



POND TECHNOLOGIES HOLDINGS INC.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2024 and 2023

(Canadian dollars in thousands)



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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Pond Technologies Holdings Inc.:

Opinion

We have audited the consolidated financial statements of Pond Technologies Holdings Inc. and its subsidiaries (together the "Company"), which comprise the consolidated statements of financial position as at December 31, 2024 and 2023, and the consolidated statements of loss and comprehensive loss, consolidated statements of changes in shareholders' deficiency and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which describes conditions indicating that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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In addition to the matter described in the *Material Uncertainty Related to Going Concern* section of our auditor’s report, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Revenue recognition from technology services contracts	
Refer to Note 16	Our approach to addressing the matter included the following procedures, among others:
<p>Revenue is recognized from technology services contracts that include multiple performance obligations, such as the algae growth studies, engineering, procurement, installation, and commissioning. The Company typically considers transfer of control of goods or services to be concurrent with acceptance of the goods or services by the customer.</p> <p>Judgment is required by the Company to identify distinct performance obligations and to determine the timing of revenue recognition with reference to the transfer of a promised good or service to the customer when or as the customer obtains control.</p> <p>We identified the determination of distinct performance obligations, and elements related thereto including allocation of transaction price based on stand-alone selling prices and timing of revenue recognition, as a key audit matter. Significant auditor attention was required to evaluate the Company’s significant judgments as to distinct obligations, progress thereon, and reasonably measurable contract outcomes, including the impact of termination of contracts.</p>	<ul style="list-style-type: none"> Assessed management's identification and interpretation of key contract terms and data related to satisfaction of performance obligations by examining customer contracts on a sample basis. For a sample of technology service contracts, evaluated contract costs incurred and management’s assessment of the expected contract outcome with reference to contract milestones and customer correspondence. For a sample of terminated contracts evaluated the appropriateness of management’s assessment of the amount the Company was entitled to retain.

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of Capital Assets and Intangible for the Technology Services cash generating unit	
Refer to Notes 8 and 9	Our approach to addressing the matter included the following procedures, among others:
<p>As of December 31, 2024, the Company had capital assets of \$nil and intangibles of \$nil allocated to the Technology Services cash generating unit the “Tech CGU”).</p> <p>Finite-lived capital assets and intangibles are assessed for any indications of impairment at the end of each reporting period. Management performed its annual impairment test as at December 31, 2024 which included a test for recoverability for the Tech CGU.</p> <p>The recoverable amount for the Tech CGU was based on fair value less costs of disposal. The recoverable amount of the Tech CGU exceeded its carrying amount and accordingly, an impairment of the capital assets of \$80 and intangibles of \$960 was recognized.</p> <p>We considered this a key audit matter due to the judgment by management in determining the recoverable amount. This, in turn, led to a high degree of subjectivity and audit effort in performing procedures to test the significant assumptions.</p>	<p>Evaluated how management determined the recoverable amount of the Tech CGU, which included the following procedures:</p> <ul style="list-style-type: none"> • Tested the appropriateness of the estimates and assumptions used in the determination of fair value less costs of disposal. • Based on evidence obtained in other areas of the audit, considered whether other facts and circumstances suggest that the carrying amount may exceed the recoverable amount.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Management’s Discussion and Analysis filed with the relevant Canadian securities commissions.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor’s report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Anna C. Moreton.

Baker Tilly WM LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, B.C.
June 30, 2025

Pond Technologies Holdings Inc.

