

POND TECHNOLOGIES HOLDINGS INC.

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

**FOR THE THREE AND TWELVE MONTHS ENDED
DECEMBER 31, 2022**



Dated April 27, 2023

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

Introduction

This Management's Discussion and Analysis ("**MD&A**") of financial condition and results of operations of Pond Technologies Holdings Inc. ("**Pond**" or the "**Corporation**") constitutes management's review of the Corporation's financial and operating performance for the three and twelve months ended December 31, 2022, financial condition and future prospects. Except as otherwise noted, this MD&A is dated April 27, 2023 and should be read in conjunction with the audited consolidated annual financial statements of Pond Technologies Holdings Inc. for the years ended December 31, 2022 and 2021 and the related notes thereto (the "Financial Statements").

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

This MD&A is prepared as at April 27, 2023 and is current to that date unless otherwise stated. The Financial Statements of the Corporation and extracts of those financial statements provided within this MD&A, have been prepared in Canadian dollars, in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board.

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

Description of Business

The Company is commercializing its patent protected algae growing platform, which converts carbon dioxide (CO₂) into algal-based commercial products. Its algae growing platform converts the CO₂ found in the untreated stack gas of industrial emitters into animal, human feeds, nutraceuticals, and natural fertilizers. The key to the model is the vertical integration from the initial capturing of the carbon dioxide to the growing of algae, to the end sustainable product. In over ten years of R&D, Pond has developed a robust disruptive technology platform based on artificial intelligence, proprietary LED-lights, and patented CO₂-Management. Pond has begun to license its technology to third parties for ongoing license fees and royalties. Pond recently added the Pond Carbon division to focus on absorbing greenhouse gas emissions, transforming these into food, feed, and nutraceutical ingredients. Furthermore, Pond added a Biotech division focused on the growth of unique strains of micro-algae to be used as a reproductive medium for the expression of human anti-bodies and proteins.

The Corporation has formed nutraceutical and biotech business segments and is actively pursuing opportunities in the nutraceutical superfood marketplace, and the production of complex proteins used in therapeutic treatments. In addition, the Corporation is also working to extend its technology applications into

related verticals, including land remediation, aquaculture and animal feeds, in an effort to commercialize the adoption of its integrated proprietary algae growth platform.

2022 Highlights

Financial and continuing operations highlights for the three and twelve months ended December 31, 2022:

Group operating highlights

- **Decrease in Net Loss From Continuing Operations** – The twelve months net loss and comprehensive loss of \$4,456 (2021: \$5,074) was \$618 lower as compared to year end 2021. The decrease was primarily due to a \$Nil deferred tax provision in 2022 vs \$864 in 2021.
- **Continued Commercial Validation of Pond Carbon and Biotech divisions** – Pond Carbon continued work on two significant licensing and supply agreements to adopt Pond's technology. The first agreement was a technology access agreement signed with a North American Fortune 500 Company to earn up to \$1,000 in milestone payments to grow Covid-19 antigens. The second validation occurred with the signing of a licensing agreement and an engineering, procurement and construction agreement with Livalta with a combined estimated value over \$5,000 for a prototype plant leading to a scalable production facility of algae from carbon emissions aimed to revolutionize protein in animal feed. Livalta, is a division of AB Agri Ltd., a UK company, and a subsidiary of Associated British Foods.
- **Sourcing Proprietary Equipment** – To support the pipeline of quoted projects Pond has been able to source commercial grade proprietary equipment from 3rd parties and has begun testing newly sourced equipment at its St. Marys site.
- **Share Issuance** - On March 2 and 28, 2022, the Corporation issued a total of 8,920,002 common shares at \$0.20/share for aggregate gross proceeds of \$1,784 in a non-brokered private placement. On September 27, 2022, the Corporation announced a further non-brokered private placement which was completed in the aggregate amount of 2,006,667 common shares at \$0.15/share for aggregate gross proceeds of \$301. On November 16, 2022, the Corporation issued a total of 3,750,000 common shares at \$0.12 per share for a total of \$450. No warrants were issued in conjunction with the 2022 share issuances.
- **Reduction in Loans Payable** – During the twelve months the Corporation reduced its loan payable balance from \$2,230 to \$1,630.

Outlook and Strategy

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

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

Pond believes that the multi-billion-dollar sustainable animal feed and functional food protein markets, the production of complex proteins used in therapeutic treatments and nutraceutical markets are all ready for

an algae-based revolution. These industries have been researching the uses of algae for decades, but few technologies can scale production. A scalable algae production technology would enable these industries to be more profitable and more sustainable, resulting in a paradigm shift similar to the transformational changes that we see in renewable energies today. Pond believes it provides the disruptive, scalable platform technology that has held the industry back to-date. Pond's aim is to become the largest supplier of algae-growing technology in the world.

