rates as well as assumptions for the expectation of future cash flows would change the valuation of the asset.

##### *(iii) 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.

##### *(iv) 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 direct costs 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.

##### *(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 the common share, and the risk-free interest rate.

##### *(ii) Contract receivable*

The valuation of contract receivable 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.

##### *(iii) Impairment of goodwill and capital assets*

The Company's estimate of a CGU's or group of CGUs' recoverable amount is based on value in use ("VIU") and involves estimating future cash flows before taxes. Future cash flows are estimated based on multi-year extrapolation of the most recent historical actual results or budgets and a terminal value calculated by discounting the final year in perpetuity. The future cash flow estimates are then discounted to their present value using an appropriate discount rate that incorporates a risk premium specific to each business.

## Pond Technologies Holdings Inc.

Notes to Condensed Interim Consolidated Financial Statements

For the Nine Months Ended September 30, 2022 and 2021

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

### 2. BUSINESS COMBINATION TRANSACTION

#### *Acquisition of Regenurex Health Corporation*

On January 30, 2019, the Company acquired Regenurex Health Corporation (“Regenurex”) by way of an amalgamation with its wholly owned subsidiary Pond Naturals Inc., with the resulting entity continuing under the name of Pond Naturals Inc. As consideration for their Regenurex shares, Regenurex shareholders received exchangeable junior and senior preferred shares of Pond Naturals Inc. which will exchange into 6,250,000 common shares of the Company.

The fair value of the share purchase consideration was determined using the following key assumption and inputs:

Method for determining fair value: - Company's share price less option value adjustment of 20% for lack of marketability.

Share Price – Company's 5-day trailing stock price January 30, 2019

Option value model marketability discount 20% key assumptions:

Period of lack of marketability: - 1 year

Risk free rate: - 1.83%

Dividend yield – 0%

Volatility – 104.7%

The below summarizes the manner in which such Pond shares were issued:

Upon amalgamation, former holders of the Class A preferred shares of Regenurex received 3,539,198 non-voting senior preferred shares of Pond Naturals Inc. The senior preferred shares are exchangeable into common shares at the election of the holders thereof until August 1, 2022, at which time they were automatically exchanged, for an aggregate of 2,211,998 Pond shares. Upon amalgamation, former holders of the common shares of Regenurex received 18,219,200 non-voting junior preferred shares of Pond Naturals Inc. The junior preferred shares were exchanged into common shares at the election of the holders thereof until August 1, 2022, at which time they were automatically exchanged, for an aggregate of 4,038,002 Pond shares.

On August 2, 2022 all outstanding senior and junior preferred shares of Pond Naturals Inc. were automatically exchange into Pond common shares as per the terms of the amalgamation (see note 11).

The following sets forth the allocation of the purchase price to assets acquired and liabilities assumed based on estimates of fair value:

<b>Fair value of the 6,250,000 shares of the Company on January 30, 2019</b>	<b>\$</b>	<b>3,750</b>
Cash	\$	61
Receivables		109
Inventories		143
Right-of-use asset		122
Capital assets		1,030
Accounts payable and accrued liabilities		(475)
Lease liability		(122)
Loans payable		(531)
Deferred taxes		822
Goodwill		2,590
	<b>\$</b>	<b>3,750</b>

## Pond Technologies Holdings Inc.

Notes to Condensed Interim Consolidated Financial Statements

For the Nine Months Ended September 30, 2022 and 2021

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

### 3. 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 \$522 (2021: \$321).

	Sep 30, 2022		Dec 31, 2021
Customer accounts	\$ 937	\$	409
Government receivables	28		30
	\$ 964	\$	439

	Sept 30, 2022		Dec 31, 2021
Current	\$ 412	\$	142
Past due but not impaired trade receivables, net			
Under 30 days	436		79
30 - 60 days	46		43
60-90 days	24		44
over 90 days	46		131
Total receivables	\$ 964	\$	439

### 4. INVENTORIES

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

	Sep 30, 2022		Dec 31, 2021
Raw materials	\$ 2	\$	48
Work-in-process	2		23
Finished goods	372		132
	\$ 376	\$	203

The cost of nutraceutical inventories recognized as an expense during the three and nine months ended September 30, 2022, in respect of continuing operations was \$1,006 (2021 - \$980) and \$2,620 (2021: - \$2,721). During the nine months ended September 30, 2022, the Company recorded \$Nil write-downs of inventory (2021: \$Nil).

