

# **POND TECHNOLOGIES HOLDINGS INC.**

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF  
FINANCIAL CONDITION AND RESULTS OF OPERATIONS  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2025**



**Dated December 1, 2025**

# Pond Technologies Holdings Inc.

## Management's Discussion and Analysis

### For the Nine Months Ended September 30, 2025

All amounts are in 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 "Company") constitutes management's review of the Company's financial and operating performance for the nine months ended September 30, 2025, financial condition and future prospects. Except as otherwise noted, this MD&A is dated December 1, 2025 and should be read in conjunction with the unaudited condensed interim consolidated financial statements of Pond Technologies Holdings Inc. for the nine months ended September 30, 2025 and 2024, along with the audited consolidated financial statements for the years ended December 31, 2024 and 2023 and the related notes thereto (the "Financial Statements").

Pond is incorporated under the *Business Company Act* of Alberta. As of February 6, 2018, the Company's shares began trading on the TSX Venture Exchange ("TSXV") under the new trading symbol "POND." As of January 29, 2020 the Company's shares began trading on the OTC market under the trading symbol "PNDH." As of October 28, 2025, Pond's shares have been halted further to its announcement that it has entered into a Letter of Intent ("LOI") with Find Familiar Spirits, LLC ("FFS") to purchase the outstanding share of FFS. During negotiation of a definitive agreement with FFS, Pond's shares will remain halted on all exchanges. Those discussions towards a definitive agreement with FFS remain active and ongoing.

This MD&A is prepared as at December 1, 2025 and is current to that date unless otherwise stated. The financial statements of the Company and extracts of those financial statements provided within this MD&A have been prepared in Canadian dollars and 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 Company and its operations is available on Pond's website at [www.pondtech.com](http://www.pondtech.com) or on the System for Electronic Documents Analysis and Retrieval ("SEDAR+") at [www.sedarplus.ca](http://www.sedarplus.ca).

#### Description of Business

The Company is commercializing its patent protected algae growing platform, which converts carbon dioxide (CO<sub>2</sub>) into algal-based commercial products. Its algae growing platform converts the CO<sub>2</sub> found in the untreated and treated stack gas of industrial emitters into animal feed, human dietary supplements and nutraceuticals. 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 research and development, Pond has developed a robust disruptive technology platform based on the data it has collected, proprietary LED-lights, and patented CO<sub>2</sub> 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 technology division to focus on absorbing greenhouse gas emissions, transforming these into food, feed, and nutraceutical ingredients.

The Company's focus is on the high demand natural food colours market. These high value derivatives of algae allow Pond to commercialize its technology at a smaller scale, helping to reduce some of the risk associated with scaling as it looks to commercialize the adoption of its integrated proprietary algae growth platform.

# Pond Technologies Holdings Inc.

## Management's Discussion and Analysis

### For the Nine Months Ended September 30, 2025

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#### September 30, 2025 Highlights

Financial and continuing operations highlights for the nine months ended September 30, 2025:

- **Decrease in Operating Loss** – The operating loss of \$1,324 (2024 - \$1,857) was \$533 lower as compared to the comparative period. Sales revenue remained relatively the same with only a \$19 increase. The decrease reflects management's goal to reduce costs.
- **Decrease in Net Loss** – The net loss of \$2,127 (2024 - \$2,563) was \$436 lower as compared to the comparative period. The decrease in net loss is made up of the decrease in operating loss for the period of \$533, the increase in financial expenses of \$184, a decrease in share-based compensation \$41, and a gain on termination of lease of \$46.

#### 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 and sustainable food production.

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 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 Company's research and development work has positioned the Company 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 Company 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-based control technology, as well as its know-how and experience in growing multiple algae species. 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.

During 2024 and to date, Pond continues to work on and evolve its commercial "Black Box" system, which receives data from 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 photo bioreactors to enable biologists to make and control growth decisions using real-time data, improving algae productivity while reducing input costs.

**Pond Technologies Holdings Inc.**  
**Management's Discussion and Analysis**  
**For the Nine Months Ended September 30, 2025**

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Pond worked with an independent engineering group in 2024 to develop a feasibility study around a commercial spirulina/phycoerythrin extraction plant utilizing the information developed in 2023 around phycoerythrin extraction. The work on extraction continued throughout 2024. Future work will involve taking the lab scale results and scaling the process for commercial spirulina powder and phycoerythrin plant.

