

POND TECHNOLOGIES HOLDINGS INC.

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

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



Dated April 29, 2024

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

Introduction

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

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

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

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

Description of Business

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

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

2023 Highlights

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

Group operating highlights

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

Outlook and Strategy

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

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

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

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

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

Technology Developments

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

Technology Developments

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

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

Pond Carbon

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

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

Pond BioTech

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

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

Pond Naturals – Regenurex

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

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

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

Overview of Financial Results

Selected Annual Information

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

Selected Quarterly Information

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

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Selected Financial Information

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

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

Note:

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

Discussion of Continuing Operations

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

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

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

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

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

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

The changes by business segment are as follows:

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

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

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

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

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

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

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

d. Amortization – Increase of \$42:

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

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

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

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

1) *Revenue decreased by \$594*

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

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

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

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

Summary of Quarterly Results

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

Note:

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

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

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

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

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

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

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

Liquidity and Capital Resources

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

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

Commitments and Contingencies

Loans and Temporary Advances

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

Promissory Note - Convertible Debenture

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

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

Leases

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

Contingencies

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

Litigation and Potential Arbitration

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

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

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

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

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

Outstanding Share Data

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

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

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

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

Off-Balance Sheet Arrangements

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

Related Party Transactions

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

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

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

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

Key Management Compensation

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

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

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

Recent Developments

Crystal Wealth Management System Ltd. Settlement

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

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

Directors

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

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

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

Convertible Promissory Note

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

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

Security Based Compensation Plan

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

AB Agri Agreements

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

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

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

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

Non-Brokered private placements 2022

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

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

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

Non—Brokered and RSU Share Conversion Transactions in 2023

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

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

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

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

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

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

Shares issued for Exchangeable reserve shares

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

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

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

Pembina – Contingent Asset

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

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

Convertible Debentures Financing

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

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

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

Financial Instruments and Other Instruments

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

Short-term Advances

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

Canada Emergency Business Account program ("CEBA")

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

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

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

Georgian Villas Inc. – Convertible Note

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

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

SMC Loan

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

Risk Factors

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

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

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

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

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

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

Critical Accounting Estimates

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

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

Foreign currency translation

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

Asset impairment

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

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

Research & development tax credits and government assistance

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

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

Non-IFRS Measures

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

Changes in Accounting Policies

Standards, interpretations and amendments to published standards adopted

Adoption to amendments to IASB 1 Presentation of Financial Statements

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

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

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

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

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

Caution Regarding Forward-looking Statements

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

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

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

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

Additional Information

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