



**POND TECHNOLOGIES HOLDINGS INC.**

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2024**

**(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 Consolidated Statements of Financial Position

(Canadian dollars in thousands)

(Unaudited)

	Note	Sept 30, 2024	Dec 31, 2023
<b>Assets</b>			
<b>Current assets</b>			
Cash		\$ 109	\$ 84
Receivables	3	280	830
Inventories	4	256	302
Prepaid expenses and other assets		143	94
		<b>788</b>	<b>1,311</b>
<b>Non-Current assets</b>			
Costs of contracts	5	597	597
Intangibles	6	995	1,099
Capital assets	7	570	668
Right-of-use assets	11	268	336
<b>Total assets</b>		<b>\$ 3,217</b>	<b>\$ 4,010</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	8	\$ 2,767	\$ 2,698
Current portion of loans & short term advances	9	3,990	2,265
Current portion of convertible debenture	10	1,840	1,791
Current portion of lease liabilities	11	98	90
Deferred contract revenue		1,572	1,572
		<b>10,268</b>	<b>8,416</b>
<b>Non-Current liabilities</b>			
Long-term portion of loans payable	9	-	65
Long-term portion of lease liabilities	11	230	304
<b>Total liabilities</b>		<b>10,498</b>	<b>8,785</b>
<b>Shareholders' equity (deficiency)</b>			
Share capital	12	44,605	44,399
Share-based payment reserve	12	4,018	4,166
Accumulated deficit		(55,903)	(53,340)
<b>Shareholders' equity (deficiency)</b>		<b>(7,280)</b>	<b>(4,775)</b>
<b>Total liabilities and shareholders' equity (deficiency)</b>		<b>\$ 3,217</b>	<b>\$ 4,010</b>

Reporting Entity and going concern (Note 1)

Subsequent events (Note 18)

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 Consolidated Statements of Loss and Comprehensive Loss

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

(Unaudited)

	Note	Three Months Ended Sept 30,		Nine Months Ended Sept 30,	
		2024	2023	2024	2023
<b>Revenue</b>					
Revenue	13	\$ 362	\$ 1,308	1,588	\$ 3,283
<b>Expenses</b>					
Direct costs and expenses	13	257	1,026	1,156	2,559
Operating expenses	14	499	485	1,433	1,452
General and administrative expense	14	137	362	596	1,050
Amortization	6,7,11	87	143	261	428
Stock-based compensation	12	22	54	57	398
		1,001	2,070	3,501	5,886
<b>Operating loss</b>		<b>(640)</b>	<b>(762)</b>	<b>(1,915)</b>	<b>(2,603)</b>
<b>Other income / (expense)</b>					
Financial expenses	15	(242)	(136)	(648)	(407)
Loss on sale of capital asset		-	-	-	(3)
<b>Net loss and comprehensive loss</b>		<b>\$ (883)</b>	<b>(898)</b>	<b>(2,563)</b>	<b>\$ (3,013)</b>
<b>Weighted average number of shares outstanding</b>					
		<b>78,092,225</b>	74,099,575	<b>77,122,694</b>	71,476,875
<b>Earnings (loss) per share, basic and diluted</b>		<b>\$ (0.01)</b>	<b>\$ (0.01)</b>	<b>(0.03)</b>	<b>\$ (0.04)</b>

See accompanying notes to the consolidated financial statements

# Pond Technologies Holdings Inc.

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

For the nine months ended September 30, 2024 and 2023

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

(Unaudited)