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

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

Technology Developments

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

Technology Developments

During 2022 and to date, Pond has worked on creating a new commercial "Black Box" product which receives data from and controls the many sensors required to assist with achieving optimal real-time algae growth results. This product has been instilled at two of Pond's sites to enable biologists to make and control growth decisions using real-time data.

Pond Carbon

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

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

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Pond BioTech

On August 10, 2021, Pond entered into a Scale Up and Technology Access Agreement with a North American Fortune 500 Company. Under the terms of this agreement, Pond has collected approximately \$600 in fees to scale-up growth of genetically modified algae expressing antigens that can be used to make diagnostic tests for COVID-19.

Pond's proprietary growth technology and bioreactors have successfully grown algae, and extracts from the algae have been incorporated into diagnostic tests that successfully detect antibodies for the COVID-19 virus. These results were published in the journal Nature Scientific Reports in mid-2022. Pond makes regular deliveries of algae biomass to our project partners for extraction of the receptor binding domain and incorporation into test batches of these diagnostic tests.

Pond Naturals – Regenurex

Regenurex has made notable progress in its operational performance during 2022, validating processing equipment at high throughput and successfully scaling up its GMP production capacity significantly, reaching an annual production of 1.2 tons of Astaxanthin extract. This extract is primarily used for the production of soft gels which will be sold online with a high margin under the brand "Regenurex".

In addition, Regenurex has begun to diversify and increase the number of algal species grown on site which are being trialed as a feedstock for various applications, including animal feed, biofuels, retail products and specialty chemicals. Regenurex has also established additional strategic partnerships with key industry players and service vendors, enabling access to new markets and technologies, and diversifying its revenue streams and supply chain.

Regenurex successfully re-certified for Food Safe GMP in 2022. Going forward Regenurex will expand the Corporation's site license to allow full production, processing, packaging and fulfillment of new retail goods at our BC location.

Overview of Financial Results

Selected Annual Information

Financial results (\$000's except per share amounts)	For Years Ended December 31,		
	2022	2021	2020
Revenue from continuing operations	5,140	5,133	4,800
Loss from continuing operations	(4,456)	(5,341)	(4,146)
Gain / (Loss) from discontinued operations	-	268	(2,470)
Net loss and comprehensive loss	(4,456)	(5,073)	(6,616)
Loss per share continuing operations	(0.08)	(0.13)	(0.15)
Loss per share discontinued operations	0.00	0.01	(0.10)
Net loss per share (1)	(0.08)	(0.12)	(0.55)
Total assets	4,671	5,260	6,199

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Selected Quarterly Information

The results of operations for the three and twelve months ended December 31, 2022, as compared to the three months and twelve months ended December 31, 2021 is as follows:

Selected Financial Information				
The following table is a summary of the Corporation's results from operations:				
(CDN \$000's)	3 Months Ended Dec. 31		12 Months Ended Dec. 31	
	2022	2021	2022	2021
Revenue from continued operations	1,345	769	5,140	5,133
Costs of revenue and expenses	(1,100)	(654)	(3,874)	(3,693)
Operating expenses	(670)	(452)	(2,039)	(1,540)
General and administrative expenses	(344)	(538)	(2,054)	(2,114)
Amortization	(144)	(126)	(556)	(579)
Stock-based compensation	(69)	(244)	(486)	(744)
Impairment of contract receivable	-	(120)	-	(120)
	(2,327)	(2,134)	(9,009)	(8,790)
Operating loss for the period	(982)	(1,365)	(3,869)	(3,657)
Finance expenses	(158)	(381)	(570)	(864)
Interest income	-	-	-	1
	(17)	-	(17)	1
Loss before tax	(1,157)	(1,746)	(4,456)	(4,519)
Deferred tax provision	-	(822)	-	(822)
Net loss from continuing operations	(1,157)	(2,568)	(4,456)	(5,341)
Discontinued operations				
Net gain/(loss) from discontinued operations for the period	-	29	-	268
Net loss and comprehensive loss	(1,157)	(2,539)	(4,456)	(5,073)
Loss per share, basic and diluted				
Continuing operations \$(1)	(0.02)	(0.07)	(0.13)	(0.13)
Discontinued operations \$(1)	-	-	0.01	0.01
Total assets	1,942	6,082	1,942	6,082
Total current liabilities	4,786	2,378	4,786	2,378
Total non-current liabilities	2,164	3,594	2,164	3,594

Note:

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

Discussion of Continuing Operations

A. Profit and loss for the three months ended December 31, 2022 and 2021

The Corporation reported a net operating loss from continuing operations of \$1,157 (2021: loss of \$2,568) for the three months ended December 31, 2022 which was \$1,411 lower as compared to 2021. The increase in net loss as compared to Q4 2021 was principally due to the following:

1) *Trading Revenue* - Increased by of \$576

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

- Nutraceutical Products – Revenue of \$1,265 (2021: \$741) increase of \$524 (71%). This was primarily due to supply chain disruption in Q4 2021 which was available for distribution in 2022; and
- Technology Services – Revenue net increase of \$79. The increase related to fees earned on consulting project which were higher in 2022.

