



POND TECHNOLOGIES HOLDINGS INC.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2025 AND 2024

(Canadian dollars in thousands)



NOTICE OF NON-REVIEWED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

The accompanying unaudited condensed interim consolidated financial statements of Pond Technologies Holdings Inc. (the “Company”) for the nine months ended September 30, 2025 and 2024 have been prepared in accordance with International Accounting Standard 34 for Interim Financial Reporting under International Financial Reporting Standards. These condensed interim consolidated financial statements are the responsibility of the Company’s management and have been approved by the Board of Directors. The Company’s independent auditors have not performed an audit or a review of these condensed interim consolidated financial statements.

These condensed interim consolidated financial statements were authorized for issue by the Board of Directors on December 1, 2025. They are signed on the Company’s behalf by:

“John M. Farah, Jr.”

Director

“Grant Smith”

Director

Pond Technologies Holdings Inc.
Condensed Interim Consolidated Statements of Financial Position
(Canadian dollars in thousands)
(Unaudited)

| As at | Note | (Unaudited) September 30 2025 | (Audited) December 31 2024 |
|---|------|--|---|
| Assets | | | |
| Current assets | | | |
| Cash | | \$ 48 | \$ 22 |
| Receivables | 4 | 190 | 270 |
| Inventory | 5 | 193 | 235 |
| Prepaid expenses and other assets | | 30 | 35 |
| | | 461 | 562 |
| Non-Current assets | | | |
| Intangibles | 7 | - | - |
| Capital assets | 8 | 229 | 379 |
| Right-of-use assets | 13 | 11 | 244 |
| Total assets | | \$ 701 | \$ 1,185 |
| Liabilities | | | |
| Current liabilities | | | |
| Accounts payable and accrued liabilities | 9 | \$ 3,597 | \$ 3,106 |
| Current portion of loans and short term advances | 10 | 4,856 | 4,390 |
| Convertible debenture | 11 | 1,834 | 1,766 |
| Current portion of lease liabilities | 12 | 19 | 105 |
| | | 10,306 | 9,367 |
| Non-Current liabilities | | | |
| Long-term portion of loans payable | 10 | 815 | - |
| Long-term portion of lease liabilities | 12 | - | 202 |
| Total liabilities | | 11,121 | 9,569 |
| Shareholders' deficiency | | | |
| Share capital | 13 | 44,601 | 44,526 |
| Share-based payment reserve | 13 | 4,136 | 4,120 |
| Accumulated deficit | | (59,156) | (57,029) |
| Shareholders' deficiency | | (10,419) | (8,383) |
| Total liabilities and shareholders' deficiency | | \$ 701 | \$ 1,185 |

Reporting entity and going concern (Note 1)

Subsequent events (Note 21)

See accompanying notes to the condensed interim consolidated financial statements.

Pond Technologies Holdings Inc.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

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

(Unaudited)

| For the Period | Note | Three Months Ended September 30 | | Nine Months Ended September 30 | |
|--|--------|---------------------------------|------------|--------------------------------|------------|
| | | 2025 | 2024 | 2025 | 2024 |
| Revenue | 18 | \$ 565 | \$ 362 | \$ 1,607 | 1,588 |
| Expenses | | | | | |
| Direct costs | 5,6,18 | 425 | 257 | 1,195 | 1,156 |
| Operating | 15 | 222 | 499 | 818 | 1,433 |
| General and administrative | 15 | 229 | 137 | 705 | 596 |
| Amortization | 8,12 | 68 | 87 | 213 | 260 |
| | | 944 - | 980 - | 2,931 - | 3,445 |
| Operating loss | | (379) | (618) | (1,324) | (1,857) |
| Other income/(expense) | | | | | |
| Financial expenses | 16 | (291) | (243) | (833) | (649) |
| Gain on termination of lease | | 46 | - | 46 | - |
| Share-based compensation | 13,17 | (6) | (22) | (16) | (57) |
| Net loss and comprehensive loss | | (630) - | (883) - | (2,127) - | (2,563) |
| Weighted average number of shares outstanding | | 85,592,225 | 78,092,225 | 83,229,588 | 77,122,694 |
| Loss per share, basic and diluted | | \$ (0.01) | \$ (0.01) | \$ (0.03) | (0.03) |

See accompanying notes to the condensed interim consolidated financial statements.

Pond Technologies Holdings Inc.
Condensed Interim Consolidated Statement of Cash Flows
(Canadian dollars in thousands)
(Unaudited)

| For the Period | Note | Three Months Ended September 30 | | Nine Months Ended September 30 | |
|--|------|---------------------------------|---------------|--------------------------------|----------------|
| | | 2025 | 2024 | 2025 | 2024 |
| Operating Activities | | | | | |
| Cash receipts from customers | | \$ 513 | \$ 471 | \$ 1,396 | 2,225 |
| Cash paid to suppliers and employees | | (696) | (893) | (2,557) | (3,806) |
| Interest received | | - | - | - | 1 |
| Cash used in operating activities | | (183) | (421) | (1,161) | (1,580) |
| Financing Activities | | | | | |
| Short-term advances | 10 | 294 | 450 | 1,281 | 1,700 |
| Repayment of lease liabilities | 12 | (27) | (22) | (94) | (65) |
| Repayments of loans | 10 | - | - | - | (30) |
| Cash used in financing activities | | 267 | 428 | 1,187 | 1,605 |
| Net change in cash | | 84 | 7 | 26 | 25 |
| Cash beginning of period | | (36) | 102 | 22 | 84 |
| Cash, end of period | | \$ 48 | \$ 109 | \$ 48 | \$ 109 |

Supplemental cash flow information (Note 14)

See accompanying notes to the condensed interim consolidated financial statements.