	Number of Shares	Number of Warrants	Share Capital Common Shares	Share-based Payment Reserve	Accumulated Deficit	Total
<b>Balance - December 31, 2022</b>	<b>66,055,690</b>	<b>12,104,363</b>	<b>\$ 39,134</b>	<b>\$ 8,469</b>	<b>\$ (49,866)</b>	<b>\$ (2,263)</b>
Shares issued (Note 12)	7,111,427	-	531	-	-	531
Shares issued from restricted share units (Note 12)	3,350,000	-	235	(235)	-	-
Shares issued from deferred share units (Note 12)	94,958	-	49	(49)	-	-
Issuance costs	-	-	(15)	-	-	(15)
Warrants & Agent warrants expired (Note 12)	-	(12,104,363)	4,463	(4,463)	-	-
Share-based compensation expense	-	-	(47)	445	-	398
Net loss for the period	-	-	-	-	(3,013)	(3,013)
<b>Balance - Sept 30, 2023</b>	<b>76,612,075</b>	<b>-</b>	<b>44,348</b>	<b>4,168</b>	<b>(52,879)</b>	<b>(4,362)</b>
Shares issued (Note 12)	-	-	-	-	-	-
Shares issued restricted share units (Note 12)	33,800	-	3	(3)	-	-
Shares issued from deferred share units (Note 12)	-	-	-	-	-	-
Issuance costs	-	-	-	-	-	-
Warrants & Agent warrants expired (Note 12)	-	-	-	-	-	-
Share-based compensation expense	-	-	47	1	-	48
Net loss for the period	-	-	-	-	(461)	(461)
<b>Balance - December 31, 2023</b>	<b>76,645,875</b>	<b>-</b>	<b>44,399</b>	<b>4,166</b>	<b>(53,340)</b>	<b>(4,775)</b>
Shares issued from restricted share units	1,446,350	-	123	(123)	-	-
Share options expired	-	-	83	(84)	-	(1)
Stock-based compensation expense	-	-	-	57	-	57
Net loss for the period	-	-	-	-	(2,563)	(2,563)
<b>Balance - Sept 30, 2024</b>	<b>78,092,225</b>	<b>-</b>	<b>\$ 44,605</b>	<b>\$ 4,018</b>	<b>\$ (55,903)</b>	<b>\$ (7,281)</b>

See accompanying notes to the consolidated financial statements.

# Pond Technologies Holdings Inc.

## Interim Consolidated Statement of Cash Flows

(Canadian dollars in thousands)

(Unaudited)

<b>For the nine months ended</b>	Note	<b>Sept 30, 2024</b>	Sept 30, 2023
<b>Operating Activities</b>			
Cash receipts from customers		\$ 2,225	\$ 3,469
Cash paid to suppliers and employees		(3,806)	(4,221)
Interest paid		-	(30)
Interest received		1	-
<b>Cash used in operating activities</b>		<b>(1,580)</b>	<b>(782)</b>
<b>Investing Activities</b>			
Patent costs incurred	8	-	-
Purchase of capital assets	7	-	(23)
<b>Cash used in investing activities</b>		<b>-</b>	<b>(23)</b>
<b>Financing Activities</b>			
Proceeds from issuance of shares and units, net of issuance costs	12	-	422
Short-term advances and proceeds from loan	9	1,700	500
Repayment of lease liabilities	10	(65)	(93)
Repayments of loans	9	(30)	(150)
<b>Cash used in financing activities</b>		<b>1,605</b>	<b>679</b>
<b>Net change in cash</b>		<b>25</b>	<b>(126)</b>
<b>Cash beginning of year</b>		<b>84</b>	<b>196</b>
<b>Cash, end of year</b>		<b>\$ 109</b>	<b>\$ 70</b>

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, 2024 and 2023

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

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## 1. REPORTING ENTITY AND GOING CONCERN

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

The Company’s primary business is to pursue microalgal biomass cultivation using available sources of carbon dioxide (“CO<sub>2</sub>”), including CO<sub>2</sub> rich emission sources from industrial plants and the licensing of its technology. The resultant algae can be used in the production of nutraceuticals, commonly known as superfoods, growth of unique algae strains for the expression of complex proteins used in diagnostics and therapeutic treatments, aquaculture, and animal feeds. The Company has formed a nutraceutical business segment and is actively pursuing opportunities in the nutraceutical and superfood marketplace.

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

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

For the three and nine months ended Sept 30, 2024, the Company recorded a net loss from continuing operations of \$883 and \$2,563 respectively (2023 – \$898 and \$3,013). 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 25, 2024.