2) *Direct costs and expenses* – Increased by \$446

The changes by business segment are as follows:

- Nutraceutical Products - Increase in direct costs of \$466 due to a increase in revenue; and
- Technology Services – Decrease in direct costs of \$20.

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

a. Increase in operating expenses of \$218 primarily due to:

- Technology operating expenses increase of \$228 was due to an increase in development activities; and
- Nutraceutical products operating expenses decrease of \$20.

b. Decrease in general and administrative expenses of \$194 primarily due to:

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

c. Stock-based compensation - decrease of \$175.

d. Amortization – Increase of \$18.

e. Impairment of goodwill and abandonment of intangibles – decrease of \$120. The impairment provision taken in Q4 2022 was \$Nil as compared \$120 in 2021.

f. Finance expenses and interest income – Decrease \$223.

g. Deferred tax provision – Decrease \$822 due to \$Nil provision in 2022 vs \$822 in 2021.

B. Profit and loss for the twelve months ended December 31, 2022 and December 31, 2021

The Corporation reported a net loss from continuing operations of \$ 4,456 (2021: \$5,341) and a net decrease of \$885. The reason for the decrease relates primarily to a decrease in the deferred tax provision from \$822 in 2021 to \$Nil in 2022 and other matters as follow:

1) *Revenue increased by of \$7*

- An increase of \$419 in Pond Naturals Inc. ("Pond Naturals) revenue was offset by a \$412 reduction in carbon technologies revenue. The Pond Naturals revenue increase was primarily due to a stronger Canadian dollar in 2022 as compared to 2021 and supply chain correction. The reduction in Pond Technologies revenue was lower due to a license of \$856 recognized in 2021 which did not occur in 2022.

The 2022 net trading margin (revenue less direct costs and expenses) amount was \$1,266 (2021: \$1,440). The decrease of \$174 was due to lower revenue from the technology licenses which is very high margin business.

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

a) Increase in operating expenses of \$499

- The increase is primarily due to an increase in staff and staff salaries to support development projects, reduced government wage subsidy program grants in 2022 and increase in supplies for development projects.

b) Decrease in general and administrative expenses of \$60

- The decrease is primarily due to an increase in shareholder relation expenditures, off-set by a decrease in the use of consultants, legal and other supporting professional fees.

c) Decrease in amortization expense of \$23

d) Stock based compensation decrease of \$258

- The decrease in stock-based compensation related to no new share options being granted in 2022 vs a granting of 3,070,000 share options in 2021.

e) Impairment of contract receivable - Decrease of \$120

- The decrease is a result of a \$Nil impairment of contract receivable charge in 2022 vs \$120 in 2021

f) Finance expenses decrease of \$294; and

g) Decrease of \$822 in deferred tax provision. \$Nil 2022 vs \$822 in 2021.

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Summary of Quarterly Results

Financial results (\$000's except per share amounts)	Year ended 2022				Year ended 2021			
	Q4 31-Dec	Q3 30-Sep	Q2 30-Jun	Q1 31-Mar	Q4 31-Dec	Q3 30-Sep	Q2 30-Jun	Q1 31-Mar
Revenue from continuing operations	1,345	1,747	1,018	1,030	769	2,163	700	1,501
Loss from continuing operations	(1,157)	(792)	(1,389)	(1,118)	(2,568)	(795)	(936)	(1,043)
Gain from discontinued operations	-	-	-	-	29	-	239	-
Net loss and comprehensive loss	(1,157)	(792)	(1,389)	(1,118)	(2,539)	(795)	(697)	(1,043)
Loss per share continuing operations	(0.02)	(0.01)	(0.02)	(0.02)	(0.06)	(0.02)	(0.02)	(0.03)
Loss per share discontinued operations	-	-	-	-	-	-	0.01	-
Net loss per share (1)	(0.02)	(0.01)	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)	(0.03)
Cash from / (used in) provided by operating activities	(482)	(319)	(171)	(1,608)	(791)	529	(1,031)	(1,819)
Capital expenditures & patents	(84)	-	-	(3)	(224)	(70)	(26)	(30)
Cash and cash equivalents net of short-term liabilities	(4,826)	(4,617)	(2,698)	(1,891)	(1,311)	(764)	(1,422)	(1,196)

Note:

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

The Corporation's revenue of \$1,357 (Q3: 1,747) for the three months ended December 31, 2022 arose from the Corporation's two business segments. The revenue for each business segment for the three months ended December 31, 2022 - 1) Nutraceutical products \$1,265 (Q3 2022: \$1,247); and 2) Technology \$80 (Q3 2022: \$500). The overall \$402 decrease in revenue in Q4 2022 as compared to Q3 is primarily due to a decrease in technology milestone revenue.