Pond Technologies Holdings Inc.

Condensed Interim Consolidated Statements of Changes in Shareholders' Deficiency For the Nine Months Ended September 30, 2025 and 2024

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

(Unaudited)

| | Number of Shares | Warrants | Common Shares | Share-Based Payment Reserve | Accumulated Deficit | Total |
|---|---------------------|--------------|------------------|-----------------------------------|------------------------|--------------------|
| Balance, December 31, 2023 | 76,645,875 | - | \$ 44,399 | \$ 4,166 | \$ (53,340) | \$ (4,775) |
| Shares issued from restricted share units | 1,446,350 | - | 127 | (127) | - | - |
| Share-based compensation expense | - | - | - | 81 | - | 81 |
| Net loss for the year | - | - | - | - | (3,689) | (3,689) |
| Balance, December 31, 2024 | 78,092,225 | - | 44,526 | 4,120 | (57,029) | (8,383) |
| Shares issued for debt | 7,500,000 | - | 75 | - | - | 75 |
| Share-based compensation expense | - | - | - | 16 | - | 16 |
| Net loss for the period | - | - | - | - | (2,127) | (2,127) |
| Balance, September 30, 2025 | 85,592,225 | - | \$ 44,601 | \$ 4,136 | \$ (59,156) | \$ (10,419) |
| Balance, December 31, 2022 | 66,055,690 | 12,104,363 | \$ 39,134 | \$ 8,469 | \$ (49,866) | \$ (2,263) |
| Shares issued | 7,111,427 | - | 531 | - | - | 531 |
| Shares issued from restricted share units | 3,383,800 | - | 238 | (238) | - | - |
| Shares issued from deferred share units | 94,958 | - | 49 | (49) | - | - |
| Issuance costs | - | - | (15) | - | - | (15) |
| Warrants and agent warrants expired | - | (12,104,363) | 4,462 | (4,462) | - | - |
| Share-based compensation expense | - | - | - | 446 | - | 446 |
| Net loss for the year | - | - | - | - | (3,474) | (3,474) |
| Balance, December 31, 2023 | 76,645,875 | - | \$ 44,399 | \$ 4,166 | \$ (53,340) | \$ (4,775) |
| Shares issued from restricted share units | 1,446,350 | - | 123 | (123) | - | - |
| Share options expired | - | - | 83 | (83) | - | - |
| Share-based compensation expense | - | - | - | 57 | - | 57 |
| Net loss for the period | - | - | - | - | (2,563) | (2,563) |
| Balance, September 30, 2024 | 78,092,225 | - | \$ 44,605 | \$ 4,017 | \$ (55,903) | \$ (7,281) |

See accompanying notes to the condensed interim consolidated financial statements.

Pond Technologies Holdings Inc.

Notes to Condensed Interim Consolidated Financial Statements

For the Nine months Ended September 30, 2025 and 2024

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

1. REPORTING ENTITY AND GOING CONCERN

Pond Technologies Holdings Inc. (the “Company” or “Pond”) is incorporated under the Business Corporations Act of Alberta. The Company’s shares trade on the TSX Venture Exchange (“TSXV”) under the trading symbol “POND”, OTC Markets under the symbol “PNDHF” and on the FSE under the symbol “400”. The Company’s registered office and principal place of business is located at Unit 8, 250 Shields Court, Markham, Ontario.

The Company’s primary business is to pursue microalgal biomass cultivation using available sources of carbon dioxide (“CO₂”), including CO₂ rich emission sources from industrial plants and the licensing of its technology. The resultant algae can be used in the production of nutraceuticals, commonly known as superfoods, growth of unique algae strains for the expression of complex proteins used in diagnostics and therapeutic treatments, aquaculture, and animal feeds. The Company has formed a nutraceutical business segment and is actively pursuing opportunities in the nutraceutical and superfood marketplace.

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

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

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. During the three and nine months ended September 30, 2025, the Company incurred approximately \$3 and \$4 respectively in tariffs applied by the United States which has decreased sales revenues and has pressured gross margins. 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.

For the nine months ended September 30, 2025, the Company recorded a net loss from operations of \$2,127 (2024 – \$2,563). The Company’s ability to continue as a going concern is dependent on successfully executing its business plan, which includes the raising of additional funds and realization of profitable operations. The Company will continue to seek additional forms of debt or equity financing, but it cannot provide assurance that it will be successful in doing so. There is a material uncertainty related to these conditions that may cast significant doubt on the ability of the Company to meet its obligations as they come due and, accordingly, the ability to continue as a going concern.

These condensed interim consolidated financial statements do not reflect the adjustments to the carrying amounts of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

2. BASIS OF PREPARATION

(a) *Statement of compliance*

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards 34, “*Interim Financial Reporting* (“IAS34”) as issued by the International Accounting Standards Board (“IASB”) using accounting policies consistent with International Financial Reporting Standards (“IFRS”). Certain information and note disclosures normally included in annual financial statements prepared in accordance with IFRS have been omitted or condensed.

These unaudited condensed interim consolidated financial statements were prepared using the same accounting policies and methods as those used in the annual audited consolidated financial statements for the year ended December 31, 2024, and should be read in conjunction with those statements.

Pond Technologies Holdings Inc.

Notes to Condensed Interim Consolidated Financial Statements

For the Nine months Ended September 30, 2025 and 2024

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

3. BASIS OF PREPARATION (Continued)

(a) Statement of compliance (Continued)

These condensed interim consolidated financial statements were approved by the Board of Directors and authorized for issuance by the Board of Directors on December 1, 2025.