### *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 2023 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, 2024 and 2023

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

### 2. BASIS OF PREPARATION (Continued)

#### **Recent Accounting Pronouncements**

##### **New standards adopted**

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

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

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

### 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 \$171 (Dec. 31, 2023: \$146).

	Sept 30, 2024	Dec 31, 2023
Customer accounts	\$ 222	\$ 810
Government receivables	58	20
	<b>\$ 280</b>	<b>\$ 830</b>

	Sep 30, 2024	Dec 31, 2023
Current	\$ 109	\$ 684
Past due but not impaired trade receivables, net		
Under 30 days	24	43
30 - 60 days	1	47
60-90 days	96	21
over 90 days	50	35
Total receivables	<b>\$ 280</b>	<b>\$ 830</b>

### 4. INVENTORIES

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

	Sept 30, 2024	Dec 31, 2023
Raw materials	\$ 158	\$ 55
Work-in-process	1	1
Finished goods	97	246
	<b>\$ 256</b>	<b>\$ 302</b>

The cost of nutraceutical inventories recognized as an expense during the nine-month period in respect of continuing operations was \$1,588 (September 30, 2023 - \$2,469). During the nine months ended, September 30, 2024, the Company recorded \$Nil write-downs of inventory (September 2023: \$Nil).

## Pond Technologies Holdings Inc.

Notes to Interim condensed Consolidated financial statements

For the Three and Nine Months Ended September 30, 2024 and 2023

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

### 5. COSTS OF CONTRACT

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

	Sept 30, 2024		Dec 31, 2023
Balance, beginning of year	\$ 597	\$	647
Costs incurred during the year	-		38
Costs recognized as direct costs and expenses during the year	-		(88)
<b>Balance, end of period</b>	<b>\$ 597</b>	<b>\$</b>	<b>597</b>

### 6. INTANGIBLES

<b>Costs</b>	Patent Filing Costs and Acquired Intellectual Property		Distribution Rights	Total
	\$	\$	\$	\$
Balance, December 31, 2022	2,797	640	-	3,437
Additions	-	-	-	-
Disposals	-	-	-	-
<b>Balance, September 30 and December, 2023</b>	<b>2,797</b>	<b>640</b>	<b>-</b>	<b>3,437</b>
Additions	-	-	-	-
Disposals	-	-	-	-
<b>Balance, September 30, 2024</b>	<b>2,797</b>	<b>640</b>	<b>-</b>	<b>3,437</b>
<b>Accumulated amortization</b>				
Balance, December 31, 2022	1,560	506	-	2,066
Additions	105	108	-	213
Disposals	-	-	-	-
<b>Balance, September 30, 2023</b>	<b>1,665</b>	<b>614</b>	<b>-</b>	<b>2,279</b>
Additions	33	26	-	59
Disposals	-	-	-	-
<b>Balance, December 31, 2023</b>	<b>1,698</b>	<b>640</b>	<b>-</b>	<b>2,338</b>
Additions	104	-	-	104
Disposals	-	-	-	-
<b>Balance, September 30, 2024</b>	<b>\$ 1,802</b>	<b>\$ 640</b>	<b>\$ -</b>	<b>\$ 2,442</b>
<i>Net carrying amount</i>				
Balance, December 31, 2023	\$ 1,099	\$ -	\$ -	\$ 1,099
<b>Balance, September 30, 2024</b>	<b>\$ 995</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 995</b>

## Pond Technologies Holdings Inc.

Notes to Interim condensed Consolidated financial statements

For the Three and Nine Months Ended September 30, 2024 and 2023

(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
<b>Cost</b>							
Balance, December 31, 2022	\$	2,926	\$	129	\$	154	\$ 3,209
Additions		138		-		-	138
Disposals		(43)		-		-	(43)
Balance, September 30, 2023		3,021		129		154	3,304
Additions		(115)		-		-	(115)
Disposals		(20)		-		-	(20)
<b>Balance, December 31, 2023</b>		<b>2,886</b>		<b>129</b>		<b>154</b>	<b>3,169</b>
Additions		-		-		-	-
Disposals		-		-		-	-
<b>Balance, September 30, 2024</b>		<b>2,886</b>		<b>129</b>		<b>308</b>	<b>3,169</b>
<b>Accumulated amortization</b>							
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
Amortization and depletion		46		1		2	49
Disposals		1		-		-	1
Loss on impairment		152		-		-	152
<b>Balance, December 31 2023</b>		<b>2,274</b>		<b>93</b>		<b>134</b>	<b>2,501</b>
Amortization and depletion		85		3		10	98
Disposals		-		-		-	-
<b>Balance, September 30 2024</b>	\$	<b>2,359</b>	\$	<b>96</b>	\$	<b>144</b>	\$ <b>2,599</b>
<i>Net carrying amount</i>							
Balance, December 31, 2023	\$	612	\$	36	\$	20	\$ 668
<b>Balance, September 30, 2024</b>	\$	<b>527</b>	\$	<b>33</b>	\$	<b>164</b>	\$ <b>570</b>