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

There was a \$1,477 decrease in the loss from continuing operations for the three months ended December 31, 2022, as compared to the three months ended December 31, 2021. There was a \$951 decrease in the loss from continuing operations for the twelve months ended December 31, 2022 as compared to the twelve months ended December 31, 2021. The majority of the decrease in loss from continuing operations related to a decrease in deferred tax recovery of \$822.

Net cash used in continuing operations of \$2,580 (2021: \$3,112) decreased during the twelve months ended December 31, 2022 as compared to the twelve months ended December 31, 2021 is a result of:

- Receipts from customers of \$6,253 (2021: \$6,226), increase of \$27;
- Less payments to suppliers and employees of \$8,642 (2021: \$8,414), increase of 228;
- Less interest payments of \$191 (2021: \$925). During 2021 \$491 interest payment related to a 4% Crystal Wealth deferred interest which did not occur in 2022; and
- Interest received of \$Nil (2021: \$1).

Liquidity and Capital Resources

For the twelve months ended December 31, 2022 the cash balance decreased by \$871. This was a result of net cash used in operations of \$2,580, investing activities cash outflows of \$87 off-set by cash inflows from financing activities of \$1,796 (2021: \$4,373).

Pond had a working capital deficiency on December 31, 2022 of \$2,844 (\$1,590 relates to the Crystal Wealth ("CW") loan which matures on June 30, 2023) and will need to raise further funds through the issuance of shares in 2023 and or a new loan to replace the CW loan. The Corporation completed a \$371 private placement share offering in Q1 2023. The funds from this offering will be required to meet working capital, capital commitments and debt servicing needs (see Subsequent Events note).

Commitments and Contingencies

Loans Payable

As of December 31, 2022, \$1,590 of the Corporation's loan obligations were current and due within one year (2021: \$600) and \$40 was non-current (2021: \$1,630). \$1,590 of the Corporations December 31, 2022 loan balance relate to CW and \$40 to a CEBA loan.

The loan obligations to CW are secured over all the assets, undertaking and property of Pond Technologies Inc. The CEBA loan is unsecured.

Promissory Note - Convertible Debenture

As of December 31, 2022 the Corporation's promissory note obligation balance to Georgian Villas Inc. ("GV") was \$1,724. The convertible debenture was amended on November 15, 2021, matures on November 15, 2024, bears interest at 9.55% per annum, payable quarterly and principal repayments of \$10 per month for the first twelve months followed by \$20 per month after twelve months and increasing to \$30 per month after twenty-four months. The debenture is convertible, at the option of the lender, into common shares of Pond at a conversion price equal to \$0.39 per common share. All other terms of the original debenture remain in effect.

Leases

The Corporation has entered into two premise leases with total lease payments of \$116 in 2022 (2021: \$107). Future lease payments are approximately \$400.

Contingencies

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

Litigation

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

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

Outstanding Share Data

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

Securities	
Common shares	72,537,075
Warrants	1,666,668
Issuable under share options	705,000
Issuable under restricted share unit plan	5,001,400
Issuable under deferred share units plan to directors	763,576
Total Securities	80,673,719

As of the date of this MDA the Corporation has 72,537,705 common shares outstanding. The Corporation has 1,666,668 warrants exercisable at \$0.60, 705,000 stock options all of which are exercisable at a weighted average price of \$0.39 per share. There have been 5,001,400 Restricted Shares Units granted under the Corporation's omnibus incentive plan which are convertible into an equal number of common shares when they become vested and before three years of the grant. 763,576 (2021: 571,034) common shares are reserved for issuance upon settlement of Deferred Share Units granted under the Corporation's omnibus incentive plan.

As at December 31, 2022, 11,666,666 warrants and 437,696 Agent Warrants were outstanding (2021 – 12,331,418 and 437,696), with an average exercise price of \$0.47 and \$0.45 (2021: \$0.46 and \$0.45), respectively and an average estimated life of 0.31 and 0.35 years (2021: 1.19 and 1.17 years). During the 1st quarter 2023 10,000,000 warrants expired unexercised.