Consolidated Statements of Financial Position

(Canadian dollars in thousands)

As at	Note	December 31 2024	December 31 2023
Assets			
Current assets			
Cash		\$ 22	\$ 84
Receivables	5	270	830
Inventory	6	235	302
Prepaid expenses and other assets		35	94
		562	1,310
Non-Current assets			
Costs of contracts	7	-	597
Intangibles	8	-	1,099
Capital assets	9	379	668
Right-of-use assets	13	244	336
Total assets		\$ 1,185	\$ 4,010
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	10	\$ 3,106	\$ 2,698
Current portion of loans and short term advances	11	4,390	2,265
Convertible debenture	12	1,766	1,791
Current portion of lease liabilities	13	104	90
Deferred contract revenue	16	-	1,572
		9,366	8,416
Non-Current liabilities			
Long-term portion of loans	11	-	65
Long-term portion of lease liabilities	13	202	304
Total liabilities		9,568	8,785
Shareholders' deficiency			
Share capital	14	44,526	44,399
Share-based payment reserve	14	4,120	4,166
Accumulated deficit		(57,029)	(53,340)
Shareholders' deficiency		(8,383)	(4,775)
Total liabilities and shareholders' deficiency		\$ 1,185	\$ 4,010

Reporting entity and going concern (Note 1)

Subsequent events (Note 24)

Approved on behalf of the Board of Directors

"John. M. Farah, Jr."

John M. Farah, Jr., Director

"Grant Smith"

Grant Smith, Director

See accompanying notes to the consolidated financial statements.

Pond Technologies Holdings Inc.

Consolidated Statements of Loss and Comprehensive Loss

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

Year Ended	Note	December 31 2024	December 31 2023
Revenue	16,21	\$ 2,186	\$ 4,546
Expenses			
Direct costs	21	1,606	3,553
Operating	17	2,122	1,910
General and administrative	17	906	1,306
Amortization	8,9,13	448	559
Share-based compensation	14,20	81	446
		5,163	7,774
Loss before undernoted items		(2,977)	(3,228)
Other income/(expense)			
Financial expenses	18	(905)	(596)
Government assistance		155	-
Gain on loan settlement	11	10	505
Gain on modification of convertible debenture	12	94	-
Gain on termination of contracts	16	974	-
Loss on impairment of intangibles	8	(960)	(152)
Loss on impairment of capital assets	9	(80)	(3)
Net loss and comprehensive loss		(3,689)	(3,474)
Weighted average number of shares outstanding		77,501,797	72,811,705
Loss per share, basic and diluted		\$ (0.05)	\$ (0.05)

See accompanying notes to the consolidated financial statements.

Pond Technologies Holdings Inc.

Consolidated Statement of Cash Flows

(Canadian dollars in thousands)

For the year ended	Note	December 31 2024	December 31 2023
Operating Activities			
Cash receipts from customers		\$ 2,746	\$ 4,128
Cash paid to suppliers and employees		(4,738)	(5,326)
Interest paid		-	(48)
Interest received		1	1
Cash used in operating activities		(1,991)	(1,245)
Investing Activities			
Purchase of capital assets	9	(8)	(23)
Cash used in investing activities		(8)	(23)
Financing Activities			
Proceeds from issuance of shares and units, net of issuance costs	14	-	406
Convertible debenture subscription proceeds		-	800
Proceeds from short-term advances	11	2,100	1,425
Repayment of lease liabilities	13	(133)	(125)
Repayments of loans	11	(30)	(1,350)
Cash from financing activities		1,937	1,156
Net change in cash		(62)	(112)
Cash, beginning of year		84	196
Cash, end of year		\$ 22	\$ 84
<i>Supplemental cash flow information (Note 15)</i>			

See accompanying notes to the consolidated financial statements.

Pond Technologies Holdings Inc.

Consolidated Statements of Changes in Shareholders' Deficiency

For the years ended December 31, 2024 and 2023

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

	Number of Shares	Number of Warrants	Common Shares	Share-Based Payment Reserve	Accumulated Deficit	Total
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
Settlement of restricted share units	3,383,800	-	237	(237)	-	-
Settlement of deferred share units	94,958	-	49	(49)	-	-
Issuance costs	-	-	(15)	-	-	(15)
Warrants and agent warrants expired	-	(12,104,363)	4,463	(4,463)	-	-
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)
Settlement of 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)

See accompanying notes to the consolidated financial statements.