## Pond Technologies Holdings Inc.

Notes to Interim condensed Consolidated financial statements

For the Three and Nine Months Ended September 30, 2024 and 2023

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

### 8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	Sept 30, 2024	Dec 31, 2023
Accounts payable	\$ 981	\$ 1,523
Interest payable	995	338
Accrued liabilities	790	837
	<b>\$ 2,767</b>	<b>\$ 2,698</b>

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

### 9. LOANS PAYABLE

#### Loans

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

	CW(i)	STA(ii)	CEBA (iii)	SMC (iv)	Total
Balance, December 31, 2022	\$ 1,590	\$ -	\$ 40	\$ -	\$ 1,630
Advances	-	2,225	-	65	2,290
Repayments/settlement	(1,590)	-	-	-	(1,590)
Balance, December 31, 2023	-	2,225	40	65	2,330
Advances	-	1,700	-	-	1,700
Repayments/settlement	-	-	(40)	-	(40)
<b>Balance, September 30, 2024</b>	<b>\$ -</b>	<b>\$ 3,925</b>	<b>\$ -</b>	<b>\$ 65</b>	<b>\$ 3,990</b>
<b>Less: Current portion of loans payable</b>	<b>\$ -</b>	<b>\$ 3,925</b>	<b>\$ -</b>	<b>\$ 65</b>	<b>\$ 3,990</b>
<b>Long-term portion of loans payable</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

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

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

## Pond Technologies Holdings Inc.

Notes to Interim condensed Consolidated financial statements

For the Three and Nine Months Ended September 30, 2024 and 2023

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

### 9. LOANS PAYABLE (continued)

#### (ii) Short Term Advances (“STA”)

On October 30, 2023 Pond received a temporary short-term advance (“STA”) of \$1,200 from Colmac to settle the Crystal Wealth loan on a full and final basis. On November 28, 2023 and December 28, 2023 Pond received further STAs of \$125 and \$100 from Colmac for working capital purposes. During the three & nine months ended September 30, 2024 the Company received further advances totaling \$450 and \$1,700 respectively. The STAs incur an interest rate of 15% and is to be repaid in full, from the proceeds of the \$8,000 convertible debentures private placement and are secured against Pond Technologies Inc. assets.

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

#### (iii) Canada Emergency Business Account program (“CEBA”)

On April 20, 2020 the Company entered into a \$40 non-revolving loan agreement with TD Canada Trust under the Canada Emergency Business Account program (“CEBA”). The CEBA loan has a nil interest rate for the initial term of the loan which ends on December 31, 2023 and a 5% interest rate, payable monthly during the extended term which ends on December 31, 2025. On January 16, 2024 the Company repaid \$30 and qualified for the \$10 repayment principal discount which was forgiven.

#### (iv) St Marys Cement Inc. (Canada) (SMC)

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

### 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 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, 2022	\$	1,724
Interest accretion		67
Repayments		-
Convertible Debenture - December 31, 2023		1,791
Interest accretion		49
Repayments		-
<b>Convertible Debenture - September 30, 2024</b>	<b>\$</b>	<b>1,840</b>
<b>Less: Current portion of Convertible Debenture</b>	<b>\$</b>	<b>1,840</b>
<b>Long-term portion of Convertible Debenture</b>	<b>\$</b>	<b>-</b>

## Pond Technologies Holdings Inc.

Notes to Interim condensed Consolidated financial statements

For the Three and Nine Months Ended September 30, 2024 and 2023

(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, 2022	\$	470
Interest on lease liabilities		49
Lease payments		(125)
Lease liabilities, December 31, 2023		394
Interest on lease liabilities		33
Lease payments		(99)
<b>Lease liabilities, September 30, 2024</b>	<b>\$</b>	<b>328</b>