Off-Balance Sheet Arrangements

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

Related Party Transactions

The Corporation enters into related transactions with management and agreements with its shareholders. Details of these transactions for the twelve months ended December 31, 2022 and 2021 and balances are as follows:

	2022	2021
<i>Transactions twelve months ended December 31:</i>		
Loan and debenture interest to shareholders	\$ 504	\$ 749
<i>Balances (Dec 31, 2022 & 2021):</i>		
Loan payable to CW (Note 13)	1,590	2,190
Convertible debenture to GV	1,724	1,788
Director fees payable	\$ 63	\$ 39

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

On December 1, 2021, the Corporation entered into a six-month Special Committee: Project agreement with John M Farah Jr LLC, a company whose sole member and managing director is John M Farah Jr. John M Farah Jr, also an independent director of Pond, undertook the Special Committee: Project to inform and enable Pond biotechnology innovation and adoption. The Project entailed identifying parties interested or invested in algae-based production of biologics and initiating outreach to understand challenges and opportunities, market needs and interests, with potential commercial adoption customers introduced to Pond management. The compensation paid for the consulting services is \$3.5 per month and up to \$5.25 in deferred share units.

Key Management Compensation

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

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

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	Years ended December 31,	
	2022	2021
Stock based compensation	\$ 102	\$ 278
Director fees included in advisory services	5	18
Salaries and benefits	479	\$ 384
	\$ 586	\$ 680

Recent Developments

Crystal Wealth Management System Ltd.

On February 19, 2016, Pond entered into a secured loan agreement with CW with a maximum credit amounting to \$4,500 bearing interest at 12% per annum. The loan is secured by a general security agreement with a first charge on the assets of Pond Technologies Inc. (a wholly owned subsidiary of Pond) and a specific assignment of rights in all patents of Pond Technologies Inc. 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 (which was further amended to June 30, 2021), and include a deferral of quarterly interest payable of 4%.

The Corporation 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. In addition, amendments to the loan provide that once the aggregate of the proceeds of any financing transaction and the proceeds of any sale transaction of the oil and conventional natural gas asset is equal to or greater than \$2,500, 20% of the net proceeds received by the Corporation are to be paid to CW within three days of the date that such proceeds are received. Should the Corporation enter into one or more financing transactions pursuant to which a sum equal to or greater than \$2,500 is to be paid to the Corporation in separate tranches, the Corporation shall pay to CW 20% of each tranche within three days of receipt. If the aggregate of the proceeds of any financing transactions and the sale of the oil and conventional natural gas asset are equal to or exceed \$10,000 Pond will be required to repay the indebtedness in full including all principal, interest and other fees which may be outstanding at the time.

On March 31, 2020 the Corporation signed an amendment to its loan agreement with Crystal Wealth to defer \$57 of interest due on March 31, 2020 until the earlier of June 30, 2020 or the completion of a new share offering. The interest due on June 30, and September 30, 2020 was paid in full.

On March 24, 2021 the Corporation entered into an amending agreement with CW, to amend certain terms relating to Pond's obligations under its existing loan arrangements. The amendments provide 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 as well as interest payments of 8% and 4% deferred interest. All previous principal repayment requirements, including 20% any financings and proceeds from the sale of its Pembina oil and gas property were deleted in their entirety. All other terms of the loan remain in effect.

Directors

On June 29, 2021 Mr. Anthony Giovinazzo did not seek re-election at the Corporation's Annual and Special Meeting of Shareholders and Robert McLeese, Grant Smith, William Asselstine, Jacob Gamble and John M. Farah Jr. were elected as directors.

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

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

Convertible Promissory Note

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

On January 25, 2023 - The Corporation issued 1,086,428 common shares to GV to satisfy \$108.6 of accrued interest owing under its \$2,000 principal amount secured convertible loan to Pond, representing a deemed price per share of \$0.10.

Security Based Compensation Plan

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

European Licencing Agreement

On March 19, 2020 the Corporation signed a non-exclusive licensing agreement with London based Remediate (UK) Ltd. ("Remediate") Under the terms of the licensing agreement, Remediate will have the non-exclusive right to use Pond's patents and know how in the countries and principalities of continental Europe as well as the United Kingdom. As consideration for granting the license, Pond shall be paid a fee to be agreed upon, on a case-by-case basis, related to the separate agreements to be entered into between Remediate and the end users. For the years commencing January 1, 2020 to December 31, 2021 the aggregate fee to be no less than \$500 and thereafter not less than \$2,000 per annum each year thereafter which is currently under renegotiation and subject to amendment. Pond continues to work with Remdiiate on securing further agreements to purchase Pond technology and licenses.