Pond Technologies Holdings Inc.
Notes to Consolidated Financial Statements
For the years ended December 31, 2024 and 2023

(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 the 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 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.

For the year ended December 31, 2024, the Company recorded a net loss from operations of \$3,689 (2023 – \$3,474). 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 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

The Company’s management prepared these consolidated financial statements in accordance with IFRS Accounting Standards, as issued by the International Accounting Standards Board (“IASB”) and interpretations of the IFRS Interpretation Committee applicable to the preparation of financial statements. The Board of Directors approved these financial statements on June 30, 2025.

(b) Basis of presentation

The consolidated financial statements have been prepared on a historical cost basis, except when certain financial instruments are measured at fair value. In addition, the 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.

Pond Technologies Holdings Inc.
Notes to Consolidated Financial Statements
For the years ended December 31, 2024 and 2023

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

2. BASIS OF PREPARATION (Continued)

(c) Foreign currency (Continued)

Transactions and balances

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 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 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 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

The preparation of consolidated financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions based on currently available information that affect the application of accounting policies and reported amounts of assets and liabilities at the date of the statements of financial position and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results may differ from these estimates. Estimates and underlying assumptions and judgments are reviewed on an ongoing basis.

Significant estimates, judgments and assumptions made by management in the preparation of these consolidated financial statements are outlined below:

Significant judgments in applying accounting policies

(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 Consolidated Financial Statements
For the years ended December 31, 2024 and 2023

(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. MATERIAL ACCOUNTING POLICY INFORMATION

Revenue recognition and costs

(i) Technology services contract revenue and costs

Revenue is recognized in a manner that depicts the transfer of promised goods or services to the customer and at an amount that reflects the consideration expected to be received in exchange for transferring those goods or services. For each contract with a customer, the Company applies the following five step model:

1. Identify the contract with a customer;
2. Identify the performance obligations in the contract;
3. Determine the transaction price which takes into account estimates of variable consideration and the time value of money;
4. Allocate the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and
5. Recognize revenue when a performance obligation is satisfied and in a manner that depicts the transfer of the goods or services promised to the customer.

The Company earns revenues from technology services that include multiple performance obligations, such as the algae growth studies, construction of a bio-reactor, engineering, procurement, installation, and commissioning. In the majority of the Company's contracts, the customer controls the work in process as evidenced by the right to payment for work performed to date once accepted by the customer, plus a reasonable profit to deliver products or services that do not have an alternative use to the Company. Based on the nature of these contractual arrangements, control is transferred over time and revenue is recognized over time.

Pond Technologies Holdings Inc.
Notes to Consolidated Financial Statements
For the years ended December 31, 2024 and 2023

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Revenue recognition and costs (Continued)

(i) *Technology services contract revenue and costs (Continued)*

For each performance obligation satisfied over time, the Company will recognize revenue by measuring progress toward complete satisfaction of that performance obligation.

Using output or input methods based on the type of contract, the Company recognizes revenue in a pattern that reflects the transfer of control of the promised goods or services to the customer. If the outcome of a revenue contract cannot be estimated reliably for management to estimate the ultimate profitability of the contract with a reasonable degree of certainty, no revenue is recognized. When further clarity is gained throughout the progression of the contract, the constrained margin and associated revenue will be reassessed.

The Company recognizes an impairment loss in profit or loss to the extent the carrying amount of contract costs exceed the remaining amount of consideration expected to be received, less costs directly related to providing those goods or services. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of amortization, if no impairment loss had been recognized.

Contract costs

Contract costs are expensed as incurred unless they result in an asset related to future contract activity and meet the criteria to be capitalized as contract assets. Construction costs include all expenses that relate directly to execution of the specific contract, including labour and supervision, direct materials, subcontractor costs, equipment rentals and amortization and design and technical assistance.