	Sept 30, 2024	Dec 31, 2023
Current	\$ 101	\$ 90
Non-current :		
Year 2	86	105
Year 3	72	75
Year 4	69	75
Years 5+	-	25
<b>Lease liabilities</b>	<b>\$ 328</b>	<b>\$ 369</b>

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

Right-of-use asset, December 31, 2022	\$	426
Additions		-
Amortization		(90)
Right-of-use asset, December 31, 2023		336
Additions		-
Amortization		(68)
<b>Right-of-use asset, September 30, 2024</b>	<b>\$</b>	<b>268</b>

Amounts recognized in statement of loss and comprehensive loss:

	Sept 30, 2024	Dec 31, 2023
Amortization for right-of-use asset	\$ 68	\$ 90
Interest expense on lease liabilities	99	49
	<b>\$ 167</b>	<b>\$ 139</b>

## Pond Technologies Holdings Inc.

Notes to Interim condensed Consolidated financial statements

For the Three and Nine Months Ended September 30, 2024 and 2023

(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, 2022	66,055,690	\$ 39,134
Share issuance, private placements & debt settlement	7,111,427	531
Shares issued from restricted share units	3,383,800	237
Shares issued from deferred share units	94,958	49
Issuance costs	-	(15)
Expired warrants and Agent warrants	-	4,463
Balance, as at December 31, 2023	76,645,875	44,399
Shares issued from restricted share units	1,446,350	123
Share options expired	-	83
<b>Balance, as at September 30, 2024</b>	<b>78,092,225</b>	<b>\$ 44,605</b>

#### ***Transactions in 2024***

On May 30, 2024, 1,446,350 RSUs were converted to common shares at a total fair value of \$123.

#### ***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 total cash proceeds of \$51 pursuant to a non-brokered private placement.

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

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

#### *Equity incentive plan*

At a meeting of the Company's shareholders held on June 28, 2022, the shareholders approved an Equity Incentive Plan ("EIP") and the EIP was subsequently approved by the TSXV on September 1, 2022 and by the Company shareholders on June 19, 2023 and July 30, 2024. The EIP allows the Company to compensate eligible participants from time to time, through the granting of common share rights under three separate new plans. The three new plans include a share options plan, deferred share units plan ("DSU") and restricted share units plan ("RSU"). The Company is not able to grant further share options under the share option plan which was in place prior to the adoption of the EIP.

## Pond Technologies Holdings Inc.

Notes to Interim condensed Consolidated financial statements

For the Three and Nine Months Ended September 30, 2024 and 2023

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

### 12. SHARE CAPITAL (Continued)

#### *Equity incentive plan (Continued)*

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

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

#### *Stock options*

<b>Stock Options</b>	<b>Number of options outstanding</b>	<b>Weighted average exercise</b>
Balance, as at December 31, 2022 & 2023	705,000	0.39
Granted during period	-	0.00
Expired during the period	(200,000)	0.10
<b>Balance, as at September 30, 2024</b>	<b>505,000</b>	<b>0.29</b>

During the year ended December 31, 2023, and the nine months ended September 30, 2024 the Company granted Nil stock options.

As at September 30, 2024, 505,000 (2023 – 705,000) stock options were exercisable and the weighted average remaining contractual lives of the stock options was 1.27 years (2023 – 1.79 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 ("DSUs") in any year, based on the terms and conditions of the Deferred Share Unit Plan ("Plan") which was established on October 11, 2018 and amended in September 2022. A deferred share unit account ("DSU Account") is established for each participant and is credited with notional grants of DSU's to which each participant is entitled. Settlement of the DSUs shall be satisfied through the issuance of shares, payment of cash or combination thereof as determined by the Company.

The number of DSU's granted to a participant's DSU Account is determined quarterly, based on the monetary amount of the participant's annual fee compensation and the greater of \$0.50 and the closing price of the Company's common shares on the TSX on the date of grant. At such time as a director cease 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, 2024 there were 981,910 shares reserved for issuance on settlement of DSUs (September 30, 2023: 833,576) for which the Company recognized a \$57 (2023: \$55) to share-based payment reserve for the nine months ended September 30, 2024.