(b) Basis of presentation

The condensed interim consolidated financial statements have been prepared on a historical cost basis, except when certain financial instruments are measured at fair value. In addition, the condensed interim consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

(c) Foreign currency

Functional and presentation currency

Each entity of the Company determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. The determination of functional currency is based on the primary economic environment in which an entity operates. The functional currency of an entity reflects the underlying transactions, events and conditions that are relevant to the entity. The Company has determined the functional currency of the parent company and each of its subsidiaries is the Canadian Dollar.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of non-monetary items are recognized directly in other comprehensive income to the extent that the gain or loss is directly recognized in other comprehensive income, otherwise the exchange difference is recognized in profit or loss.

(d) Consolidated Financial Statements

The condensed interim consolidated financial statements comprise the financial statements of companies that are controlled by the Company (the "Group"). Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Potential voting rights are considered when assessing whether an entity has control. The consolidation commences on the date on which control is obtained and ends when such control ceases.

The financial statements of the Company and each of the subsidiaries are prepared as of the same dates and periods. The condensed interim consolidated financial statements are prepared using uniform accounting policies by all companies in the Group, which is considered to have three operating and reportable segments. Intragroup balances and transactions and gains or losses resulting from intragroup transactions are eliminated in full in the condensed interim consolidated financial statements.

The Company's wholly-owned subsidiaries are Pond Technologies Inc. (Ontario); Pond Naturals Inc. (British Columbia) and Paige Growth Technologies Inc. (Ontario)

(e) Use of significant accounting judgments, estimates and assumptions

(i) 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.

Pond Technologies Holdings Inc.

Notes to Condensed Interim Consolidated Financial Statements

For the Nine months Ended September 30, 2025 and 2024

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

2. BASIS OF PREPARATION (Continued)

(e) Use of significant accounting judgments, estimates and assumptions (Continued)

Significant judgments in applying accounting policies (Continued)

(ii) 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.

(iii) 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.

3. RECENT ACCOUNTING PRONOUNCEMENTS

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, 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.

Pond Technologies Holdings Inc.

Notes to Condensed Interim Consolidated Financial Statements

For the Nine months Ended September 30, 2025 and 2024

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

4. RECEIVABLES

Receivables include customer and government balances. The government receivables arise from HST and GST recoveries.

| | September 30 2025 | December 31 2024 |
|------------------------|----------------------|---------------------|
| Customer accounts | \$ 190 | \$ 188 |
| Government receivables | - | 82 |
| | \$ 190 | \$ 270 |

| | September 30 2025 | December 31 2024 |
|--|----------------------|---------------------|
| Current | \$ 189 | \$ 179 |
| Past due but not impaired trade receivables, net | | |
| 30 - 60 days | - | 3 |
| 60 - 90 days | - | - |
| Over 90 days | 1 | 6 |
| Total receivables | \$ 190 | \$ 188 |

5. INVENTORY

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

| | September 30 2025 | December 31 2024 |
|----------------|----------------------|---------------------|
| Raw materials | \$ 174 | \$ 163 |
| Finished goods | 19 | 72 |
| | \$ 193 | \$ 235 |

The cost of nutraceutical inventory recognized as an expense during the nine months was \$1,195 (2024 - \$1,156). During the nine months ended September 30, 2025, the Company recorded \$Nil (2024 - \$Nil) write-downs of inventory.

6. COSTS OF CONTRACTS

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

| | September 30 2025 | December 31 2024 |
|---|----------------------|---------------------|
| Balance, beginning of year | \$ - | \$ 597 |
| Costs incurred during the year | - | - |
| Costs recognized on termination of contract | - | (597) |
| | \$ - | \$ - |

Pond Technologies Holdings Inc.

Notes to Condensed Interim Consolidated Financial Statements

For the Nine months Ended September 30, 2025 and 2024

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

7. INTANGIBLES

| | Patent Filing Costs and Acquired Intellectual Property | | Distribution Rights | Total |
|--|---|--------------|---------------------|-----------------|
| Costs | | | | |
| Balance, December 31, 2023 | \$ | 2,797 | \$ 640 | \$ 3,437 |
| Additions | | - | - | - |
| Disposals | | - | - | - |
| Expiry of agreement | | - | (640) | (640) |
| Balance, December 31, 2024 and September 30, 2025 | \$ | 2,797 | \$ - | \$ 2,797 |
| Accumulated amortization | | | | |
| Balance, December 31, 2023 | \$ | 1,698 | \$ 640 | \$ 2,338 |
| Additions | | 139 | - | 139 |
| Disposals | | - | - | - |
| Expiry of agreement | | - | (640) | (640) |
| Loss on impairment | | 960 | - | 960 |
| Balance, December 31, 2024 and September 30, 2025 | \$ | 2,797 | \$ - | \$ 2,797 |
| <i>Net carrying amount</i> | | | | |
| Balance, December 31, 2024 | \$ | - | \$ - | \$ - |
| Balance, September 30, 2025 | \$ | - | \$ - | \$ - |

The Company's patents have not produced the expected revenues and a loss on impairment was recorded to reflect the current situation.

Pond Technologies Holdings Inc.

