



POND TECHNOLOGIES HOLDINGS INC.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

(Canadian dollars in thousands)

(UNAUDITED)



NOTICE OF NON-REVIEWED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

The accompanying unaudited interim condensed 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.

Interim Condensed Consolidated Statements of Financial Position

(Canadian dollars in thousands)

(Unaudited)

	Note	Unaudited Sept 30, 2023	Audited Dec 31, 2022
Assets			
Current assets			
Cash		\$ 70	\$ 196
Receivables	3	270	470
Inventories	4	270	385
Prepaid expenses and other assets		103	162
		713	1,213
Non-Current assets			
Intangibles	6	1,157	1,371
Capital assets	7	856	1,014
Right-of-use assets	11	359	426
Costs of contracts	5	597	647
Total assets		\$ 3,682	\$ 4,671
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	8	\$ 2,816	\$ 1,500
Current portion of loans payable	9	1,440	1,590
Current portion of convertible debenture	10	350	250
Current portion of lease liabilities	11	85	72
Deferred contract revenue	13	1,572	1,610
		6,263	5,022
Non-Current liabilities			
Long-term portion of loans payable	9	105	40
Long-term portion of convertible debenture	10	1,345	1,474
Long-term portion of lease liabilities	11	332	398
Total liabilities		\$ 8,044	\$ 6,934
Shareholders' equity (deficiency)			
Share capital	12	\$ 44,350	\$ 39,134
Share-based payment reserve	12	4,167	8,469
Accumulated deficit		(52,879)	(49,866)
Shareholders' equity (deficiency)		(4,362)	(2,263)
Total liabilities and shareholders' equity (deficiency)		\$ 3,682	\$ 4,671

Reporting Entity and going concern (Note 1)

Subsequent events (Note 16)

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.

Interim Condensed Consolidated Statements of Loss and Comprehensive Loss

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

Period ended Sept 30,	Note	Three Months		Nine Months	
		2023	2022	2023	2022
Revenue					
Revenue	13	\$ 1,308	\$ 1,746	3,283	\$ 3,794
Expenses					
Direct costs and expenses		1,026	1,159	2,559	2,774
Operating expenses	14	485	475	1,452	1,368
General and administrative expense	14	362	511	1,050	1,708
Amortization	6,7,11	143	132	428	412
Stock-based compensation	12	54	122	398	417
		2,070	2,399	5,886	6,679
Operating loss					
		(762)	(654)	(2,603)	(2,886)
Other income / (expense)					
Financial expenses	15	(136)	(137)	(407)	(412)
Loss on sale of capital asset		-	-	(3)	-
Net loss and comprehensive loss					
		(898)	(791)	(3,013)	(3,298)
Weighted average number of shares outstanding		74,099,575	59,119,999	71,476,875	55,166,811
Earnings (loss) per share, basic and diluted					
Continuing operations		\$ (0.01)	\$ (0.01)	(0.04)	\$ (0.06)

See accompanying notes to the consolidated financial statements.

Pond Technologies Holdings Inc.

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

For the three and nine months ended Sept 30, 2023 and 2022

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

	Share Capital				Total Share Capital	Share-based Payment Reserve	Accumulated Deficit	Total
	Number of Shares	Number of Warrants	Common Shares	Exchangable Shares				
Balance - December 31, 2021	47,761,854	12,769,113	\$ 34,461	\$ 2,170	\$ 36,631	\$ 8,067	\$ (45,410)	\$ (712)
Shares issued (Note 12)	10,926,669	-	2,085	-	2,085	-	-	2,085
Shares issued from Reserve (Note 12)	3,617,167	-	2,170	(2,170)	-	-	-	-
Issuance costs	-	-	-	-	(107)	-	-	(107)
Warrants expired (Note 12)	-	(664,750)	-	-	84	(84)	-	-
Grant of deferred share units (Note 12)	-	-	-	-	-	90	-	90
Stock-based compensation expense	-	-	-	-	-	326	-	326
Net loss for the period	-	-	-	-	-	-	(3,298)	(3,298)
Balance - September 30, 2022	62,305,690	12,104,363	\$ 38,716	-	\$ 38,693	\$ 8,399	(48,708)	(1,616)
Shares issued (Note 12)	3,750,000	-	450	-	450	-	-	450
Shares issued from Reserve (Note 12)	-	-	-	-	-	-	-	-
Issuance costs	-	-	(116)	-	(11)	-	-	(11)
Warrants expired (Note 12)	-	-	84	-	-	-	-	-
Stock-based compensation expense	-	-	-	-	-	70	-	70
Net loss for the year	-	-	-	-	-	-	(1,158)	(1,158)
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 12)	3,350,000	-	235	-	235	(235)	-	-
Shares issued from deferred share units (Note 12)	94,958	-	49	-	49	(49)	-	-
Issuance costs	-	-	(15)	-	(15)	-	-	(15)
Warrants & Agent warrants expired (Note 12)	-	(12,104,363)	4,463	-	4,463	(4,463)	-	-
Share-based compensation expense	-	-	(47)	-	(47)	445	-	398
Net loss for the year	-	-	-	-	-	-	(3,013)	(3,013)
Balance - September 30, 2023	76,612,075	-	\$ 44,348	-	\$ 44,350	\$ 4,167	(52,879)	(4,362)