Contract receivables and deferred contract revenue

Any excess of costs and estimated earnings over progress billings on construction contracts is carried as a contract receivable in the consolidated financial statements. Contract receivables also arise when the Company capitalizes incremental costs of obtaining contracts with customers and the costs incurred in fulfilling those contracts, such as mobilization costs. Costs to fulfill a contract are required to be capitalized where they are determined to relate directly to a contract or an anticipated contract that the entity can specifically identify, they generate or enhance resources of the Company that will be used in satisfying performance obligations in the future, and they are expected to be recovered under that specific contract. In all cases, the specific contract receivable is amortized with reference to the same pattern of recognition as the revenue recognized on the associated project. Any excess of progress billings over earned revenue on construction contracts is carried as deferred contract revenue in the consolidated financial statements. All contract receivables and deferred contract revenue are classified as non-current in the consolidated financial statements when they are not expected to be settled within the Company's normal operating cycle.

(ii) *Nutraceutical products*

The majority of the Company's revenue is derived from the sales of nutraceutical and related products to business customers and retail customers. Revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods to a customer. The Company recognizes revenue when control of the goods has transferred, which is determined by respective shipping terms and certain additional considerations. Invoices are generally issued at the time of shipment (which is when the Company has satisfied its performance obligations under the arrangement). As such, a receivable is recognized as the consideration is unconditional and only the passage of time is required before payment is due. The Company does not have performance obligations subsequent to delivery on the sale of goods to customers. Where the Company's role in a transaction is that of principal, revenue is recognized on a gross basis. This requires revenue to comprise the gross value of the transaction billed to the customer, after trade discounts, and with gross presentation of any related direct costs.

Pond Technologies Holdings Inc.
Notes to Consolidated Financial Statements
For the years ended December 31, 2024 and 2023

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Costs and inventory

Inventories are stated at the lower of cost and net realizable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Inventory costs are calculated using the weighted average cost method. Net realizable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in selling and distribution.

Capital assets

Capital assets are stated at cost less accumulated amortization and accumulated impairment losses. Amounts recorded for amortization of capital assets are based on management's best estimate of their useful lives. Accordingly, those amounts are subject to estimates.

The Company uses the straight-line method for amortization as follows: (Note 9)

Project equipment	5-20 years
Plant and machinery	10 years
Leasehold improvements	Term of lease
Furniture, fixtures and equipment	5 years
Computer hardware and software	3 years

Amortization methods, useful lives and residual values are reviewed at each reporting period and changes in estimates are applied prospectively.

Impairment of capital assets

The carrying amounts of the Company's capital assets are reviewed at each reporting date to determine whether there is any indication of impairment. For the purpose of impairment testing, capital assets are tested separately and are grouped into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets or CGUs.

The recoverable amount of an asset or a CGU is the greater of its value in use and its fair value less costs of disposal. Fair value is determined to be the amount for which the asset could be sold in an arm's-length transaction between knowledgeable and willing parties. Unless indicated otherwise, the recoverable amount used in assessing impairment losses is fair value less costs of disposal. Value in use is determined by estimating the present value of the future net cash flows to be derived from the continued use of the asset or CGU in its present form. These cash flows are discounted at a rate based on the time value of money and risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. An impairment loss in respect of capital assets recognized in prior years, is assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of amortization, if no impairment loss had been recognized.

Pond Technologies Holdings Inc.
Notes to Consolidated Financial Statements
For the years ended December 31, 2024 and 2023

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Intangible assets

Patents represent the costs incurred to file the patent application, primarily relating to legal expenses, and are capitalized when the costs meet the intangible asset recognition criteria. Patents are recorded at cost and amortized over 20 years, according to their expected useful lives.

Assignments and transfers of intellectual property are amortized over 20 years, according to their expected useful lives.