***Pond Technology ("Pond Tech")***

Pond Tech is at the heart of the Company's algae growth platform technology. Pond Tech is engaged in ongoing research, development and the sale of its algae and algae growth technology. Pond Tech also holds 41 technology patents and can issue licenses for access to our technology, as well as providing consulting and engineering support 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 entered and was awarded acceptance into the Agriculture Methane Reduction Challenge, a program administered by Agriculture and Agri-Food Canada (AAFC). From this, Pond received a grant of \$155 during the year ended December 31, 2024, completed its initial work in the first quarter with successful results and plans on further developing this strategy. Pond believes that its work around methane reducing algae is a key part of its strategy in creating demand for large scale algae production facilities.

***Pond Naturals – Ingredients and the Regenurex Brand***

***Ingredients***

Pond Ingredients experienced a significant decrease in revenue in 2024 due to the expiry of a long-term supplier contract in the Pond Naturals division and a resulting contraction of sales. With the addition of new suppliers and partnerships with contract manufacturers, we expect to regain most of the lost revenue in 2025. With the global trend towards the adoption of natural colours and natural extracts, and our knowledge of contacts and expertise in the supply side of these ingredients, we believe we are well positioned to significantly increase sales of these products in the food, beverage, wellness and nutraceutical industries.

***Regenurex Brand***

Throughout 2024, the Regenurex brand 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 nutraceuticals, food, and beverage. This strategic diversification has not only bolstered our market positioning but also mitigated our commercial risk. On September 1, 2025, Pond launched its Regenurex brand of Spirulina to the B to C market, increasing its online presence and broadening its market outreach.

In terms of financial performance, the Regenurex brand continued robust revenue growth in the first nine months of 2025. 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, the Regenurex brand remains steadfast in its commitment to maintaining our Food Safe GMP facility, with a successful GMP audit 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.

**Pond Technologies Holdings Inc.**  
**Management's Discussion and Analysis**  
**For the Nine Months Ended September 30, 2025**

**Overview of Financial Results**

Financial results (\$000s except per share amounts)	Three Months Ended September 30		Six Months Ended September 30	
	2025	2024	2025	2024
Revenue	\$ 565	\$ 362	\$ 1,607	\$ 1,588
Net loss and comprehensive loss	\$ (630)	\$ (883)	\$ (2,127)	\$ (2,563)
Net loss per share	\$ (0.01)	\$ (0.01)	\$ (0.03)	\$ (0.03)

**Selected Quarterly Information**

Basic loss per share is calculated by dividing the net loss by the weighted average number of shares issued and outstanding during the period.

**Summary of Quarterly Results**

Financial results (\$000s except per share amounts)	Sep 30 2025	Jun 30 2025	Mar 31 2025	Dec 31 2024	Sep 30 2024	Jun 30 2024	Mar 31 2024	Dec 31 2023
Revenue from operations	\$ 565	\$ 630	\$ 412	\$ 598	\$ 362	\$ 738	\$ 488	\$ 1,263
Net loss and comprehensive loss	\$ (630)	\$ (729)	\$ (768)	\$ (1,126)	\$ (883)	\$ (824)	\$ (856)	\$ (515)
Net loss per share	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.02)	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)
Cash used by operating activities	\$ (183)	\$ (370)	\$ (608)	\$ (503)	\$ (421)	\$ (674)	\$ (485)	\$ (463)
Capital expenditures and patents	\$ -	\$ -	\$ -	\$ (8)	\$ -	\$ -	\$ -	\$ -
Working capital	\$ (9,845)	\$ (9,295)	\$ (8,736)	\$ (8,805)	\$ (9,480)	\$ (8,683)	\$ (7,961)	\$ (7,106)

**Discussion of Operations**

**Net loss for the three months ended September 30, 2025**

During the quarter, revenues increased to \$565 (2024 - \$362), the operating loss decreased to \$379 (2024 - \$618), and finance expenses increased to \$291 (2024 - \$243) given the increased amount of debt. There was also a gain on termination of a lease in this quarter of \$46 (2024 - \$Nil). The overall result was a decrease in the net operating loss for the quarter of \$630 (2024 - \$883). The decrease in operating loss and net loss as compared to the comparative period reflects management's efforts to reduce costs.