## Pond Technologies Holdings Inc.

Notes to Condensed Interim Consolidated Financial Statements

For the Nine Months Ended September 30, 2022 and 2021

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

### 5. INTANGIBLES

	Patent Filing Costs and Acquired Intellectual Property		Distribution Rights	Total
<i>Costs</i>				
Balance, December 31, 2020	\$	2,795	\$ 640	\$ 3,435
Additions		15	-	15
Disposals		-	-	-
Balance, September 30, 2021		2,810	640	3,450
Additions		2	-	2
Disposals		-	-	-
<b>Balance, December 31, 2021</b>		<b>2,812</b>	<b>640</b>	<b>3,452</b>
Additions		4	-	4
Disposals		-	-	-
<b>Balance, September 30, 2022</b>		<b>2,816</b>	<b>640</b>	<b>3,456</b>
<i>Accumulated amortization</i>				
Balance, December 31, 2020		1,279	214	1,493
Additions		105	106	211
Disposals		-	-	-
Balance, September 30, 2021		1,384	320	1,704
Additions		35	40	75
Disposals		-	-	-
<b>Balance, December 31, 2021</b>		<b>1,419</b>	<b>360</b>	<b>1,779</b>
Additions		105	110	215
Disposals		-	-	-
<b>Balance, September 30, 2022</b>		<b>1,524</b>	<b>470</b>	<b>1,994</b>
<i>Net carrying amount</i>				
Balance, December 31, 2020		1,516	426	1,942
Balance, September 30, 2021		1,426	320	1,746
Balance, December 31, 2021		1,393	280	1,673
<b>Balance, September 30, 2022</b>	\$	<b>1,292</b>	\$ 170	\$ 1,461

## Pond Technologies Holdings Inc.

Notes to Condensed Interim Consolidated Financial Statements

For the Nine Months Ended September 30, 2022 and 2021

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

### 6. CAPITAL ASSETS

	Project equipment plant machinery and leasehold	Furniture and fixtures	Computer and hardware	Oil & natural gas property plant	Total
<i>Cost</i>					
Balance, December 31, 2020	\$ 2,824	\$ 126	\$ 115	\$ 4,141	\$ 7,206
Additions	15	-	-	-	15
Disposals	(15)	-	-	-	(15)
Balance, September 30, 2021	2,824	126	115	4,141	7,206
Additions	20	3	39	-	62
Disposals	-	-	-	(4,141)	(4,141)
Balance, December 31, 2021	2,845	129	154	-	3,128
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Change in decommissioning liability	-	-	-	-	-
<b>Balance, September 30, 2022</b>	<b>2,845</b>	<b>129</b>	<b>154</b>	<b>-</b>	<b>3,128</b>
<i>Accumulated amortization</i>					
Balance, December 31, 2020	1,624	79	97	4,141	5,941
Amortization and depletion	103	3	3	-	109
Disposals	(6)	-	-	-	(6)
Balance, September 30, 2021	1,721	82	100	4,141	6,044
Amortization and depletion	103	3	10	-	116
Disposals	(8)	-	-	(4,141)	(4,149)
Balance, December 31, 2021	1,816	85	110	-	2,011
Amortization and depletion	123	3	12	-	138
Disposals	-	-	-	-	-
<b>Balance, September 30, 2022</b>	<b>1,939</b>	<b>88</b>	<b>122</b>	<b>-</b>	<b>2,149</b>
<i>Net carrying amount</i>					
Balance, December 31, 2020	1,201	47	18	-	1,265
Balance, September 30, 2021	1,103	44	15	-	1,162
Balance, December 31, 2021	1,030	44	44	-	1,117
<b>Balance, September 30, 2022</b>	<b>\$ 906</b>	<b>\$ 41</b>	<b>\$ 32</b>	<b>\$ -</b>	<b>\$ 980</b>

### 7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	Sep 30, 2022	Dec 31, 2021
Accounts payable	\$ 976	\$ 581
Interest payable	73	101
Payroll and other accruals	614	437
	<b>\$ 1,664</b>	<b>\$ 1,119</b>

Accounts payable are unsecured and are usually paid within 30 days of recognition. The carrying amounts of accounts payable and accrued liabilities are considered to be the same as their fair values, due to their short-term nature.