Pond Technologies Holdings Inc.

Interim Condensed Consolidated Statement of Cash Flows

(Canadian dollars in thousands)

(unaudited)

For the nine months ended Sept 30,	Note	2023	2022
Operating Activities			
Cash receipts from customers		\$ 3,469	\$ 4,437
Cash paid to suppliers and employees		(4,221)	(6,378)
Interest paid		(30)	(157)
Cash used in operating activities		(782)	(2,098)
Investing Activities			
Intangibles	6	-	(3)
Purchase of capital assets	7	(23)	-
Cash used in investing activities		(23)	(3)
Financing Activities			
Proceeds from issuance of shares and units, net of issuance costs	10	422	2,043
Proceeds from loan and other advances	9	500	-
Repayment of lease liabilities	10	(93)	(53)
Repayments of loans		(150)	(490)
Cash used in financing activities		679	1,500
Net change in cash		(126)	(601)
Cash beginning of year		196	1,067
Cash, end of period		\$ 70	\$ 466

See accompanying notes to the consolidated financial statements.

Pond Technologies Holdings Inc.

Notes to Interim condensed Consolidated financial statements

For the Three and Nine Months Ended September 30, 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 “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 (“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, desalination 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, 2023, the Company recorded a net loss from continuing operations of \$898 and \$3,013 respectively (2022 – \$791 and \$3,298). 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 interim condensed 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

Statement of compliance

The Company’s management prepared these unaudited interim condensed consolidated financial statements in accordance with 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 29, 2023.

Significant Accounting Policies

The significant accounting policies used in preparing these unaudited interim condensed consolidated financial statements are unchanged from those disclosed in Note 3 of the Company’s 2022 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 Interim condensed Consolidated financial statements

For the Three and Nine Months Ended September 30, 2023 and 2022

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

2. BASIS OF PREPARATION (Continued)

Recent Accounting Pronouncements

New standards adopted

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after December 31, 2022. Many are not applicable or do not have a significant impact to the Company's unaudited condensed interim consolidated financial statements.

New standards not yet adopted and interpretations issued but not yet effective

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after June 01, 2023. Many are not applicable or do not have a significant impact to the Company and have been excluded.

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 \$181 (Sept 30, 2022: \$522).

	Sep 30, 2023	Dec 31, 2022
Customer accounts	\$ 238	\$ 435
Government receivables	32	35
	\$ 270	\$ 470

	Sep 30, 2023	Dec 31, 2022
Current	\$ 89	\$ 323
Past due but not impaired trade receivables, net		
Under 30 days	63	53
30 - 60 days	38	9
60-90 days	38	36
over 90 days	42	49
Total receivables	\$ 270	\$ 470

4. INVENTORIES

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

	Sept 30, 2023	Dec 31, 2022
Raw materials	\$ 16	\$ 6
Work-in-process	-	1
Finished goods	254	378
	\$ 270	\$ 385

The cost of nutraceutical inventories recognized as an expense during the nine months ended September 30, 2023 in respect of continuing operations was \$2,469 (2022 - \$2,260). During the nine months ended September 30, 2023, the Company recorded \$Nil write-downs of inventory (2022: \$Nil).

Pond Technologies Holdings Inc.