**Net loss for the nine months ended September 30, 2025**

During the nine months ended September 30, 2025, revenues increased slightly to \$1,607 (2024 - \$1,588), the operating loss decreased to \$1,324 (2024 - \$1,857), and finance expenses increased to \$833 (2024 - \$649) given the increased amount of debt. There was also a gain on termination of a lease in this quarter of \$46 (2024 - \$Nil). The overall result

**Pond Technologies Holdings Inc.**  
**Management's Discussion and Analysis**  
**For the Nine Months Ended September 30, 2025**

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was a decrease in the net operating loss for the nine months of \$2,127 (2024 - \$2,563). The decrease in operating loss and net loss as compared to the comparative period reflects management's efforts to reduce costs.

**Liquidity and Capital Resources**

For the nine months ended September 30, 2025, the cash balance increased by \$26 to a cash balance of \$48 (2024 - \$22). This was a result of net cash used in operations for the nine months of \$1,161 (2024 - \$1,159) and net cash inflows of \$1,187 (2024 - \$1,177) with \$1,281 (2024 - \$1,250) received in advances.

Pond had a working capital deficiency at September 30, 2025 of \$9,845 (2024 - \$8,805).

**Commitments and Contingencies**

**Loans and Temporary Advances**

At September 30, 2025, \$4,856 (2024 - \$4,390) of the Company's loan obligations were current and due within one year and \$815 (2024 - \$Nil) was non-current.

**Convertible Debenture**

At September 30, 2025, the Company's convertible debenture balance to GV was \$1,834 (2024 - \$1,766). The convertible debenture was amended on November 15, 2021 to mature on November 15, 2024 and then extended to November 15, 2025 under the same terms. The convertible debenture bears interest at 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 Company has made no principal repayments since 2022.

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.

The debenture has been extended to November 15, 2026 under the same terms.

**Leases**

The Company entered into two premise leases with total lease payments of \$95 (2024 - \$99) for the nine months ended September 30, 2025. One of the leases contained renewal options and the Company included those renewal options on the measurement of lease obligations when it was reasonably certain that the Company would exercise the renewal option. Effective September 1, 2025, the Company cancelled the lease with renewal options and recorded a gain on termination of the lease of \$46. The Company entered into a six-month lease with the landlord which is treated as an operating lease for \$8 per month for the first two months and then \$7 for the remainder of the term. Future undiscounted lease payments are approximately \$53 (2024 - \$365) over 1 (2024 - 4) years.

**Contingencies**

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

**Pond Technologies Holdings Inc.**  
**Management's Discussion and Analysis**  
**For the Nine Months Ended September 30, 2025**

***Litigation and Potential Arbitration***

Concurrent with the closing of the Company's reverse take-over business combination with Pond Technologies Inc., the Company assigned all its rights and interest in all claims made by the Company in the existing litigation with Sinopec to Grizzly Resources Inc ("Grizzly"). Grizzly assumed the rights and interest and indemnified the Company from and against all of the Company'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 Company alleging a breach of a Mutual Confidentiality, Non-Disclosure and Non-Circumvention Agreement ("Agreement") signed on August 18, 2021. The Company has filed a Defense stating it has complied with the spirit of the Intent of the Agreement and Synergraze Inc. has not suffered any damages. The Company has also filed a Counter Claim alleging a breach of contract and breach of duty of confidence, and conversion by Synergraze Inc. The term of the Agreement expired on August 18, 2024.

On September 7, 2021, the Company entered into two contracts with AB Agri, a subsidiary of Associated British Foods (LSE:ABF) for the commercialization of algae-based animal feed ingredients from CO2 emissions. One agreement was an Engineering, Procurement and Supply Agreement ("EPC") where AB Agri agreed to purchase a pilot algae demonstration system from the Company to be installed in the UK for approximately \$2,900 and the second agreement was a Collaboration and Licence Agreement to access the Company's technology where the Company received an initial fee of GBP 500 for signing the agreements.