## Pond Technologies Holdings Inc.

Notes to Condensed Interim Consolidated Financial Statements

For the Nine Months Ended September 30, 2022 and 2021

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

### 8. LOANS PAYABLE

#### Loans

A summary of the changes in the loans payable balance is as follows:

		CW(i)	FedDev (ii)	Naturals (iii)	Total
Balance, December 31, 2020	\$	2,843	\$ 117	\$ 58	\$ 3,018
Accretion		-	6	-	6
Repayments		(413)	(60)	(18)	(491)
Balance, June 30, 2021		2,430	63	40	2,533
Accretion		60	6	-	66
Repayments		(300)	(69)	-	(369)
Balance, December 31, 2021		2,190	-	40	2,230
Repayments		(450)	-	-	(450)
<b>Balance, Sept 30, 2022</b>		<b>1,740</b>	<b>-</b>	<b>40</b>	<b>1,780</b>
<b>Less: Current portion of loans payable</b>		<b>1,740</b>	<b>-</b>	<b>-</b>	<b>1,740</b>
<b>Long-term portion of loans payable</b>	\$	<b>-</b>	\$ <b>-</b>	\$ <b>40</b>	\$ <b>40</b>

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

The loan initially bore interest at 12% per annum and is 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 August 11, 2017, the loan was amended to, among other things, reduce the interest rate to 8% per annum, extend the maturity date to June 30, 2019, and include a deferral of quarterly interest payable of 4%.

The Company paid \$1,000 on January 30, 2018, and \$600 on June 28, 2019, to CW to reduce the principal balance from \$4,500 to \$2,900.

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. 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 remain in effect.

#### (ii) Federal Economic Development Agency ("FedDev")

The Company had a loan agreement with the FedDev and received advances disbursed at a monthly rate of 33.33% of eligible costs as defined in the agreement, subject to achievement of certain milestones. Under the terms of the loan agreement, the loan bore no interest and was repayable in 60 equal monthly installments of \$14 beginning on January 1, 2015.

The FedDev loan was fair valued at inception and interest accretion for the imputed interest rate is treated as a finance expense each year.

On June 8, 2020, the FedDev loan was modified, and the monthly principal repayments were extended to December 1, 2021 with \$nil principal monthly repayments from March 2020 to August 2020 and increased to \$10 per month thereafter for the remaining term of the loan. The loan remained interest free and the modification resulted in a gain of \$24. The FedDev loan has been repaid in full.

## Pond Technologies Holdings Inc.

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### 8. LOANS PAYABLE (Continued)

#### (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 December 31, 2023, the remaining balance will be forgiven. The 25% has not been recorded as it is contingent upon early payment.

### 9. CONVERTIBLE DEBENTURE

On November 15, 2021, on maturity of the previously issued convertible debenture in favour of Georgian Villas Inc., the Company issued an amended and restated secured convertible debenture to Georgian Villas Inc. with a face value of \$1,988. The convertible debenture was amended to, among other things, reduce the interest rate to 9.55% from 12% per annum and a 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 1, 2020	1,787
Interest accretion	108
Convertible Debenture - June 30, 2021	\$ 1,895
Interest accretion	100
Equity component classified as contributed surplus	(197)
Repayment	(10)
Convertible Debenture - December 31, 2021	\$ 1,788
Interest accretion	49
Repayment	(90)
<b>Convertible Debenture - Sept 30, 2022</b>	<b>\$ 1,747</b>

## Pond Technologies Holdings Inc.

Notes to Condensed Interim Consolidated Financial Statements

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### 10. 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, 2020	\$	254
Interest on lease liabilities		21
Lease payments		(80)
Lease liabilities, September 30, 2021		195
Interest on lease liabilities		10
Lease modification adjustments		83
Lease payments		(27)
Lease liabilities, December 31, 2021		261
Interest on lease liabilities		30
Lease modification adjustments		279
Lease payments		(85)
<b>Lease liabilities, September 30, 2022</b>	<b>\$</b>	<b>485</b>

	Sep 30, 2022	Dec 31, 2021
Current	\$ 70	\$ 85
Non-current	415	176
<b>Lease liabilities</b>	<b>\$ 485</b>	<b>\$ 261</b>