Notes to Interim condensed Consolidated financial statements

For the Three and Nine Months Ended September 30, 2023 and 2022

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

5. COSTS OF CONTRACTS

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

	Sept 30, 2023	Dec 31, 2022
Balance, beginning of year	\$ 647	\$ 354
Costs incurred during the period	41	463
Costs recognized as direct costs and expenses during the period	(91)	(170)
Balance, end of period	\$ 597	\$ 647

6. INTANGIBLES

	Patent Filing Costs and Acquired Intellectual Property		Distribution Rights	Total
Costs				
Balance, December 31, 2021	\$ 2,812	\$ 640	\$ 3,452	
Additions	4	-	4	
Balance, September 30, 2022	2,816	640	3,456	
Additions	-	-	-	
Disposals	(19)	-	(19)	
Balance, December 31, 2022	2,797	640	3,437	
Additions	-	-	-	
Disposals	-	-	-	
Balance, September 30, 2023	2,797	640	3,437	
Accumulated amortization				
Balance, December 31, 2021	1,419	360	1,779	
Additions	105	73	178	
Balance, September 30, 2022	1,524	433	1,957	
Additions	39	73	112	
Disposals	(3)	-	(3)	
Balance, December 31, 2022	1,560	506	2,066	
Additions	105	108	213	
Disposals	-	-	-	
Balance, September 30, 2023	1,665	614	2,279	
<i>Net carrying amount</i>				
Balance, December 31, 2021	1,393	280	1,673	
Balance, September 30, 2022	1,292	207	1,499	
Balance, December 31, 2022	1,237	134	1,371	
Balance, September 30, 2023	\$ 1,131	\$ 26	\$ 1,157	

Pond Technologies Holdings Inc.

Notes to Interim condensed Consolidated financial statements

For the Three and Nine Months Ended September 30, 2023 and 2022

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

7. 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		-		-		-	-
Disposals		-		-		-	-
Balance, September 30, 2022		2,845		129		154	3,128
Additions		81		-		-	81
Disposals		-		-		-	-
Balance, December 31, 2022		2,926		129		154	3,209
Additions		10		-		-	10
Disposals		(64)		-		-	(64)
Balance, September 30, 2023		2,872		129		154	3,155
Accumulated amortization							
Balance, December 31, 2021		1,816		85		110	2,011
Amortization and depletion		123		3		4	130
Disposals		-		-		-	-
Balance, September 30, 2022		1,939		88		114	2,141
Amortization and depletion		41		1		12	54
Disposals		-		-		-	-
Balance, December 31, 2022		1,980		89		126	2,195
Amortization and depletion		138		3		6	147
Disposals		(43)		-		-	(43)
Balance, September 30 2023		2,075		92		132	2,299
<i>Net carrying amount</i>							
Balance, December 31, 2021		1,029		44		44	1,117
Balance, September 30, 2022		906		41		40	987
Balance, December 31, 2022		946		40		28	1,014
Balance, September 30, 2023	\$	797	\$	37	\$	22	\$ 856

Pond Technologies Holdings Inc.

Notes to Interim condensed Consolidated financial statements

For the Three and Nine Months Ended September 30, 2023 and 2022

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

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	Sep 30, 2023	Dec 31, 2022
Accounts payable	\$ 1,247	\$ 818
Interest payable	384	179
Accrued liabilities	1,185	503
	\$ 2,816	\$ 1,500

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.

9. LOANS PAYABLE

Loans

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

	CW(i)	CEBA (ii)	SMC (iii)	Total
Balance, December 31, 2021	\$ 2,190	\$ 40	\$ -	\$ 2,230
Repayments	(600)	-	-	(600)
Balance, December 31, 2022	1,590	40	-	1,630
Advances	-	-	65	65
Repayments	(150)	-	-	(150)
Balance, September 30, 2023	1,440	40	65	1,545
Less: Current portion of loans payable	1,440	-		1,440
Long-term portion of loans payable	\$ -	\$ 40	\$ 65	\$ 105

(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 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.

On May 3, 2023, the Company entered into an amending agreement with Crystal Wealth providing for a postponement of the April 30, 2023, \$50k principal repayment to May 30, 2023. On June 5, 2023 the Company entered into a further amending agreement to postpone all interest and principal repayments until the earlier of September 30, 2023 or the closing of no less than \$3,000 of a \$5,000 convertible debenture or other financing. The amendment was subsequently postponed to October 16, 2023.

Pond Technologies Holdings Inc.

Notes to Interim condensed Consolidated financial statements

For the Three and Nine Months Ended September 30, 2023 and 2022

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

9. LOANS PAYABLE (continued)

(ii) 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% reduction to the loan has not been recorded as it is contingent upon early payment.