Research and development expenditures during the research phase are expensed as incurred. Expenditures during the development phase are capitalized when the underlying activities meet the intangible asset recognition criteria. In order for costs to be capitalized, an intangible asset must meet the criteria under IAS 38 Intangible Assets: (i) demonstration of technical feasibility, (ii) intention to complete; (iii) ability to use or sell; (iv) the ability to generate future economic benefits; (v) the availability of technical, financial and other resources; and (vi) the ability to measure reliably. If these criteria are not met, the costs are expensed as incurred.

Distribution rights were recorded at cost and amortized over the period the distribution right was expected to be of benefit to the Company.

Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issuance of shares are recognized as a reduction of share capital.

Where units are issued, consisting of a share and warrant, the Company apportions the fair value of consideration between share capital and warrants by using the Black-Scholes pricing model to value the warrants first and then the residual value is allocated to share capital. The fair value attributed to warrants is transferred to share capital when the warrants are exercised or expire.

Share-based compensation

The fair value of share options granted to employees (including directors and senior executives) is determined using the Black-Scholes option pricing model. Restricted and deferred share units are measured at fair value by reference to the market price on the grant date. The resulting value is charged to profit or loss over the vesting period with a corresponding increase to share-based payment.

The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

Where share-based payment instruments are granted to non-employees, they are recorded at the fair value of goods or services received in profit or loss, unless the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, in which case the goods or services received are measured, indirectly, by reference to the fair value of equity instruments granted, measured at the date the Company obtains the goods or the counterparty renders service.

The estimated fair value of options, restricted and deferred share units are classified as either equity-settled or cash-settled based on their obligation at the grant date, and settlement intent.

For instruments with non-vesting conditions, the grant date fair value is measured to reflect such conditions and there is no adjustment for differences between expected and actual outcomes. When exercised or settled, share capital is recorded at the sum of proceeds received plus the amount previously recorded in share-based payment reserve relating to the instrument exercised or settled.

Pond Technologies Holdings Inc.
Notes to Consolidated Financial Statements
For the years ended December 31, 2024 and 2023

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Government grants

Government grants include funding for research and product development support and other. Research and product development funding is recognized when there is reasonable assurance that the Company has complied with the conditions attached to the funding arrangement and the funding will be received. Reasonable assurance is determined based on the Company's past experience with claims and collections. Research and product development funding and investment tax credits are presented as a reduction in research and development expenses, unless it is for reimbursement of an asset, in which case it is recognized as a reduction in the carrying amount of the applicable asset. Other government grants are recorded when received in other income/ (expenses) in profit or loss.

Income taxes and deferred tax assets

Current income taxes are the expected income taxes payable on the taxable income for the year, using income tax rates enacted or substantively enacted, at the end of the reporting period, and any adjustment to income taxes payable in respect of previous periods.

In general, deferred taxes are recognized in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred taxes are determined on a non-discounted basis using income tax rates and laws that have been enacted or substantively enacted as at the statement of financial position dates and are expected to apply when the deferred tax asset is realized or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered. Deferred tax assets and liabilities are presented as non-current.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Current and deferred tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

The determination of the Company's income and other tax liabilities requires the interpretation of complex laws and regulations, which may involve multiple jurisdictions. Judgment is required in determining whether deferred tax assets should be recognized on the consolidated statement of financial position. Deferred tax assets, including those arising from unutilized tax losses, require management to assess the likelihood that the Company will generate taxable income in future periods in order to utilize available deferred tax assets.

Pond Technologies Holdings Inc.
Notes to Consolidated Financial Statements
For the years ended December 31, 2024 and 2023

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Provisions

A provision is a liability of uncertain timing or amount. Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. Provisions are remeasured at each statement of financial position date using the current discount rate. The increase in the provision due to passage of time is recognized as interest expense.

Convertible debentures

Convertible debentures issued by the Company are compound financial instruments under IAS 32 *Financial Instruments Presentation* ("IAS 32"). Under IAS 32, the Company must recognize separately the components that create a financial liability (the "liability component") and grants an option to the holder of the debentures to convert them into an equity instrument of the Company (the "equity component").