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

Right-of-use asset, December 31, 2020	\$	237
Amortization		(87)
Right-of-use asset, September 30, 2021		150
Additions		83
Amortization		(3)
Right-of-use asset, December 31, 2021		230
Additions		279
Amortization		(60)
<b>Right-of-use asset, September 30, 2022</b>	<b>\$</b>	<b>449</b>

Amounts recognized in statement of loss and comprehensive loss:

	Sep 30, 2022	Dec 31, 2021
Amortization for right-of-use asset	\$ 60	\$ 22
Interest expense on lease liabilities	30	31
	<b>\$ 90</b>	<b>\$ 53</b>

## Pond Technologies Holdings Inc.

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### 11. SHARE CAPITAL

#### *Authorized*

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

	Number of shares		Amount
Balance, as at December 31, 2020	29,526,598	\$	29,909
Shares issuance	13,408,333		1,697
Reserve for exchangeable shares	1,084,642		-
Shares issued from deferred share units	284,031		163
Shares issued from exercise of stock options	75,000		19
Shares issued from exercise of warrants and agent warrants	3,383,250		1,290
Issuance costs	-		(227)
Expired agent warrants	-		3,780
Balance, as at December 31, 2021	47,761,854		36,631
Share issuance	10,926,669		2,085
Reserve for exchangeable shares	3,617,167		0
Issuance costs	-		(107)
Expired warrants	-		84
<b>Balance, as at Sept 30, 2022</b>	<b>62,305,690</b>	<b>\$</b>	<b>38,693</b>

#### ***Transactions in 2021***

##### *Non-Brokered private placement*

On March 5, 2021, the Company issued a total of 10,000,000 units at \$0.35/unit for \$3,500. Each unit was comprised of one common share and one warrant.

Each warrant may be exercised for one additional common share at a price of \$0.45 per common share on the earlier of 30 days after the holder of the warrant receives notice from the Company that the Company's shares had traded at a price of \$1.35 per share for at least 20 consecutive days on the TSXV or 2 years from date of issuance. The issuance date fair value was determined to be \$2,972.

On August 17, 2021, the Company issued a total of 3,333,333 units at \$0.45/unit for \$1,500. Each unit was comprised of one common share and one-half common share purchase warrant. Each full warrant may be exercised for one additional common share at a price of \$0.60 on the earlier of 30 days after the holder of the warrant receives notice from the Company that the Company's shares had traded at a price of \$1.35 per share for at least 20 consecutive days on the TSXV or two years from date of issuance. The issuance date fair value was determined to be \$363.

#### ***Transactions in 2022***

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

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. The cancelled junior and senior preference shares were exchanged for 3,617,167 of the Company's common shares.

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

## Pond Technologies Holdings Inc.

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### 11. SHARE CAPITAL (Continued)

#### *Transactions in 2022 (Continued)*

##### *Shares issued for Exchangeable shares*

<b>Exchangeable shares activity</b>	<b>Exchangeable shares outstanding</b>
Balance, as at December 31, 2020	4,701,866
Converted during the period	-
Balance, as at June 30, 2021	4,701,866
Converted during the year	(1,084,642)
Balance, as at Decmeber 31, 2021	3,617,224
Converted during the period	(3,617,167)
Expired during the period	(57)
<b>Balance, as at September 30, 2022</b>	<b>-</b>

During fiscal 2021 the Company issued a total of 1,084,643 common shares on the conversion of 3,991,541 junior preferred Pond Naturals shares and 320,000 senior preferred Pond Naturals shares.

During the nine months ended September 30, 2022, the Company issued 3,617,167 common shares on the conversion of 7,242,577 junior preferred Pond Naturals Inc. shares and 3,219,198 senior preferred Pond Naturals Inc shares. As at September 30, 2022 there are no outstanding junior or senior preferred Pond Naturals shares.

##### *Stock option plan*

The Company has a stock option plan in place under which the Board of Directors may grant options to acquire common shares of the Company to qualified directors, officers, employees and other service providers. The stock options vest according to the provisions of the underlying directors' resolution approving the issuance.

The aggregate number of shares reserved for issuance on exercise of all options issued under the plan at any given time shall not exceed 10% of the number of outstanding shares at such time. The period during which an option is exercisable shall, subject to the provisions of the plan approved on June 27, 2019, requiring acceleration of rights of exercise, be such period as may be determined by the committee at the time of grant, provided that no option may be exercised beyond five years from the date of grant.