(iii) St Marys Cement Inc. (Canada) (SMC)

On February 3, 2023, SMC advanced \$65 to the Company under the terms of a secured 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 in excess of \$1,000.

10. CONVERTIBLE DEBENTURE

On November 21, 2019, the Company issued a secured convertible debenture to Georgian Villas Inc. ("GV"), an entity controlled by one of Pond's directors with respect to a \$2,000 loan provided by GV. The debenture interest rate was 12% per annum, payable quarterly and a matured on November 15, 2021.

On November 15, 2021, on maturity of the previous convertible debenture 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 31, 2021	\$	1,788
Interest accretion		66
Repayments		(130)
Convertible Debenture - December 31, 2022		1,724
Interest accretion		50
Repayments		(80)
Convertible Debenture - Sept 30, 2023	\$	1,695
Less: Current portion of Convertible Debenture	\$	350
Long-term portion of Convertible Debenture	\$	1,345

Pond Technologies Holdings Inc.

Notes to Interim condensed Consolidated financial statements

For the Three and Nine Months Ended September 30, 2023 and 2022

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

11. 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		30
Lease modification adjustments		280
Lease payments		(86)
Lease liabilities, Sept 30, 2022	\$	485
Interest on lease liabilities		15
Lease payments		(30)
Lease liabilities, December 31, 2022		470
Interest on lease liabilities		40
Lease payments		(93)
Lease liabilities, Sept 30, 2023	\$	417

	Sept 30, 2023	Dec 31, 2022
Current	\$ 85	\$ 72
Non-current :		
Year 2	101	90
Year 3	86	105
Year 4	70	75
Years 5+	75	128
Lease liabilities	\$ 417	\$ 470

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

Right-of-use asset, December 31, 2021	\$	230
Additions		279
Amortization		(60)
Right-of-use asset, Sept 30, 2022		449
Additions		-
Amortization		(23)
Right-of-use asset, December 31, 2022		426
Additions		-
Amortization		(67)
Right-of-use asset, Sept 30, 2023	\$	359

Amounts recognized in statement of loss and comprehensive loss:

	Sept 30, 2023	Dec 31, 2022
Amortization for right-of-use asset	\$ 67	\$ 84
Interest expense on lease liabilities	40	45
	\$ 107	\$ 129

Pond Technologies Holdings Inc.

Notes to Interim condensed Consolidated financial statements

For the Three and Nine Months Ended September 30, 2023 and 2022

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

12. 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	3,350,000	235
Shares issued from deferred share units	94,958	49
Issuance costs	-	(15)
Expired warrants and Agent warrants	-	4,416
Balance, as at September 30, 2023	76,612,075	\$ 44,350

Transactions in 2022

Non-Brokered private placement

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

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.

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

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.

Pond Technologies Holdings Inc.

Notes to Interim condensed Consolidated financial statements

For the Three and Nine Months Ended September 30, 2023 and 2022

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

12. SHARE CAPITAL (Continued)

Transactions in 2022 (Continued)

Exchangeable shares activity	Exchangeable shares outstanding
Balance, as at December 31, 2020	4,701,866
Converted during the year	(1,084,642)
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	-

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

Transactions in 2023

On January 25, 2023 the Company issued to Georgian Villas Inc 1,086,428 shares to satisfy \$108.6 of accrued interest owing under its \$1,988 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 a total 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 a total of \$51 pursuant to a non-brokered private placement.

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. The EIP allows the Company to compensate eligible participants from time to time, through the granting of stock options, deferred share units ("DSU") and restricted share units ("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).

Stock options

Pursuant to the EIP, the Board of Directors may grant stock 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.

Pond Technologies Holdings Inc.

Notes to Interim condensed Consolidated financial statements

For the Three and Nine Months Ended September 30, 2023 and 2022

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

12. SHARE CAPITAL (Continued)

Stock option plan (Continued)

Stock Options	Number of options outstanding	Weighted average exercise price
Balance, as at December 31, 2021	4,490,000	0.59
Expired during the period	(90,000)	2.00
Forfeited during the period	(380,000)	0.50
Balance, as at September 30, 2022	4,020,000	0.39
Cancelled during the period	(3,315,000)	0.60
Balance, as at December 31, 2022 & September 30, 2023	705,000	0.39

During the nine months ended September 30, 2023 and year ended December 31, 2022, the Company granted \$Nil stock options. The fair value for granted options was determined using the Black-Scholes option pricing model at the following assumptions:

As at September 30, 2023, 705,000 (2022 – 4,020,000) stock options were exercisable and the weighted average remaining contractual lives of the stock options was 1.79 years (2022 – 2.49 years).