Notes to Condensed Interim Consolidated Financial Statements

For the Nine months Ended September 30, 2025 and 2024

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

8. CAPITAL ASSETS

| | Project equipment plant machinery and leasehold | Furniture and fixtures | Computer and hardware | Total |
|--|---|---------------------------|--------------------------|-----------------|
| Cost | | | | |
| Balance, December 31, 2023 | \$ 2,886 | \$ 129 | \$ 154 | \$ 3,169 |
| Additions | 8 | - | - | 8 |
| Disposals | - | - | - | - |
| Balance, December 31, 2024 and September 30, 2025 | \$ 2,894 | \$ 129 | \$ 154 | \$ 3,177 |
| Accumulated amortization | | | | |
| Balance, December 31, 2023 | \$ 2,274 | \$ 93 | \$ 134 | \$ 2,501 |
| Amortization and depletion | 194 | 15 | 8 | 217 |
| Disposals | - | - | - | - |
| Loss on impairment | 57 | 11 | 12 | 80 |
| Balance, December 31, 2024 | 2,525 | 119 | 154 | 2,798 |
| Amortization and depletion | 149 | 1 | - | 150 |
| Disposals | - | - | - | - |
| Balance, September 30, 2025 | \$ 2,674 | \$ 120 | \$ 154 | \$ 2,948 |
| <i>Net carrying amount</i> | | | | |
| Balance, December 31, 2024 | \$ 369 | \$ 10 | \$ - | \$ 379 |
| Balance, September 30, 2025 | \$ 220 | \$ 9 | \$ - | \$ 229 |

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

| | September 30 2025 | December 31 2024 |
|---------------------|----------------------|---------------------|
| Accounts payable | \$ 1,038 | \$ 1,123 |
| Interest payable | 1,845 | 1,114 |
| Accrued liabilities | 714 | 869 |
| | \$ 3,597 | \$ 3,106 |

Accounts payable are unsecured and are generally due on terms of 30 to 60 days of recognition.

Pond Technologies Holdings Inc.

Notes to Condensed Interim Consolidated Financial Statements

For the Nine months Ended September 30, 2025 and 2024

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

10. LOANS AND SHORT-TERM ADVANCES

A summary of the changes in the loans and short-term advances is as follows:

| | STA(i) | CEBA (ii) | SMC (iii) | Total |
|------------------------------------|-----------------|-------------|--------------|-----------------|
| Balance, December 31, 2023 | \$ 2,225 | \$ 40 | \$ 65 | \$ 2,330 |
| Advances | 2,100 | - | - | 2,100 |
| Repayments/settlement | - | (40) | - | (40) |
| Balance, December 31, 2024 | \$ 4,325 | \$ - | \$ 65 | \$ 4,390 |
| Advances | 1,281 | - | - | 1,281 |
| Repayments/settlement | - | - | - | - |
| Balance, September 30 2025 | \$ 5,606 | \$ - | \$ 65 | \$ 5,671 |
| Current portion of loans payable | \$ 4,791 | \$ - | \$ 65 | \$ 4,856 |
| Long-term portion of loans payable | 815 | - | - | 815 |
| Balance, September 30 2025 | \$ 5,606 | \$ - | \$ 65 | \$ 5,671 |

(i) Short-Term Advances ("STA")

During the nine months ended September 30, 2025, the Company received further advances totaling \$1,275 from Colmac. The STAs incur an interest rate of 15% and are secured by Pond Technologies Inc. assets. The total amount owing at September 30, 2025 is \$4,780 (2024 - \$4,325).

On February 25, 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. Colmac 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 advances from time to time.

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: the closing the convertible debenture announced on November 3, 2023; the closing, if any, of any strategic transaction entered into by the Company; and December 31, 2025.

(ii) Canada Emergency Business Account program ("CEBA")

On April 20, 2020 the Company entered into a \$40 non-revolving loan agreement with TD Canada Trust under the Canada Emergency Business Account program ("CEBA"). The CEBA loan had a nil interest rate for the initial term of the loan which ended on December 31, 2023 and a 5% interest rate, payable monthly during the extended term which ends on December 31, 2025. On January 16, 2024 the Company repaid \$30 and recognized a gain on forgiveness of \$10.

(iii) St. Mary's Cement Inc. (Canada) (SMC)

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

Pond Technologies Holdings Inc.

Notes to Condensed Interim Consolidated Financial Statements

For the Nine months Ended September 30, 2025 and 2024

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

11. CONVERTIBLE DEBENTURE

On November 21, 2019, the Company issued a secured convertible debenture (the “debenture”) to Georgian Villas Inc. (“GV”), an entity controlled by one of Pond’s directors (Note 17) with respect to a \$2,000 loan provided by GV. The debenture was to mature 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 Loan at a conversion price of \$1.00 per share and is secured by a first priority interest over all of the Company’s present and after-acquired property and assets. 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 the issue of the convertible debenture in fiscal 2019 the fair value of the liability component was determined to be \$1,664 using a 36% market rate for an equivalent non-convertible debenture and this amount is measured at amortized cost until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognized as a finance cost as interest accretion.

The difference between the fair value of the debt portion and principal amount of proceeds at date of issue of \$336 is determined to be the value of the conversion option that is recognized and included in shareholders’ deficiency, net of transaction costs amounting to \$13.

On November 15, 2021, on maturity of the previous debenture the Company issued an amended and restated secured convertible debenture to Georgian Villas Inc. with a face value of \$1,988. The debenture was amended to, among other things, reduce the interest rate to 9.55% from 12% per annum except in the event of default, a default did occur in 2023 and a revised maturity date of November 15, 2024 which has been further extended to November 15, 2025 under the same terms and conditions. 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, this has been accounted for as a modification, and the resulting gain has been recognized in profit or loss.