<b>Stock Options</b>	<b>Number of options outstanding</b>	<b>Weighted average exercise price</b>
Balance, as at December 31, 2020	2,310,000	\$ 1.03
Granted during the period	1,795,000	0.62
Cancelled during the period	(215,000)	0.44
Forfeited during period	(600,000)	2.00
Balance, as at Sept 30, 2021	3,290,000	0.66
Granted during the year	1,275,000	0.53
Exercised during the period	(75,000)	0.25
Balance, as at December 31, 2021	4,490,000	0.59
Forfeited during the period	(470,000)	0.79
<b>Balance, as at Sept 30, 2022</b>	<b>4,020,000</b>	<b>\$ 0.57</b>

## Pond Technologies Holdings Inc.

Notes to Condensed Interim Consolidated Financial Statements

For the Nine Months Ended September 30, 2022 and 2021

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### 11. SHARE CAPITAL (Continued)

#### *Stock option plan (Continued)*

During the nine months ended September 30, 2022, the Company granted Nil (2021 – 1,795,000) stock options. The fair value was determined using the Black-Scholes option pricing model at the following assumptions:

	November 15, 2021	March 31, 2021
Risk-free interest rate	1.48%	0.49%
Estimated life of options (years)	5	3
Expected volatility	111.0%	107.0%
Price of shares at date of issuance	\$ 0.40	\$ 0.62
Exercise price of options	\$ 0.40	\$ 0.62
Dividend yield	0%	0%

Expected volatility was determined using the Company's actual share volatility and comparable companies' volatility at the time of the grant. The weighted-average grant date fair value of options granted in 2021 was estimated at \$0.53 per option (2020 - \$0.17).

As at September 30, 2022, 4,020,000 (2021 – 3,290,000) stock options were exercisable and the weighted average remaining contractual lives of the stock options was 2.49 years (2021 – 3.13 years). At the June 28, 2022 shareholders meeting, the shareholders adopted a new omnibus incentive plan and the ability to cancel up to 4,340,000 stock options and the offers to grant new RSUs/DSUs to the optionees who so elect to cancel their options.

#### *Share-based payment reserve*

Share-based payment reserve is comprised of the following:

	Sep 30, 2022	Dec 31, 2021
Stock options and other	\$ 3,738	\$ 3,323
Warrants and Agent Warrants	4,463	4,547
Convertible Debenture	197	197
	\$ 8,398	\$ 8,067

#### *Warrants*

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

## Pond Technologies Holdings Inc.

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### 11. SHARE CAPITAL (Continued)

#### Warrants (Continued)

	Number of			Amount
	Warrants	Agent Warrants	Total	
Balance, as at December 31 2020	11,411,783	99,347	11,511,130	\$ 5,306
Warrants issued on subscription of units	10,337,500	-	10,337,500	1,368
Warrants issued for agent fees		437,696	437,696	36
Warrants exercised	(3,235,250)	(48,000)	(3,283,250)	(417)
Warrants expired	(4,669,279)	(51,347)	(4,720,626)	(1,183)
<b>Balance, as at September 30, 2021</b>	<b>13,844,754</b>	<b>437,696</b>	<b>14,282,450</b>	<b>5,110</b>
Warrants issued on subscription of units	1,329,167	-	1,329,167	1,967
Warrants issued for agent fees	-	-	-	94
Warrants exercised	(100,000)	-	(100,000)	(27)
Warrants expired	(2,742,504)	-	(2,742,504)	(2,597)
<b>Balance, as at December 31, 2021</b>	<b>12,331,417</b>	<b>437,696</b>	<b>12,769,113</b>	<b>4,547</b>
Warrants expired	(664,750)	-	(664,750)	(84)
<b>Balance, as at September 30, 2022</b>	<b>11,666,667</b>	<b>437,696</b>	<b>12,104,363</b>	<b>\$ 4,463</b>

As at September 30, 2022, 11,666,667 warrants and 437,696 Agent Warrants were outstanding (2021 – 13,844,754 warrants and 437,696 Agent Warrants), with an average exercise price of \$0.47 and \$0.45 (2021: \$0.55 and \$0.45), respectively and an average estimated life of 0.6 and 0.5 years (2021: 1.21 and 1.1 years).