#### *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.

## Pond Technologies Holdings Inc.

Notes to Interim condensed Consolidated financial statements

For the Three and Nine Months Ended September 30, 2024 and 2023

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

### 12. SHARE CAPITAL (Continued)

#### *Restricted share units (Continued)*

As at September 30, 2024 there were 136,250 common shares reserved for issuance on settlement of RSUs (September 2023: 1,651,500). During the quarter and nine month ended September 30, 2024 the Company granted Nil RSU's. On May 30, 2024 the Company issued 1,446,350 common shares of the Company to RSU Awardees holding fully vested RSUs, requesting to settle their RSUs into common shares of the Company and pursuant to the Company's Equity Incentive Plan.

For the nine months ended September 30, 2024, the Company recognized a \$Nil charge to share-based payment reserve (September 30, 2023: \$340). All 136,250 RSUs were fully vested as at September 30, 2024 and expire on November 2, 2025.

#### *Share-based payment reserve*

Share-based payment reserve is comprised of the following:

	Sept 30, 2024		Dec 31, 2023
Stock based compensation	\$ 3,788	\$	3,969
Warrants and Agent Warrants	-		-
Convertible Debenture	230		197
	\$ 4,018	\$	4,166

#### *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
	Warrants	Agent Warrants	Total	(\$000's)
Balance, as at December 31 2022	11,666,667	437,696	12,104,363	\$ 4,463
Warrants expired	(11,666,667)	(437,696)	(12,104,363)	(4,463)
Balance, as at December 31, 2023	-	-	-	-
Warrants issued and expired	-	-	-	-
<b>Balance, as at September 30, 2024</b>	-	-	-	\$ -

As at September 30, 2024, Nil warrants and Nil Agent Warrants were outstanding (September 2023 – Nil warrants and Nil Agent Warrants), with an average exercise price of \$Nil (September 2023: Nil, respectively and an average estimated life of 0.0 years (September 2023: 0.0).

### 13. REVENUE AND DEFERRED CONTRACT REVENUE

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

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

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

Notes to Interim condensed Consolidated financial statements

For the Three and Nine Months Ended September 30, 2024 and 2023

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

### 13 REVENUE AND DEFERRED CONTRACT REVENUE (Continued)

#### *Deferred Contract Revenue*

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

	<b>Sept 30, 2024</b>		Dec 31, 2023
Balance, beginning of year	\$ 1,572	\$	1,610
Related revenue earned during the period	-		(142)
Payments received during the period	-		104
	<b>\$ 1,572</b>	<b>\$</b>	<b>1,572</b>

### 14. BREAK DOWN OF EXPENSES

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

	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>Sep 30, 2024</b>	<b>Sep 30, 2023</b>	<b>Sep 30, 2024</b>	<b>Sep 30, 2023</b>
<i>Operating expenses</i>				
Salaries and benefits	\$ 407	\$ 416	1,218	1,217
Travel and transportation	20	20	59	57
Project supplies and maintenance	72	49	156	178
	<b>\$ 499</b>	<b>\$ 485</b>	<b>1,433</b>	<b>1,452</b>
<i>General and administrative expenses</i>				
Audit & accounting	\$ 37	\$ 26	131	101
Computer & subscriptions	18	15	56	58
Consulting and advisory services	29	65	150	152
Investor relations	23	173	87	484
Legal	8	16	20	97
Marketing	5	5	9	14
Office expense	5	1	6	1
Other general and administrative expenses	12	61	137	143
	<b>\$ 137</b>	<b>\$ 362</b>	<b>596</b>	<b>1,050</b>

## Pond Technologies Holdings Inc.

Notes to Interim condensed Consolidated financial statements

For the Three and Nine Months Ended September 30, 2024 and 2023

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

### 15. FINANCIAL EXPENSES

The details for financial expenses are as follows:

	Three Months Ended		Nine Months Ended	
	Sept 30, 2024	Sept 30, 2023	Sept 30, 2024	Sept 30, 2023
Interest expense on loans	\$ 138	44	\$ 353	\$ 133
Interest on debenture	72	56	200	166
Accretion on debenture	16	17	48	50
Interest on lease obligations	10	13	29	40
Bank and other expenses	5	5	17	17
	\$ 242	\$ 136	\$ 648	\$ 407