At issue the fair value of the liability component was determined to be \$1,791 using a 15% market rate for an equivalent non-convertible debenture and this amount is measured at amortized cost until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognized as a finance cost as interest accretion.

The difference between the fair value of the debt portion and principal amount of proceeds at date of issue of \$197 is determined to be the value of the conversion option that is recognized and included in shareholders’ deficiency.

| | | |
|---|-----------|--------------|
| Convertible Debenture - December 31, 2023 | \$ | 1,791 |
| Interest accretion | | 69 |
| Gain on modification | | (94) |
| Repayments | | - |
| Convertible Debenture - December 31, 2024 | | 1,766 |
| Interest accretion | | 68 |
| Repayments | | - |
| Convertible Debenture - September 30, 2025 | \$ | 1,834 |
| Less: Current portion | \$ | 1,834 |
| Long-term portion | | - |
| Convertible Debenture - September 30, 2025 | \$ | 1,834 |

Pond Technologies Holdings Inc.

Notes to Condensed Interim Consolidated Financial Statements

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12. LEASE LIABILITIES AND RIGHT-OF-USE ASSETS

The Company's leases are for office space. Certain 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.

The following tables sets out the Company's lease liabilities:

| | | |
|--|-----------|-----------|
| Lease liabilities, December 31, 2023 | \$ | 394 |
| Interest on lease liabilities | | 45 |
| Lease payments | | (132) |
| Lease liabilities, December 31, 2024 | | 307 |
| Interest on lease liabilities | | 22 |
| Lease payments | | (95) |
| Lease terminated | | 92 |
| Lease liabilities, September 30, 2025 | \$ | 19 |

The following table sets out the Company's undiscounted lease payments:

| | September 30 | December 31 |
|-----------------------|---------------------|---------------|
| | 2025 | 2024 |
| Current | \$ 53 | \$ 132 |
| Non-current : | | |
| Year 2 | - | 90 |
| Year 3 | - | 86 |
| Year 4 | - | 57 |
| Years 5+ | - | - |
| Lease payments | \$ 53 | \$ 365 |

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

| | | |
|--|-----------|-----------|
| Right-of-use assets, December 31, 2023 | \$ | 336 |
| Additions | | - |
| Amortization | | (92) |
| Right-of-use assets, December 31, 2024 | | 244 |
| Additions | | - |
| Amortization | | (63) |
| Lease terminated | | (170) |
| Right-of-use assets, September 30, 2025 | \$ | 11 |

Amounts recognized in profit or loss:

| | September 30 | December 31 |
|---------------------------------------|---------------------|---------------|
| | 2025 | 2024 |
| Amortization of right-of-use asset | \$ 63 | \$ 92 |
| Interest expense on lease liabilities | 22 | 45 |
| | \$ 85 | \$ 137 |

Pond Technologies Holdings Inc.

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13. SHARE CAPITAL

Authorized

The Company is authorized to issue an unlimited number of common shares.

Issued

| | Number of shares | | Amount |
|---|---------------------|-----------|---------------|
| Balance, December 31, 2023 | 76,645,875 | \$ | 44,399 |
| Shares issued from restricted share units | 1,446,350 | | 127 |
| Balance, December 31, 2024 | 78,092,225 | | 44,526 |
| Shares issued for debt | 7,500,000 | | 75 |
| Balance, September 30, 2025 | 85,592,225 | \$ | 44,601 |

Transactions in 2024

On May 30, 2024, 1,446,350 RSUs with a grant date fair value of \$127 were converted to 1,446,350 common shares.

Transactions in 2025

On March 28, 2025, the Company issued 7,500,000 common shares for debt at a price of \$0.01 per share.

Warrants

| | Number of | | | Amount (\$000's) |
|-------------------------------------|-------------------|----------------|-------------------|---------------------|
| | Warrants | Agent Warrants | Total | |
| Balance, as at December 31 2024 | 11,666,667 | 437,696 | 12,104,363 | \$ 4,463 |
| Warrants expired | (11,666,667) | (437,696) | (12,104,363) | (4,463) |
| Balance, December 31, 2023 and 2024 | - | - | - | - |
| Warrants issued | 20,000,000 | - | 20,000,000 | - |
| Balance, September 30, 2025 | 20,000,000 | - | 20,000,000 | \$ - |

At September 30, 2025, 20,000,000 common share purchase warrants were issued with 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 advances received for a total amount of \$815.

Equity incentive plan

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

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

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

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13. SHARE CAPITAL (Continued)

Share option plan

| | Number of options outstanding | Weighted average exercise price |
|------------------------------------|----------------------------------|------------------------------------|
| Balance, December 31, 2023 | 705,000 | \$ 0.390 |
| Share options expired | (200,000) | 0.658 |
| Balance, December 31, 2024 | 505,000 | 0.286 |
| Share options expired | (105,000) | 0.250 |
| Balance, September 30, 2025 | 400,000 | \$ 0.295 |

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

As at September 30, 2025, 400,000 (2024 – 505,000) share options were exercisable and the weighted average remaining contractual lives of the share options was 0.81 years (2024 – 1.0 years).

Deferred share units

The directors of the Board may elect to receive all or a portion of their compensation in the form of deferred share units (“DSUs”) in any year, based on the terms and conditions of the Deferred Share Unit Plan (“Plan”) which was established on October 11, 2018 and amended in September 2022. A deferred share unit account (“DSU Account”) is established for each participant and is credited with notional grants of DSUs to which each participant is entitled. Settlement of the DSUs shall be satisfied through the issuance of shares, payment of cash or combination thereof as determined by the Company.