On March 5, 2021 the Company issued 10,000,000 warrants and 437,696 agent warrants. For the warrants and agent warrants issued in the non-brokered private placement, the fair value has been respectively determined as \$2,972 and \$130 using the Black-Scholes option pricing model and the following assumptions.

On August 17, 2021 the Company issued 1,666,667 warrants. For the warrants issued in the non-brokered private placement, the fair value has been determined as \$363 using the Black-Scholes option pricing model and the following assumptions.

	March 5, 2021	August 17, 2021
Risk-free interest rate	0.29%	0.44%
Estimated life of warrants and Agent Warrants (years)	2.00	2.00
Expected volatility	104%	100%
Price of shares at date of issuance	\$ 0.52	\$ 0.57
Exercise price of warrants	\$ 0.45	\$ 0.60
Dividend yield	0%	0%

#### 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. 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 Venture Exchange 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.

## Pond Technologies Holdings Inc.

Notes to Condensed Interim Consolidated Financial Statements

For the Nine Months Ended September 30, 2022 and 2021

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### 11. SHARE CAPITAL (Continued)

#### *Deferred share units (Continued)*

As at September 30, 2022, there were 751,034 shares reserved for issuance on settlement of DSUs (December 31, 2021: 571,034) for which the Company recognized a \$90 charge to share-based payment reserve (2021: \$60). The Company's Equity Incentive Plan which includes stock option, restricted share units and DSU's provides that the maximum number of common shares issuable pursuant to the Equity Incentive Plan and any other share compensation arrangement, shall not exceed 10% of the issued and outstanding shares of the Company from time to time.

### 12. REVENUE, CONTRACT RECEIVABLE 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 a purchase order contract 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 is derived from several contractual obligations. 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.

#### *Stelco Algae Holdings*

During September 2018 the Company entered into a 'Notice to Proceed' agreement with Stelco Algae Holdings Inc. ("Stelco"), a special purpose company owned by Stelco Holdings Inc. to develop an Algae Carbon Abatement Facility ("the Project") at Stelco's Lake Erie Works ("the Project Site"). The Project includes the following; i) the manufacture and installation of a 45,000 litre bioreactor system at the Project Site; and ii) subject to verification of Project viability and the receipt of applicable regulatory and third party approvals, the installation of a commercial seed system scale bioreactor at the Project Site.

Prior to the "Notice to Proceed" arrangement, in November 2017, Stelco, the Company and the Ontario Centres for Excellence Inc. ("OCE") entered into a Target GHG Industrial Demonstration Program Funding Agreement ("OCEFA") pursuant to which the OCE will fund up to 50% of eligible Project costs to a maximum of \$5 million. The OCEFA expired on December 31, 2020.

Eligible expenses which are to be reimbursed through OCEFA have been financed by the Company through a promissory note arrangement with Stelco. The promissory note is a non-interest bearing revolving loan facility with a maximum borrowing capacity of \$2.5 million and a maturity date of June 30, 2020 and amended to December 30, 2020. The promissory note bears interest at a rate of 15% per annum if cash reimbursements of eligible expenses received by Stelco are not repaid to the Company within 10 business days of receipt from OCE.

During the three and nine months ended September 30, 2022, the Company made \$Nil (2021:\$Nil) advances under the terms of the promissory note and received repayments of \$Nil (2021: \$Nil).

#### *Impairment charge*

Due to the uncertainty relating to possible future project financing relating to the Stelco project the Company has taken an impairment charge of \$Nil (2021: \$120) against the contract receivable balance owed by Stelco resulting in a \$Nil contract receivable balance. The contract receivable is secured by property, plant and equipment to which the Company currently has access.

## Pond Technologies Holdings Inc.

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### 12. REVENUE, CONTRACT RECEIVABLE AND DEFERRED CONTRACT REVENUE (Continued)

#### *Deferred Contract Revenue*

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

	Sep 30, 2022	Dec 31, 2021
Balance, beginning of year	\$ 574	\$ 386
Related revenue earned in the year	(500)	(948)
Revenue written off	-	(386)
Payments received in the period	1,535	1,522
	<b>\$ 1,609</b>	<b>\$ 574</b>