### 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:

	2024	2023
<b><i>Transactions nine months ended September 30:</i></b>		
Debenture effective interest - GV	\$ 248	\$ 216
Loan interest to shareholders - Colmac (Note 9)	348	15
<b><i>Balances, September 30, 2024 &amp; December 31, 2023:</i></b>		
Convertible debenture - GV (Note 10)	1,840	1,791
Short-term advances (Note 9)	3,925	2,225
Director fees payable	102	80
Accounts payable and accrued liabilities	\$ 1,363	\$ 815

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

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

## Pond Technologies Holdings Inc.

Notes to Interim condensed Consolidated financial statements

For the Three and Nine Months Ended September 30, 2024 and 2023

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

### 16. RELATED PARTY TRANSACTIONS (Continued)

Key management compensation is comprised of:

	Three Months Ended Sept. 30,		Nine Months Ended Sept. 30,	
	2024	2023	2024	2023
Stock based compensation	\$ -	\$ 15	\$ -	\$ 272
Director fees	29	20	78	67
Salaries and benefits included in operating expenses	\$ 147	\$ 147	\$ 291	\$ 435

### 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 three months ended September 30, 2024, 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.

Notes to Interim condensed Consolidated financial statements

For the Three and Nine Months Ended September 30, 2024 and 2023

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

### 17. SEGMENTED INFORMATION (Continued)

#### Reportable Segments

For the three months ended September 30, 2024

Consolidated Statements of Financial Position As at September 30, 2024	Nutraceutical Products	Technology Services	Corporate	Total
<b>Non-Current Assets</b>				
Intangibles	\$ -	\$ 995	\$ -	\$ 995
Capital assets	484	86	-	570
Right-of-use asset	\$ 45	\$ 223	\$ -	\$ 268

Consolidated Statement of Loss & Comprehensive Loss	For the Three Months Ended Sept 30, 2024			
	Nutraceutical Products	Technology Services	Other	Total
Revenue:				
Nutraceutical products	\$ 362	\$ -	\$ -	\$ 362
Technology services	-	-	-	-
	362	-	-	362
Direct costs and expenses:				
Nutraceutical products	(257)	-	-	(257)
Technology services	-	-	-	-
Operating Expenses	(147)	(352)	-	(499)
General and administrative expenses	(11)	(103)	(23)	(137)
Amortization & depletion	(34)	(53)	-	(87)
Stock-based compensation	-	-	(21)	(22)
Operating loss	(88)	(508)	(43)	(640)
Other income / (expense):				
Finance expenses	(4)	(151)	(87)	(242)
<b>Net loss and comprehensive loss</b>	<b>\$ (91)</b>	<b>\$ (659)</b>	<b>\$ (130)</b>	<b>\$ (883)</b>

## Pond Technologies Holdings Inc.

Notes to Interim condensed Consolidated financial statements

For the Three and Nine Months Ended September 30, 2024 and 2023

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

### 17. SEGMENTED INFORMATION (Continued)

#### Reportable Segments (Continued)

#### For the three months ended September 30, 2023

Consolidated Statements of Financial Position As at Sept 30, 2023				
	Nutraceutical Products	Technology Services	Corporate	Total
<b>Non-Current Assets</b>				
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			
	Nutraceutical Products	Technology Services	Other	Total
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	-	-	-	-
<b>Net loss and comprehensive loss</b>	<b>\$ 115</b>	<b>\$ (728)</b>	<b>\$ (284)</b>	<b>\$ (898)</b>

### 18. SUBSEQUENT EVENT

#### Convertible Debentures Financing

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

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

## **Pond Technologies Holdings Inc.**

Notes to Interim condensed Consolidated financial statements

For the Three and Nine Months Ended September 30, 2024 and 2023

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

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The net proceeds of the Convertible Debenture private placement are to be used for the repayment of the Short Term Advances (Note 9 (ii)) which included the settlement of the Crystal Wealth loan on October 30, 2023 and for growth working capital and general corporate purposes.