The EPC Agreement was terminated on July 10, 2023 and the Company entered into good faith negotiations to try and settle all disputed amounts owed to or from the Company arising from the termination of the Agreement. The Collaboration and Licence Agreement was formally cancelled by AB Agri on February 12, 2025. Due to the cancellation of the Collaboration and Licence Agreement and the amount of time which has passed without further communication between the parties on the EPC Agreement, Pond has booked all historical cash receipts and expenses incurred and relating to these agreements as a net gain on termination of \$974 to other income at September 30, 2025.

**Outstanding Share Data**

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

<b>Securities</b>	
Common shares	85,592,225
Warrants	20,000,000
Issuable under share options	400,000
Issuable under restricted share unit plan	4,521,250
Issuable under deferred share unit plan to directors	1,030,144

As of the date of this MD&A the Company has 85,592,225 common shares outstanding.

The Company has 20,000,000 warrants outstanding at an exercise price of \$0.05 per share that expire on June 1, 2028.

There are 400,000 stock options all of which are exercisable at a weighted average price of \$0.295 per share.

There are 4,521,250 shares reserved for issuance on settlement of RSUs of which 2,000,000 vest on March 3, 2026 at \$0.01 per share and 2,350,000 vest 1/3 per year starting March 3, 2026, March 3, 2027, and March 3, 2028 at \$0.01 per share.

There are 1,030,144 shares reserved for issuance on settlement of DSUs issued to directors at \$0.50 per share.

**Pond Technologies Holdings Inc.**  
**Management's Discussion and Analysis**  
**For the Nine Months Ended September 30, 2025**

**Off-Balance Sheet Arrangements**

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

**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 key management personnel including Directors. Details of these transactions and period end balances are as follows:

	<b>September 30 2025</b>	September 30 2024
Debtore effective interest - GV (Note 11)	\$ 175	\$ 248
Convertible debtore - GV (Note 11)	\$ 1,834	\$ 1,840
Loans and short-term advances (Note 10)	\$ 5,606	\$ 3,925
Director fees payable	\$ 80	\$ 102
Accounts payable and accrued liabilities	\$ 2,391	\$ 1,363

The Company defines key management personnel as its Chief Executive Officer, Chief Financial Officer, and Chief Operating Officer and members of the 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 share options and RSUs at the discretion of the Board of Directors.

Key management compensation is comprised of:

	<b>Three months ended</b>		<b>Nine months ended</b>	
	<b>September 30 2025</b>	September 30 2024	<b>September 30 2025</b>	September 30 2024
Director fees included in advisory services	\$ -	\$ 29	\$ -	\$ 78
Salaries, benefits and consulting fees included in operating activities	\$ 157	\$ 147	\$ 349	\$ 291
Share-based compensation	\$ 5	\$ -	\$ 11	\$ -

**Recent Developments**

**Directors**

On September 30, 2024, at the Company's Annual and Special Meeting of Shareholders, Robert McLeese, Grant Smith, William Asselstine and John M Farah Jr. were re-elected as directors and Harold James Blake and John M Duncanson were elected as directors. Harold James Blake resigned as a director of Pond effective October 22, 2025.

**Pond Technologies Holdings Inc.**  
**Management's Discussion and Analysis**  
**For the Nine Months Ended September 30, 2025**

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***Common Shares Issued***

On March 28, 2025, 7,500,000 common shares were issued at \$0.01 per share for a total of \$75,000 to reduce debt. 3,000,000 of these shares were issued to each of the Chief Executive Officer and Chief Operating Officer.

***Share Options***

On April 29, 2025, 105,000 share options expired with an exercise price of \$0.25 per share.

***RSU Transactions***

On March 3, 2025, 2,000,000 RSUs were granted to executives at \$0.01 per share that vest 100% on March 3, 2026.

On March 3, 2025, 2,350,000 RSUs were granted to employees and consultants at \$0.01 per share that vest 1/3 per year starting March 3, 2026, March 3, 2027, and March 3, 2028.

***Loans Payable***

During the nine months ended September 30, 2025, the Company received further advances totaling \$1,270 from Colmac. The short-term advances incur an interest rate of 15% and are secured by Pond Technologies Inc. assets. The total loans payable to Colmac at September 30, 2025 is \$5,595 (2024 - \$4,325). Included in this amount is \$815 that the Company received during the first nine months of the year. On June 1, 2025, the Company issued a Promissory Note to Colmac for advances in the aggregate amount of \$815 to be advanced in several tranches. The advances bear interest at 15% per annum, calculated monthly and payable in arrears and on the date of any prepayment or repayment of the principal amount. The full amount is due on June 1, 2028. The lender was also granted 20,000,000 common share purchase warrants with such warrants having an exercise price of \$0.05 per share and expiring on June 1, 2028 with such warrants being issued proportionate to the dollar amount of the loan advanced from time to time. All 20,000,000 warrants have been issued to the lender.