### 13. BREAK DOWN OF EXPENSES

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

	Three Months Ended		Nine Months Ended	
	Sep 30, 2022	Sep 30, 2021	Sep 30, 2022	Sep 30, 2021
<i>Operating expenses</i>				
Salaries and benefits	\$ 304	\$ 295	\$ 962	\$ 888
Travel and transportation	18	5	55	37
Project supplies and maintenance	153	31	351	183
	<b>\$ 475</b>	<b>\$ 331</b>	<b>\$ 1,368</b>	<b>\$ 1,108</b>
<i>General and administrative expenses</i>				
Audit & accounting	\$ 32	\$ 15	\$ 106	\$ 105
Legal	26	143	130	283
Computer & subscriptions	28	22	83	69
Consulting and advisory services	117	241	170	341
Investor relations	194	296	846	475
Marketing	11	-	37	-
Office expense	-	-	7	-
Other general and administrative expenses	104	99	328	302
	<b>\$ 511</b>	<b>\$ 816</b>	<b>\$ 1,708</b>	<b>\$ 1,575</b>

### 14. FINANCIAL EXPENSES

The details for financial expenses are as follows:

	Three Months Ended		Nine Months Ended	
	Sep 30, 2022	Sep 30, 2021	Sep 30, 2022	Sep 30, 2021
Interest expense on loans	\$ 56	\$ 72	\$ 184	230
Interest accretion, net of imputed interest adjustment	-	3	-	10
Loan modification amortization	-	-	-	(142)
Interest on debenture	46	90	137	179
Accretion on debenture	16	60	49	168
Interest on lease obligations	15	6	30	21
Bank and other expenses	3	7	11	17
	<b>\$ 137</b>	<b>\$ 238</b>	<b>\$ 412</b>	<b>\$ 483</b>

## Pond Technologies Holdings Inc.

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### 15. RELATED PARTY TRANSACTIONS

The Company enters into related party transactions with management, directors and arrangements with its shareholders. Details of these transactions for the nine months ended September 30, 2022 and 2021 and balances as at September 30, 2022 and December 31, 2021 are as follows:

	2022	2021
<b><i>Transactions nine months ended Sep 30:</i></b>		
Loan and debenture interest to shareholders	\$ 366	\$ 409
<b><i>Balances (Sep 30, 2022 &amp; Dec 31, 2021):</i></b>		
Loan payable to CW	1,740	2,140
Convertible debenture to GV	1,747	1,955
Director fees payable	\$ 62	\$ 47

Key management personnel include those persons having 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 at the discretion of the Board of Directors.

Key management compensation is comprised of:

	Three months ended Sep 30,		Nine months ended Sep 30,	
	2022	2021	2022	2021
Stock based compensation	\$ 21	\$ 26	85	\$ 113
Director and committee fees - cash and DSU	25	26	109	78
Salaries and benefits	\$ 96	\$ 96	288	\$ 288

### 16. 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 makers are the CEO and COO 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 period ended September 30, 2022, are Nutraceutical Products (including production and sales to consumers and business and distribution of third-party products) Technology Services (including the license fees, production of microalgal biomass, consulting, engineering services and the construction of biomass production facilities) and Other which includes the holding Company.

## Pond Technologies Holdings Inc.

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For the Nine Months Ended September 30, 2022 and 2021

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### 16. SEGMENTED INFORMATION (Continued)

#### Reportable Segments

For the period ended September 30, 2022

Consolidated Statements of Financial Position As at Sep 30, 2022					
	Nutraceutical Products	Technology Services	Discontinued Operation	Other	Total
<b>Non-Current Assets</b>					
Intangibles	\$ -	\$ 1,292	\$ -	\$ 170	\$ 1,461
Capital assets	700	280	-	-	980
Right-of-use asset	\$ 112	\$ 336	\$ -	\$ -	\$ 449