AB Agri Agreements

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

- Pond has agreed an exclusive global partnership to grow algae-based animal feed from CO2 emissions
- The engagement consists of two parts: a supply agreement, where AB Agri will purchase an algae demonstration system from Pond to be installed in the UK for the sum of approximately \$2.8 million and a license agreement, where Pond will receive up to \$2.6 million in technology access fees and an ongoing royalty based on the production from commercial algae plants deployed in the future
- The demonstration system will be used to grow algae strains for animal feed trials and the development of commercial animal feeds which will be sold by AB Agri.
- Livalta's pilot plant to open at British Sugar's Wisington site in Norfolk in 2024

Non-Brokered private placement (March 2021)

On March 5, 2021, the Corporation closed a non-brokered private placement offering of 10,000,000 Units at a purchase price of \$0.35 per Unit for aggregate gross proceeds of \$3,500. Each Unit was comprised of one common share in the capital of Pond and one common share purchase warrant of Pond, with each Warrant entitling the holder thereof to purchase one common share at a purchase price of \$0.45 and expiring on the date that is the earlier of: (i) 30 days after the date on which Pond gives notice to the holders of the warrants after the common shares have traded at a closing price of greater than \$1.35 per Common Share for 20 consecutive trading days on the TSX Venture Exchange and (ii) the date that is two years after the date that the Warrant is issued.

Non-Brokered private placement (August 2021)

On August 17, 2021, the Corporation 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 whole 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 Corporation that the Corporation'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.

Non-Brokered private placements 2022

On March 2 and 28, 2022, the Corporation issued a total of 8,920,00 common shares at \$0.20/share for a total of \$1,784.

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

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

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

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

Pembina – Discontinued Operations

The Corporation had a 15.625% working interest in 2 production wells located in the Pembina area of West Central Alberta. These wells were located at 09-05-050-06 W5M (9-5) and 3/14-05-50-06 W5M (14-5). These wells produce from a Devonian age Nisku Pool ("L2L Pool") and are connected at the 07-05-050-06 W5M (7-5) satellite. Oil and solution gas from the L2L Pool flow from the 7-5 satellite to the Sinopec Daylight Energy Limited ("Sinopec") 13-2-50-06 W5M (13-2) Battery via a Sinopec owned pipeline. The gas production from the L2L Pool has a hydrogen sulfide (H₂S) content of approximately 20%. The sweet oil is separated from the gas and is pipelined to a Pembina Pipelines' oil sales point at 15-15-49-06 W5M. The remaining sour gas must then be pipelined to the Sinopec battery and then compressed and transported via pipeline to the Keyera Minnehik-Buck Lake gas plant ("MBL"), where the sulphur is extracted and the remaining sweet gas can be sold to market.

Due to safety regulations related to the high H₂S content and limitations to the various existing pipelines in place to transport the sour gas, sweet gas must be purchased and blended into the produced gas stream to reduce the H₂S content to meet various pipeline specifications. The purchase and processing of this blending gas is a required operating expense in order to handle the eventual sale of the solution gas produced from the L2L pool.

The L2L pool has an enhanced recovery scheme for water injection to maximize oil recovery. A voidage replacement rate (VRR) of 1.0 must be maintained to ensure proper reservoir pressure whereby the same volume of production is replaced with water. In addition to the 2 producing wells, the Corporation had a 15.625% working interest in a water injection well at 2/10-05-50 W5M (10-5) that currently supports water injection for the 9-5 and 14-5 wells. Typical of a waterflood, with water injected into the reservoir, the percentage of water produced with the oil will increase over time.

In response to weakening oil prices and the reluctance of third-party operators in the area to reduce processing/transportation fees in response to the current environment, on April 14, 2020 the operator of the Nisku Pool L2L Pool shut-in production from the Pembina wells because continued production is uneconomic under the current commodity price environment.

Subsequent to the shut-in of the Pembina well, the Keyera Minnehik-Buck Lake ("MBL") gas plant which processed and provided the 20% H₂S sour gas solution for oil produced from the Pool, has been permanently shut-in. The closing of the MBL gas plant has stranded the Pool as there is no current method to handle the sour gas produced with the oil from the Pool. If the oil wells are not producing within eighteen months, they will need to be suspended and eventually zonally abandoned due to their very sour H₂S rating as directed by the Alberta Energy Regulator ("AER") Directive 13.

This situation rendered the Pool with no foreseeable future cash flow, until a new gas re-injection solution can be found in the immediate area and the reserves have been downgraded in 2020 from Proven Developed Producing to Proven Developed Non-Producing. The Corporation made a full capital cost provision of \$2,325 against the Pembina property interest in 2020.

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

Subsequent Events to the Corporation's year ended December 31, 2022

On January 25, 2023 the Corporation issued to GV 1,086,428 shares to satisfy \$108.6 of accrued interest owing under its \$1,988,000 secured convertible loan, representing a deemed price per share of \$0.10.

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

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

Financial Instruments and Other Instruments

As at December 31, 2022 the Corporation had loans outstanding totaling \$1,630 (2021: \$2,230).