During the nine months ended September 30, 2025, the Company issued a direction to an executive for unpaid wages in the amount of \$11. The amount accrues interest at 8% per annum, compounded monthly, and due on the earlier of: of any strategic transaction entered into by the Company and December 31, 2025.

On October 16, 2025, the Company issued a Promissory Note to Colmac. Colmac advanced \$300,000 on October 16, 2025 and \$148,000 on October 28, 2025 to the Company at 8.25% per annum, due on demand and secured by assets of the Company.

***Debt Settlement***

On October 27, 2025, the Company signed a Debt Settlement with three specific vendors that totaled \$333 for \$171 upon the payment of cash and included a release of full debt at that time.

***Proposed Reverse Takeover Transaction***

On October 27, 2025, the Company entered into a non-binding letter of intent (the "LOI") with U.S.-based company Find Familiar Spirits, LLC ("FFS") pursuant to which the Company intends to acquire all of the issued and outstanding securities of FFS in exchange for common shares of the Company in accordance with an Exchange Ratio, as defined in the agreement for the "Proposed Transaction". The Proposed Transaction is an arm's length "Reverse Takeover" for the Company, which will result in the burgeoning fan-focused spirits company becoming a public company traded on the TSXV, in the over-the-counter (OTC) market in the U.S., and on the Frankfurt exchange in Germany. As a part of the Proposed Transaction, the Company's subsidiaries will be spun out into a privately held company, and FFS will assume management and control of the existing public entity through a reverse takeover transaction.

**Pond Technologies Holdings Inc.**  
**Management's Discussion and Analysis**  
**For the Nine Months Ended September 30, 2025**

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**Risk Factors**

Many factors could cause the Company'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 Company 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 Company is confident in its technology, it cannot know with complete certainty if or when any of its technologies will be commercialized;
2. The Company 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 Company will be able to establish additional collaboration agreements on favorable terms, if at all, or that current or future collaborative arrangements will be successful;
4. The production of algae involves complex aquaculture systems with inherent risks including disease and contamination, and should the algae growth system fail to grow algae, or should the algae fail to consume the greenhouse gas introduced to the system, then the abatement will fail. While the Company has taken what it believes to be reasonable steps to mitigate risks associated with its processes, certain factors may arise beyond the Company's control, therefore, the Company cannot, and does not attempt to, provide any form of assurance with regard to its systems, processes, or cost-effectiveness;
5. The Company 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 Company may fail to manage growth effectively;
7. Much of the Company'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 Company;
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 Company's control;
9. The Company'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 Company'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 Company 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 Company 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 Company 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 Company;

**Pond Technologies Holdings Inc.**  
**Management's Discussion and Analysis**  
**For the Nine Months Ended September 30, 2025**

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14. The Company may engage in acquisitions or other strategic transactions or make investments that could result in significant changes or management disruption;
15. The Company could fail to integrate subsidiaries and other interests into the business of the Company;
16. The Company's production costs will be dependent on the costs of the energy sources used to run its production facilities. These costs are subject to fluctuations and variations in different locations where the Company may operate, and it may not be able to predict or control these costs;
17. The activities of the Company are subject to regulation by governmental authorities;
18. The Company'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 Company cannot be certain that it will be able to secure additional government grants or subsidies. Any existing grants or new grants that the Company may obtain may be terminated, modified or recovered by the granting governmental body under certain conditions;
20. The Company's ability to recruit and retain management, skilled labour and suppliers is crucial to the Company's success;
21. The Company 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 Company are also directors and officers of other companies, and conflicts of interest may arise between their duties as officers and directors of the Company 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 Company;
25. In the event that the Company 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 Company'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 Company that could otherwise be beneficial to the Company's shareholders;
27. The Company does not anticipate paying any dividends on the common shares in the foreseeable future; and
28. The Company is exposed to risks associated with evolving international trade policies and the imposition of import and export tariffs. The recent implementation of significant new tariffs and increases to existing tariffs have impacted the Company's operations, financial condition, and cash flows. The Company has attempted to mitigate this impact through price adjustments; however, not all cost increases have been passed to customers. The ongoing uncertainty surrounding future tariff policies and potential retaliatory measures introduces significant estimation uncertainty. Management continues to monitor developments closely and will update disclosures as facts and circumstances evolve. The potential for future tariffs could further impact the Company's overall liquidity risk.