Consolidated Statement of Loss & Comprehensive Loss					For the Three Months Ended Sept 30, 2022				
	Nutraceutical Products	Technology Services	Other	Total		Nutraceutical Products	Technology Services	Other	Total
Revenue:									
Nutraceutical products	\$ 1,247	\$ -	\$ -	\$ 1,247		\$ 1,247	\$ -	\$ -	\$ 1,247
Technology services	-	500	-	500		-	500	-	500
	1,247	500	-	1,747		1,247	500	-	1,747
Direct costs and expenses:									
Nutraceutical products	(1,006)	-	-	(1,006)		(1,006)	-	-	(1,006)
Technology services	-	(152)	-	(152)		-	(152)	-	(152)
Operating Expenses	(125)	(350)	-	(475)		(125)	(350)	-	(475)
General and administrative expenses	(56)	(216)	(241)	(513)		(56)	(216)	(241)	(513)
Amortization & depletion	(34)	(62)	(36)	(132)		(34)	(62)	(36)	(132)
Stock-based compensation	-	-	(122)	(122)		-	-	(122)	(122)
Operating loss	26	(280)	(400)	(654)		26	(280)	(400)	(654)
Other income / (expense):									
Interest income	-	-	-	-		-	-	-	-
Finance expenses	(6)	(69)	(63)	(137)		(6)	(69)	(63)	(137)
Net loss from continuing operations	20	(349)	(463)	(791)		20	(349)	(463)	(791)
Net gain(loss) from discontinued operations	-	-	-	-		-	-	-	-
<b>Net loss and comprehensive loss</b>	<b>\$ 20</b>	<b>\$ (349)</b>	<b>\$ (463)</b>	<b>\$ (791)</b>		<b>\$ 20</b>	<b>\$ (349)</b>	<b>\$ (463)</b>	<b>\$ (791)</b>

For the period ended September 30, 2021

Consolidated Statements of Financial Position As at September 30, 2021					
	Nutraceutical Products	Technology Services	Discontinued Operation	Other	Total
<b>Non-Current Assets</b>					
Intangibles	\$ 1,425	\$ 317	\$ -	\$ -	\$ 1,742
Goodwill	-	-	-	-	-
Capital assets	806	374	-	-	1,180
Deferred income taxes	822	-	-	-	822
Contract receivable	-	506	-	-	506
Right-of-use asset	\$ 121	\$ 29	\$ -	\$ -	\$ 150

## Pond Technologies Holdings Inc.

Notes to Condensed Interim Consolidated Financial Statements

For the Nine Months Ended September 30, 2022 and 2021

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

### 16. SEGMENTED INFORMATION (Continued)

#### Reportable Segments (Continued)

For the period ended September 30, 2021 (Continued)

Consolidated Statement of Loss & Comprehensive Loss	For The Three Months Ended September 30, 2021				Total
	Nutraceutical Products	Technology Services	Discontinued Operation	Other	
Revenue:					
Nutraceutical products	\$ 1,231	\$ -	\$ -	\$ -	1,231
Technology services	-	932	-	-	932
	1,231	932	-	-	2,163
Direct costs and expenses:					
Nutraceutical products	(980)	-	-	-	(980)
Technology services	-	(280)	-	-	(280)
Operating Expenses	(144)	(172)	-	(15)	(331)
General and administrative expenses	(82)	(314)	-	(420)	(816)
Amortization & depletion	(57)	(80)	-	(36)	(173)
Stock-based compensation	-	-	-	(140)	(140)
Operating loss	(32)	86	-	(611)	(557)
Other income / (expense):					
Interest income	-	-	-	-	-
Finance expenses	(6)	(81)	-	(151)	(238)
Net loss from continuing operations	(38)	5	-	(762)	(795)
Net gain(loss) from discontinued operations	-	-	-	-	-
<b>Net loss and comprehensive loss</b>	<b>\$ (38)</b>	<b>\$ 5</b>	<b>\$ -</b>	<b>\$ (762)</b>	<b>\$ (795)</b>

### 17. COMMITMENTS AND CONTINGENCIES

On January 30, 2018, the Company and Grizzly Resource Limited ("GRL") entered into an Assignment Agreement, whereby the Company transferred all of its right, title and interest in and to and all burdens, obligations and liabilities in connection with a litigation matter, to GRL. GRL agreed to indemnify the Company from any potential liabilities that may arise from such litigation.

On October 18, 2022, Synergraze Inc. an Alberta company filed a Statement of Claim against the Company alleging a breach of a Mutual Confidentiality, Non-Disclosure and Non-Circumvention Agreement Confidentiality Agreement ("Agreement") signed on August 18, 2021. The Company 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 Company has also filed a Counter Claim alleging a breach of contract and breach of duty of confidence, and conversion by Synergraze Inc.

The Company 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 Company.

### 18. SUBSEQUENT EVENT

On November 15, 2022 the Company completed a non-brokered private placement in the aggregate amount of 3,750,000 common shares of Pond at a purchase price of \$0.12 per common share (no warrant) for aggregate gross proceeds of \$450. The private placement included insider participation for 2,916,667 common shares.