The number of DSUs granted to a participant's DSU Account is determined quarterly, based on the monetary amount of the participant's annual fee compensation and the greater of \$0.50 and the closing price of the Company's common shares on the TSXV on the date of grant. At such time as a director ceases to be a director, the Company's Nomination and Compensation Committee has chosen to settle the DSU Account in Company common shares from treasury. No DSUs were granted for the nine months ended September 30, 2025.

At September 30, 2025, there were 1,030,144 (2024 – 1,030,144) shares reserved for issuance on settlement of DSUs at \$0.50 per share. During the year ended December 31, 2024, the Company recognized \$81 to the share-based payment reserve.

Restricted share units

During the year ended December 31, 2024, the Company granted Nil RSUs. On May 30, 2024, the Company issued 1,446,350 common shares of the Company to RSU awardees holding fully vested RSUs, requesting to settle their RSUs into common shares of the Company and pursuant to the Company's Equity Incentive Plan.

At September 30, 2025, there were 4,521,250 common shares reserved for issuance on settlement of RSUs (2024 – 171,250). On March 3, 2025, 2,000,000 RSUs were granted to officers 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 one third per year on each of March 3, 2026, March 3, 2027, and March 3, 2028. 171,250 RSUs were fully vested as at September 30, 2025 and expire on November 2, 2025; 2,000,000 fully vest on March 3, 2026; and 2,350,000 vest over three years to March 3, 2028. At September 30, 2024, the Company recognized \$16 (2024 - \$Nil) to the share-based payment reserve.

Share-based payment reserve

Share-based payment reserve is comprised of the following:

| | September 30, 2025 | December 31 2024 |
|--------------------------|-----------------------|---------------------|
| Share-based compensation | \$ 3,939 | \$ 3,923 |
| Convertible debenture | 197 | 197 |
| | \$ 4,136 | \$ 4,120 |

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14. SUPPLEMENTAL CASH FLOW INFORMATION

Investing and financing activities that do not require the use of cash are excluded from the condensed interim consolidated statements of cash flows.

During the nine months ended September 30, 2025, the following transactions were excluded from the condensed interim consolidated statement of cash flows:

- 7,500,000 shares were issued on settlement of debt at \$0.01 per share
- 1,446,350 shares were issued on settlement of restricted share units
- 4,350,000 restricted share units were granted at \$0.01 per share

15. BREAK DOWN OF EXPENSES

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

| | Three months ended | | Nine months ended | |
|--|----------------------|----------------------|----------------------|----------------------|
| | September 30 2025 | September 30 2024 | September 30 2025 | September 30 2024 |
| <i>Operating expenses</i> | | | | |
| Salaries and benefits | \$ 561 | \$ 408 | \$ 696 | \$ 1,219 |
| Travel and transportation | 18 | 20 | 29 | 59 |
| Project supplies and maintenance | (183) | 72 | 93 | 156 |
| | \$ 396 | \$ 500 | \$ 818 | \$ 1,434 |
| <i>General and administrative expenses</i> | | | | |
| Audit and accounting | \$ 69 | \$ 37 | \$ 169 | \$ 131 |
| Computer and subscriptions | 9 | 18 | 34 | 56 |
| Consulting and advisory services | 49 | 29 | 166 | 150 |
| Investor relations | 15 | 23 | 93 | 87 |
| Legal | 16 | 8 | 71 | 20 |
| Marketing | 28 | 5 | 95 | 9 |
| Other general and administrative expenses | 43 | 17 | 63 | 143 |
| | \$ 229 | \$ 137 | \$ 705 | \$ 596 |

16. FINANCIAL EXPENSES

The details for financial expenses are as follows:

| | Three months ended | | Six months ended | |
|---|----------------------|----------------------|----------------------|----------------------|
| | September 30 2025 | September 30 2024 | September 30 2025 | September 30 2024 |
| Interest on loans and short-term advances | \$ 225 | \$ 139 | \$ 575 | \$ 354 |
| Interest on debenture | 56 | 72 | 157 | 200 |
| Accretion on debenture | 19 | 16 | 68 | 48 |
| Interest on lease obligations | 5 | 10 | 22 | 29 |
| Bank and other expenses | (7) | 5 | 11 | 17 |
| | \$ 298 | \$ 242 | \$ 833 | \$ 648 |

Pond Technologies Holdings Inc.

Notes to Condensed Interim Consolidated Financial Statements

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17. 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:

| | September 30 2025 | September 30 2024 |
|---|----------------------|----------------------|
| Debenture effective interest - GV (Note 11) | \$ 175 | \$ 248 |
| Convertible debenture - 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:

| | Three months ended | | Nine months ended | |
|--|----------------------|----------------------|----------------------|----------------------|
| | September 30 2025 | September 30 2024 | September 30 2025 | 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 | \$ - |

18. SEGMENTED INFORMATION

The Company considers the basis on which it is organized including services and product offerings and geographic areas, and segmented reporting is based on identifiable reporting segments. Operating segments of the Company are defined as components of the Company for which separate financial information is available and are evaluated regularly by the chief operating decision maker when allocating resources and assessing performance.

The chief operating decision maker is the CEO of the Company and the Company's operating segments are based on its three primary offerings and one regional geographic area.

The three reportable segments for the nine months ended September 30, 2025, are Nutraceutical Products (including production and sales to consumers and business and distribution or third-party products), Technology Services (including the license fees, production of microalgal biomass, consulting, engineering services and the construction of biomass production facilities), and Corporate.