Crystal Wealth Loan

On February 19, 2016, Pond entered into a secured loan agreement with CW with a maximum credit amounting to \$4,500. The loan bears interest at the rate of 12% per annum, has no regularly scheduled repayment terms with and had an original maturity date of February 19, 2018. The loan is secured by a general security agreement with a first charge on Pond Technologies Inc. assets and a specific assignment of rights in all patents during the year.

On August 11, 2017, Pond signed an amendment to its loan agreement with CW. The amended terms included a loan maturity extension to June 30, 2019, reduction of quarterly interest payable to 8%, deferral of quarterly interest payable of 4%, (a "First Interest Payment") due of \$581 payable on November 30, 2017 and a principal repayment of \$1,000 on December 31, 2017. The amendment also requires Pond to make principal loan repayments if it raises in excess of \$10,000 in financing during the term of the loan. In that event, the amount of the principal loan repayment will be 20% of the proceeds in excess of \$10,000.

On November 16, 2017, Pond signed an amendment to its loan agreement with CW. The amended terms included an extension of the repayment to the First Interest Payment to December 21, 2017 and an extension fee of \$10.

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On December 19, 2017, Pond signed a second amendment to its loan agreement with CW. The amended terms include an extension of the principal repayment of \$1,000 and the First Interest Payment to January 31, 2018 and an extension fee of \$10 payable in cash upon the execution of the loan amendment.

On December 29, 2017, Pond made an early payment of the First Interest Payment of \$581 and the second interest payment of \$31.

On January 30, 2018 Pond paid \$1,000 to CW to reduce the principal loan balance from \$4,500 to \$3,500. On May 14, 2019, the Corporation signed an amendment to its \$3,500 loan agreement. The amendments included an extension of the loan maturity date from June 30, 2019 to June 30, 2021, an Early Redemption Incentive of a \$500 reduction on all outstanding principal if the loan and outstanding interest had been repaid in full by December 31, 2019 and no further changes to the existing interest terms. Pond made a principal repayment of \$600 on June 28, 2019 reducing the outstanding principal balance from \$3,500 to \$2,900. In addition, Pond will be required to make further principal repayments amounting to 20% of any financings and proceeds from the sale of its Pembina oil and gas property which in total exceed \$2,500. If the aggregate of the proceeds of any financing transactions and the sale of the Pembina asset are equal to or exceed \$10,000 Pond will be required to repay the indebtedness in full including all principal, interest and other fees which may be outstanding at the time.

On March 31, 2020 the Corporation signed an amendment to its loan agreement with Crystal Wealth to defer \$57 of interest due on March 31, 2020 until the earlier of June 30, 2020 or the completion of a new share offering. Interest due on June 30, 2020 and September 30, 2020 was paid in full.

On March 24, 2021, the Corporation 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.

Canada Emergency Business Account program ("CEBA")

On April 20, 2020 the Corporation 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.

Georgian Villas Inc. – Convertible Note

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

agreeing to provide the loan, GV also received a cash fee equal to 4% (\$80) of the principal amount of the loan.

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

Risk Factors

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

1. The Corporation has yet to generate significant revenues from the licensing of its technology or sale of microalgal biomass products. Investments in research and development in the field of microalgal biomass production are necessary to develop the technology required to generate future revenues. While the Corporation is confident in its technology, it cannot know with complete certainty if or when any of its technologies will be commercialized;
2. The Corporation has a history of net losses, may incur significant net losses in the future and may not achieve or maintain profitability;
3. There can be no assurance that the Corporation will be able to establish additional collaboration agreements on favorable terms, if at all, or that current or future collaborative arrangements will be successful;
4. The production of algae involves complex aquaculture systems with inherent risks including disease and contamination, and should the algae growth system fail to grow algae, or should the algae fail to consume the greenhouse gas introduced to the system, then the abatement will fail. While the Corporation has taken what it believes to be reasonable steps to mitigate risks associated with its processes, certain factors may arise beyond the Corporation's control, therefore, the Corporation cannot, and does not attempt to, provide any form of assurance with regard to its systems, processes, or cost-effectiveness;
5. The Corporation will be highly dependent upon consumer perception of the safety and quality of its greenhouse gas abatement technology and algae products and the ingredients they contain, as well as that of similar systems and products developed and distributed by other companies;
6. The Corporation may fail to manage growth effectively;
7. Much of the Corporation's strategy is based on the belief that the application of its proprietary photobioreactors and control systems to use carbon dioxide in the production of bio-products for the markets it is addressing may result in the creation of commercially viable products or technical applications; however, there can be no assurance that such beliefs will prove to be correct or that there will be market acceptance of technology developed by the Corporation;
8. The market price for the common shares may be volatile and subject to wide fluctuations in response

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to numerous factors, many of which are beyond the Corporation's control;