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 in any year, based on the terms and conditions of the EIP. 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.

As at, September 30, 2023 there were 833,576 shares reserved for issuance on settlement of DSUs (Sept. 30, 2022: 751,034) for which the Company recognized a \$55 to share-based payment reserve (2022: \$90).

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.

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12. SHARE CAPITAL (Continued)

Restricted share units (Continued)

During the three and nine months ended September 30, 2023 the Company granted Nil and 3,350,000 RSU's respectively (2022: Nil and Nil). During the 3 months ended September 30, 2023 3,350,000 fully vested RSU's were settled by way of issuance of common shares (2022: Nil). As at, September 30, 2023, there were 1,651,400 shares reserved for issuance on settlement of RSUs (2022: Nil). The Company recognized a \$340 charge to share-based payment reserve for the nine months ended September 30, 2023 (2022: Nil). 1,651,400 RSU's were outstanding as at September 30, 2023 and fully vest on November 2, 2023 and expire on November 2, 2025.

Share-based payment reserve

Share-based payment reserve is comprised of the following:

	Sept 30, 2023	Dec 31, 2022
Stock based compensation	\$ 3,970	\$ 3,809
Warrants and Agent Warrants	-	4,463
Convertible Debenture	197	197
	\$ 4,167	\$ 8,469

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 September 30, 2023	-	-	-	\$ -

13. 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 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. 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.

Pond Technologies Holdings Inc.

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13. 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:

	Sept 30, 2023		Dec 31, 2022
Balance, beginning of year	\$ 1,610	\$	574
Related revenue earned during the period	(142)		(580)
Payments received during the period	104		1,616
	\$ 1,572	\$	1,610

14. BREAK DOWN OF EXPENSES

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

	Three Months Ended		Nine Months Ended	
	Sept 30, 2023	Sep 30, 2022	Sept 30, 2023	Sep 30, 2022
<i>Operating expenses</i>				
Salaries and benefits	\$ 416	\$ 304	\$ 1,217	\$ 962
Travel and transportation	20	18	57	55
Project supplies and maintenance	49	153	178	351
	\$ 485	\$ 475	\$ 1,452	\$ 1,368
<i>General and administrative expenses</i>				
Audit & accounting	\$ 26	\$ 32	\$ 101	\$ 106
Computer & subscriptions	15	28	58	83
Consulting and advisory services	65	117	152	170
Legal	16	26	97	130
Investor relations	173	194	484	846
Marketing	5	11	14	37
Other general and administrative expenses	62	104	143	337
	\$ 362	\$ 511	\$ 1,050	\$ 1,708

15. FINANCIAL EXPENSES

The details for financial expenses are as follows:

	Three Months Ended		Nine Months Ended	
	Sept 30, 2023	Sept 30, 2022	Jun 30, 2023	Sept 30, 2022
Interest expense on loans	\$ 44	\$ 56	\$ 133	\$ 184
Interest on debenture	56	46	166	137
Accretion on debenture	17	16	50	49
Interest on lease obligations	13	15	40	30
Bank and other expenses	5	4	17	12
	\$ 136	\$ 137	\$ 407	\$ 412

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For the Three and Nine Months Ended September 30, 2023 and 2022

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16. 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:

	2023	2022
<i>Transactions nine months ended September 30:</i>		
Debenture effective interest to GV	\$ 216	\$ 366
<i>Balances, September 30, 2023 & December 31, 2022:</i>		
Convertible debenture to GV	1,695	1,724
Director fees payable	78	63
Accounts payable and accrued liabilities	\$ 426	\$ 72

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 and RSUs at the discretion of the Board of Directors.

Key management compensation is comprised of:

	Three months ended Sept. 30,		Nine months ended Sept. 30,	
	2023	2022	2023	2022
Stock based compensation	\$ 15	\$ 21	\$ 272	\$ 85
Director fees included in advisory services	20	25	67	109
Salaries and benefits included in operating expenses	\$ 147	\$ 96	\$ 435	\$ 288

17. 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 nine months ended September 30, 2023 and 2022 and the year ended December 31, 2022, 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.

Pond Technologies Holdings Inc.