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18. SEGMENTED INFORMATION (Continued)

| Consolidated Statement of Financial Position | At September 30, 2025 | | | | Total |
|---|---------------------------|------------------------|-----------|------|-------|
| | Nutraceutical Products | Technology Services | Corporate | | |
| Non-Current Assets | | | | | |
| Intangibles | \$ - | \$ - | \$ - | \$ - | - |
| Capital assets | \$ 229 | \$ - | \$ - | \$ - | 229 |
| Right-of-use asset | \$ 11 | \$ - | \$ - | \$ - | 11 |

| Consolidated Statement of Loss and Comprehensive Loss | For the Three Months Ended September 30, 2025 | | | | Total |
|--|---|------------------------|-----------|------|-------|
| | Nutraceutical Products | Technology Services | Corporate | | |
| Revenue | | | | | |
| Nutraceutical products | \$ 565 | \$ - | \$ - | \$ - | 565 |
| Technology services | - | - | - | - | - |
| | 565 | - | - | - | 565 |
| Direct costs and expenses: | | | | | |
| Nutraceutical products | (425) | - | - | - | (425) |
| Technology services | - | - | - | - | - |
| Operating expenses | (112) | (110) | - | - | (222) |
| General and administrative expenses | (30) | (86) | (113) | - | (229) |
| Amortization and depletion | (58) | (10) | - | - | (68) |
| Operating loss | (60) | (206) | (113) | - | (379) |
| Other income (expenses): | | | | | |
| Share-based compensation | - | - | (6) | - | (6) |
| Gain on termination of lease | - | - | 46 | - | 46 |
| Finance expenses | (2) | (220) | (69) | - | (291) |
| Net loss and comprehensive loss | \$ (62) | \$ (426) | \$ (142) | \$ - | (630) |

| Consolidated Statement of Loss and Comprehensive Loss | For the Nine Months Ended September 30, 2025 | | | | Total |
|--|--|------------------------|-----------|------|---------|
| | Nutraceutical Products | Technology Services | Corporate | | |
| Revenue | | | | | |
| Nutraceutical products | \$ 1,607 | \$ - | \$ - | \$ - | 1,607 |
| Technology services | - | - | - | - | - |
| | 1,607 | - | - | - | 1,607 |
| Direct costs and expenses: | | | | | |
| Nutraceutical products | (1,195) | - | - | - | (1,195) |
| Technology services | - | - | - | - | - |
| Operating expenses | (395) | (423) | - | - | (818) |
| General and administrative expenses | (130) | (277) | (298) | - | (705) |
| Amortization and depletion | (175) | (38) | - | - | (213) |
| Operating loss | (288) | (738) | (298) | - | (1,324) |
| Other income (expenses): | | | | | |
| Finance expenses | (7) | (598) | (228) | - | (833) |
| Gain on termination of lease | - | - | 46 | - | 46 |
| Share-based compensation | - | - | (16) | - | (16) |
| Net loss and comprehensive loss | \$ (295) | \$ (1,336) | \$ (496) | \$ - | (2,127) |

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18. SEGMENTED INFORMATION (Continued)

| Consolidated Statement of Financial Position | At September 30, 2024 | | | | Total |
|---|---------------------------|------------------------|-----------|------|--------|
| | Nutraceutical Products | Technology Services | Corporate | | |
| Non-Current Assets | | | | | |
| Intangibles | \$ - | \$ 995 | \$ - | \$ - | \$ 995 |
| Capital assets | \$ 484 | \$ 86 | \$ - | \$ - | \$ 570 |
| Right-of-use asset | \$ 45 | \$ 223 | \$ - | \$ - | \$ 268 |

| Consolidated Statement of Loss and Comprehensive Loss | For the Three Months Ended September 30, 2024 | | | | Total |
|--|---|------------------------|-----------|------|----------|
| | Nutraceutical Products | Technology Services | Corporate | | |
| Revenue | | | | | |
| Nutraceutical products | \$ 362 | \$ - | \$ - | \$ - | \$ 362 |
| Technology services | - | - | - | - | - |
| | 362 | - | - | - | 362 |
| Direct costs and expenses: | | | | | |
| Nutraceutical products | (257) | - | - | - | (257) |
| Technology services | - | - | - | - | - |
| Operating expenses | (147) | (352) | - | - | (499) |
| General and administrative expenses | (11) | (103) | (23) | - | (137) |
| Amortization and depletion | (34) | (53) | - | - | (87) |
| Operating loss | (87) | (508) | (23) | - | (618) |
| Other income (expenses): | | | | | |
| Finance expenses | (4) | (151) | (88) | - | (243) |
| Share based compensation | - | - | (22) | - | (22) |
| Net loss and comprehensive loss | \$ (91) | \$ (659) | \$ (133) | \$ - | \$ (883) |

| Consolidated Statement of Loss and Comprehensive Loss | For the Nine Months Ended September 30, 2024 | | | | Total |
|--|--|------------------------|-----------|------|------------|
| | Nutraceutical Products | Technology Services | Corporate | | |
| Revenue | | | | | |
| Nutraceutical products | \$ 1,588 | \$ - | \$ - | \$ - | \$ 1,588 |
| Technology services | - | - | - | - | - |
| | 1,588 | - | - | - | 1,588 |
| Direct costs and expenses: | | | | | |
| Nutraceutical products | (1,156) | - | - | - | (1,156) |
| Technology services | - | - | - | - | - |
| Operating expenses | (448) | (985) | - | - | (1,433) |
| General and administrative expenses | (102) | (294) | (200) | - | (596) |
| Amortization and depletion | (101) | (159) | - | - | (260) |
| Operating loss | (219) | (1,438) | (200) | - | (1,857) |
| Other income (expenses): | | | | | |
| Finance expenses | (13) | (383) | (253) | - | (649) |
| Share based compensation | - | - | (57) | - | (57) |
| Net loss and comprehensive loss | \$ (232) | \$ (1,821) | \$ (510) | \$ - | \$ (2,563) |

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19. CAPITAL MANAGEMENT

The Company manages its capital structure and adjusts it based on the funds available to the Company in order to support the acquisition and development of its business projects. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. Management considers the Company's capital structure to primarily consist of the components of shareholders' deficiency in the amount of \$(10,419) (2024 – \$(8,383)).