9. The Corporation's operations will depend on continuous improvements in technology to meet customer demands in respect of performance and cost, and to explore additional business opportunities;
10. Commercial success will depend in part on obtaining and maintaining patent, confidential know-how/trade secret and trade-mark protection of the Corporation's technologies in Canada, the United States and other jurisdictions, as well as successfully enforcing this intellectual property and defending this intellectual property against third-party challenges;
11. The Corporation may become party to litigation, mediation and/or arbitration from time to time in the ordinary course of business which could adversely affect its business;
12. The Corporation may not be able to develop sufficient manufacturing capacity to meet demand in an economical manner or at all;
13. There is potential that the Corporation will face intense competition from other companies, some of which can be expected to have longer operating histories and more financial resources and manufacturing and marketing experience than the Corporation;
14. The Corporation may engage in acquisitions or other strategic transactions or make investments that could result in significant changes or management disruption;
15. The Corporation could fail to integrate subsidiaries and other interests into the business of the Corporation;
16. The Corporation's production costs will be dependent on the costs of the energy sources used to run its production facilities. These costs are subject to fluctuations and variations in different locations where the Corporation may operate, and it may not be able to predict or control these costs;
17. The activities of the Corporation are subject to regulation by governmental authorities;
18. The Corporation's operations are subject to environmental and safety laws and regulations concerning, among other things, emissions and discharges to water, air and land, the handling and disposal of hazardous and non-hazardous materials and wastes, and employee health and safety;
19. The Corporation cannot be certain that it will be able to secure additional government grants or subsidies. Any existing grants or new grants that the Corporation may obtain may be terminated, modified or recovered by the granting governmental body under certain conditions;
20. The Corporation's ability to recruit and retain management, skilled labour and suppliers is crucial to the Corporation's success;
21. The Corporation has a limited operating history;
22. Completed acquisitions, strategic transactions, or investments could fail to increase shareholder value;

23. Certain of the directors and officers of the Corporation are also directors and officers of other companies, and conflicts of interest may arise between their duties as officers and directors of the Corporation and as officers and directors of such other companies.
24. There can be no assurance that an active and liquid market for the common shares will be maintained and an investor may find it difficult to resell any securities of the Corporation;
25. In the event that the Corporation issues convertible debt or equity securities to raise additional funds, its existing shareholders may experience dilution, and the new convertible debt or equity securities may have advantageous rights, preferences and privileges when compared to those of the Corporation's existing shareholders;
26. A substantial number of common shares are owned by a limited number of existing shareholders and as such these shareholders are in a position to exercise influence over matters requiring shareholder approval or cause delay or prevent a change in control of the Corporation that could otherwise be beneficial to the Corporation's shareholders;
27. The Corporation does not anticipate paying any dividends on the common shares in the foreseeable future; and
28. The Corporation is dependent on its workforce, distributors and project engineering service providers to sell and deliver its products and services. Developments such as social distancing and shelter-in-place directives related to the COVID-19 outbreak have impacted the Corporation's ability to deploy its workforce effectively. These same developments may affect the operations of the Corporation's suppliers as their own workforces and operations are disrupted by efforts to curtail the spread of this virus. The effectiveness of remote work environments and hosted services may also be constrained due to unprecedented levels of internet usage stemming from the COVID-19 outbreak. The Corporation's research and development activities may also be impacted by the COVID-19 outbreak as well as travel restrictions. While expected to be temporary, these disruptions may negatively impact the Corporation's sales, its results of operations, financial condition, and liquidity in 2022.

Critical Accounting Estimates

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

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

Foreign currency translation

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

Asset impairment

Assets are reviewed for an indication of impairment at each statement of financial position date. If an indication of impairment exists, the asset's recoverable amount is estimated. Numerous factors can be used to trigger an impairment review and significant estimates and assumptions could be used to determine if impairment exists. These could include estimates of future cash flows, interest and discount rates, etc. As at December 31, 2022 no impairments of long-lived assets were recognized except as disclosed below for 2021.

The Corporation recorded a capital asset impairment charge of \$522 in 2021 against the contract receivable balance owed by Stelco Algae due to the uncertainty to secure future project financing for the Stelco project and any related recovery.

Research & development tax credits and government assistance

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

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

Non-IFRS Measures

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

Changes in Accounting Policies

Standards, interpretations and amendments to published standards adopted

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 were effective for annual periods beginning on or after January 1, 2022 and the adoption did not have an impact on the 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 were effective for annual periods beginning on or after January 1, 2022, and the adoption did not have an impact on the 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 were effective for annual periods beginning on or after January 1, 2022, with comparative figures not restated. Their adoption did not have an impact on the 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 the financial statements.

Caution Regarding Forward-looking Statements

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

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

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

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

Additional Information

Additional Information concerning the Corporation is available on SEDAR at www.sedar.com under the Corporation’s profile.