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17. SEGMENTED INFORMATION (Continued)

Reportable Segments

For the three months ended September 30, 2023

Consolidated Statements of Financial Position As at Sept 30, 2023	Nutraceutical Products	Technology Services	Corporate	Total
Non-Current Assets				
Intangibles	\$ -	\$ 1,135	\$ 22	\$ 1,157
Capital assets	584	272	-	856
Right-of-use asset	79	280	-	359
Cost of contracts	\$ -	\$ 597	\$ -	\$ 597

Consolidated Statement of Loss & Comprehensive Loss	For the Three Months Ended Sept. 30, 2023			Total
	Nutraceutical Products	Technology Services	Other	
Revenue:				
Nutraceutical products	\$ 1,271	\$ -	\$ -	\$ 1,271
Technology services	-	37	-	37
	1,271	37	-	1,308
Direct costs and expenses:				
Nutraceutical products	(999)	-	-	(999)
Technology services	-	(27)	-	(27)
Operating Expenses	(92)	(393)	-	(485)
General and administrative expenses	(26)	(217)	(119)	(362)
Amortization & depletion	(34)	(73)	(36)	(143)
Stock-based compensation	-	-	(53)	(54)
Operating loss	119	(672)	(208)	(762)
Other income / (expense):				
Interest income	-	-	-	-
Finance expenses	(5)	(56)	(76)	(136)
Loss on sale of capital equipment	-	-	-	-
Net loss and comprehensive loss	\$ 115	\$ (728)	\$ (284)	\$ (898)

Pond Technologies Holdings Inc.

Notes to Interim condensed Consolidated financial statements

For the Three and Nine Months Ended September 30, 2023 and 2022

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17. SEGMENTED INFORMATION (Continued)

Reportable Segments (Continued)

For the three months ended September 30, 2022

Consolidated Statements of Financial Position				
As at Sep 30, 2022				
	Nutraceutical Products	Technology Services	Other	Total
Non-Current Assets				
Intangibles	\$ -	\$ 1,292	\$ 170	\$ 1,461
Capital assets	700	280	-	980
Right-of-use asset	\$ 112	\$ 336	\$ -	\$ 449
<hr/>				
Consolidated Statement of Loss & Comprehensive Loss				
For the Three Months Ended Sept 30, 2022				
	Nutraceutical Products	Technology Services	Other	Total
Revenue:				
Nutraceutical products	\$ 1,247	\$ -	\$ -	\$ 1,247
Technology services	-	500	-	500
	1,247	500	-	1,747
Direct costs and expenses:				
Nutraceutical products	(1,006)	-	-	(1,006)
Technology services	-	(152)	-	(152)
Operating Expenses	(125)	(350)	-	(475)
General and administrative expenses	(56)	(216)	(241)	(513)
Amortization & depletion	(34)	(62)	(36)	(132)
Stock-based compensation	-	-	(122)	(122)
Operating loss	26	(280)	(400)	(654)
Other income / (expense):				
Interest income	-	-	-	-
Finance expenses	(6)	(69)	(63)	(137)
Net loss from continuing operations	20	(349)	(463)	(791)
Net gain(loss) from discontinued operations	-	-	-	-
Net loss and comprehensive loss	\$ 20	\$ (349)	\$ (463)	\$ (791)

18. SUBSEQUENT EVENT

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 full basis, all of its obligations owing under the Crystal Wealth loan on October 30, 2023 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 Chairman, Mr. Robert McLeese). The settlement resulted in a financial gain to Pond of approximately \$500. The STA will be repaid from the proceeds of Pond's private placement of a \$8,000 convertible debentures (the "Convertible Debentures").

Pond Technologies Holdings Inc.

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SUBSEQUENT EVENT (Continued)

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 is expected to occur on November 30, 2023 or shortly thereafter and will be secured obligations, 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 Private Placement are to be used for the repayment of the STA which settled the Crystal Wealth loan on October 30, 2023 and for growth working capital and general corporate purposes.

AB Agri

On September 7, 2021, the Company 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 Company to be installed in the UK 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 Company is in discussions to settle all costs owed to or from the Company arising from the termination and any disputed amounts. If a satisfactory settlement of all EPC costs arising from the termination cannot be agreed between the parties, the Company will need to revert to an arbitration proceeding as set out in the EPC agreement. The existing licence agreement with AB Agri remains in place and the Company is in discussions about signing a new consulting services agreement to provide access to Pond's ongoing algae growth technology.