**Pond Technologies Holdings Inc.**  
**Management's Discussion and Analysis**  
**For the Nine Months Ended September 30, 2025**

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**Critical Accounting Judgments, Estimates and Assumptions**

***Capital assets and intangibles***

Management uses judgment to determine whether its process patents, distribution rights and capital equipment meet the asset recognition criteria and are eligible to be capitalized on the statements of financial position, as well as assessments of useful lives, amortization methods and rates, and impairment indicators.

***Revenue recognition***

The revenues for technology services are evaluated on a percentage of completion of customer contracts. Management's judgment for technology services is applied regarding the evaluation of multiple obligations within these arrangements to assess whether deliverables should be recognized as separate performance obligations for revenue recognition purposes and the percentage completed.

For contracts with customers that have been terminated management applies judgment in evaluating the measurable contract outcomes, obligations outstanding and amounts the Company is entitled to retain in assessing amounts to be recognized in profit or loss.

***Revenue recognition in distribution arrangements***

Determining whether the Company is acting as a principal or as an agent requires judgment and consideration of all relevant facts and circumstances. When deciding the most appropriate basis for presenting the revenue and related costs, both the legal form and substance of the agreement between the Company and its business partners are reviewed to determine each party's respective role in the transaction. Such judgments impact the amount of reported revenue and costs of revenue but do not impact reported assets, liabilities or net cash flows from operating activities. The Company has determined that it is acting as a principal in these arrangements with its current business partners.

**Changes in Accounting Policies**

***Adoption of new and amended accounting pronouncements***

In October 2022, the IASB finalized issuance of Classification of Liabilities as Current or Non-current and Non-Current Liabilities with Covenants, which made amendments to IAS 1, "Presentation of Financial Statements". The amendments clarify that only covenants with which an entity is required to comply on or before the reporting date affect the classification of a liability as current or non-current. In addition, an entity has to disclose information in the notes that enables users of financial statements to understand the risk that non-current liabilities with covenants could become repayable within twelve months.

The amendments are effective for annual periods beginning on or after January 1, 2024. Effective January 1, 2024, the Company adopted these requirements, there was no material impact to the consolidated financial statements.

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

**IFRS 18 Presentation and Disclosure in the Financial Statements**

On April 9, 2024, the IASB issued IFRS 18 "Presentation and Disclosure in the Financial Statements" ("IFRS 18") replacing IAS 1. IFRS 18 introduces categories and defined subtotals in the statement of profit or loss, disclosures on management-defined performance measures, and requirements to improve the aggregation and disaggregation of information in the financial statements. As a result of IFRS 18, amendments to IAS 7 "Statements of Cash Flows" ("IAS 7") were also issued to require that entities use the operating profit subtotal as the starting point for the indirect method of reporting cash flows from operating activities and to remove presentation alternatives for interest and dividends paid and received. Similarly, amendments to IAS 33 "Earnings per Share" were issued to permit disclosure of additional earnings per share figures using any other component of the statement of profit or loss, provided the numerator is a total or subtotal defined under IFRS 18. IFRS 18 is effective for annual reporting periods beginning on or after January 1,

**Pond Technologies Holdings Inc.**  
**Management's Discussion and Analysis**  
**For the Nine Months Ended September 30, 2025**

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2027, and is to be applied retrospectively, with early adoption permitted. The Company is currently assessing the impact of the standard on its consolidated 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 Company, 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 Company 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 Company's business strategy, the development of the nutraceutical algae production, the development of the biotechnology and technology services business and expectations concerning the Company'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 Company believes are reasonable assumptions, the Company 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 Company anticipates that subsequent events and circumstances may cause the Company's views to change. Forward-looking statements are made as of the date of this MD&A and the Company 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 Company is available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca) under the Company's profile.