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the period and the Company will continue to seek additional forms of debt or equity financing.

20. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial risk management objectives and policies

The Company's activities expose it to a variety of financial risks including credit risk, liquidity risk, and market risk which includes interest rate, foreign currency and other price risks. These financial risks are managed by the Company under policies approved by the Board of Directors. The principal financial risks are actively managed by the Company's management team and there was no change in the approach during the period ended September 30, 2025.

The primary risks that affect the Company are set out below and the risks have not changed during the reporting year. The list does not cover all risks to the Company, nor is there an assurance that the strategy of management to mitigate the risks is sufficient to eliminate the risk.

Credit risk

Credit risk arises from the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company is exposed to credit risk from its cash and receivables from its customers. The Company's cash and customer accounts receivable total \$238 (2024 - \$292), representing the maximum exposure to credit risk from those financial assets.

The Company monitors its exposure to credit risk by ensuring all cash is maintained with large chartered Canadian banks. The Company's objective is to minimize its exposure to credit risk in order to prevent losses on financial assets by placing its cash in interest earning bank accounts of these chartered banks.

As at September 30, 2025 there are customer accounts receivable of \$1 (2024 - \$6) that are outstanding more than nine months. The Company has a carrying amount of \$190 (2024 - \$188) relating to customer accounts receivable from customers in the nutraceutical business. The Company monitors its exposure to credit risk by customer ensuring that amounts are paid under the terms of the invoice and reviewing the customer's credit worthiness.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company manages liquidity risk through regular monitoring of forecasted and actual cash flows, review of available credit or financing alternatives and strategic planning by management in evaluating the cash requirements of the business.

The following are the undiscounted amounts and contractual maturities of the Company's loans payable and anticipated timing of settlements of its other financial liabilities as at September 30, 2025 and December 31, 2024:

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20. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

Liquidity risk (Continued)

| | | < 1 year | | 1-2 years | | >2 years |
|--|----|----------|----|-----------|----|----------|
| At September 30, 2025 | | | | | | |
| Accounts payable and accrued liabilities | \$ | 3,597 | \$ | - | \$ | - |
| Loans and short-term advances payable | \$ | 4,856 | \$ | - | \$ | 815 |
| Convertible debenture | \$ | 1,834 | \$ | - | \$ | - |
| At December 31, 2024 | | | | | | |
| Accounts payable and accrued liabilities | \$ | 3,106 | \$ | - | \$ | - |
| Loans and short-term advances payable | \$ | 4,390 | \$ | - | \$ | - |
| Convertible debenture | \$ | 1,766 | \$ | - | \$ | - |

Market Risk

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. As at September 30, 2025, the Company does not have any variable rate debt. The exposure to interest rates for the Company is considered minimal. The Company has not used any financial instrument to hedge potential fluctuations in interest rates. The Company's exposure to and management of interest rate risk has not changed materially from that of the prior year.

(ii) Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's functional currency is the Canadian dollar and administrative expenditures are transacted in Canadian dollars. A portion of the Company's transactions are denominated in currencies other than the functional currency of the Company.

As a result, the Company is exposed to currency risk on the financial instruments recognized in these transactions. The Company manages its currency risk by minimizing its exposure to currencies other than its functional currency. Foreign exchange gains and losses are primarily derived from changes in the Canadian dollar exchange rate in relation to the U.S Dollar. A 1% strengthening of the US dollar would affect net loss by approximately \$Nil (2024 - \$Nil). The Company's management of foreign currency risk has not changed materially from that of the prior year.

Fair value

The fair value of a financial instrument is approximated by the consideration that would be agreed to in an arm's length transaction between willing parties and through appropriate valuation methods. The actual amount that could be realized in a current market exchange could be different than the estimate of fair value.

The carrying amounts of cash, receivables, accounts payable and accrued liabilities and short-term advances approximate fair value due to the short-term maturities of these instruments. The fair value of the loans payable and convertible debenture approximates the carrying value due to these instruments bearing interest at market rates.

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20. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

Fair value (Continued)

The Company categorizes its financial assets and liabilities measured at fair value into three different levels depending on the inputs used in measurement. The three levels are defined as follows:

- i. Level 1: Fair value is based on unadjusted quoted prices for identical assets or liabilities in active markets.
- ii. Level 2: Fair value is based on inputs other than quoted prices included within Level 1 that are not observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- iii. Level 3: Fair value is based on valuation techniques that require one or more significant unobservable inputs.

The estimated fair value of the financial instruments has been determined based on the Company's assessment of available information. However, these estimates may not necessarily be indicative of the amounts that the Company could realize in a current market exchange. As at September 30, 2025, the Company did not have any financial assets or liabilities recorded at fair value and there were no transfers between the levels during the period.

21. SUBSEQUENT EVENTS

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.

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.

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.

On November 2, 2025, 171,250 RSUs expired at \$0.085 per share.

On November 15, 2025, the convertible debenture expired and was renewed for the same terms expiring November 15, 2026.