Proceeds received by the Company upon issuance of debentures are allocated between the liability and equity components. Transaction costs incurred in the process of issuing debentures are allocated between the financial instruments recognized on the same basis as the liability and equity components.

The fair value of the liability component is the present value of the stream of future cash flows discounted by a rate of interest applicable to comparable non-convertible instruments in the market determined by the effective interest method. The Company initially recognizes a financial liability as the fair value of the liability component, offset by the proportionate share of transaction costs. The financial liability is subsequently accreted to the face value of the liability component over the term of the debentures at the effective interest rate.

The equity component is allocated the residual value being the difference between the proceeds received and the fair value of the liability component. The Company assesses whether the equity component is an equity instrument or financial liability based on if a difference exists between the functional currency of the issuing entity and the currency of the debentures' conversion option, or if a conversion price adjustment feature exists. If an equity instrument is recognized, the proportionate share of transaction costs is a charge to equity.

Earnings (loss) per share

The basic earnings (loss) per share is computed by dividing the net earnings (loss) by the weighted average number of common shares outstanding during the year. The diluted earnings per share reflects the potential dilution of common share equivalents, such as outstanding share-based payment instruments, convertible debentures and share purchase warrants, in the weighted average number of common shares outstanding during the year. Diluted earnings per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive instruments outstanding that may add to the total number of common shares, except where the effect of including that dilutive instruments would be anti-dilutive. Diluted loss per share in the periods presented is equivalent to basic loss per share, as the potentially dilutive instruments would be anti-dilutive.

Financial instruments

The Company recognizes a financial asset or liability on the consolidated statement of financial position when it becomes party to the contractual provisions of the financial instrument except for customer receivables which are initially recognized when they are originated. Customer receivables without a significant financing component are initially measured at their transaction price, and all other financial assets are initially measured at fair value.

Pond Technologies Holdings Inc.
Notes to Consolidated Financial Statements
For the years ended December 31, 2024 and 2023

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial assets

After initial recognition at fair value financial assets are classified into one of the following categories:

- those to be measured subsequently at fair value (either through other comprehensive income (“OCI”), or through profit or loss); and
- those to be measured at amortized cost.

The classification and measurement of financial assets after initial recognition at fair value depends on the business model for managing the financial asset and the contractual terms of the cash flows. Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding, are generally measured at amortized cost at each subsequent reporting period. All other financial assets are measured at their fair values at each subsequent reporting period, with any changes recorded through profit or loss or through other comprehensive income (which designation is made as an irrevocable election at the time of recognition).

A write-off of a financial asset (or a portion thereof) constitutes a derecognition event. Write-off occurs when the Company has no reasonable expectations of recovering the contractual cash flows on a financial asset.

After initial recognition at fair value, financial liabilities are classified and measured at either:

- Amortized cost;
- Fair value through profit or loss (“FVTPL”), if the Company has made an irrevocable election at the time of recognition, or when required instruments held for trading or derivatives); or,
- Fair value through other comprehensive income (“FVTOCI”), when the change in fair value is attributable to changes in the Company’s credit risk.

The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

Transaction costs that are directly attributable to the acquisition or issuance of a financial asset or financial liability classified as subsequently measured at amortized cost or FVTOCI are included in the fair value of the instrument on initial recognition. Transaction costs for financial assets and financial liabilities classified at FVTPL are expensed in profit or loss.

Classification

The following table shows the classification and measurement of the Company’s financial instruments:

Cash	Amortized cost
Receivables	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Loans and short term advances	Amortized cost
Convertible debenture	Amortized cost

Impairment of financial and contract assets

The Company recognizes a loss allowance for expected credit losses on financial assets which are either measured at amortized cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Company’s assessment at the end of each reporting period as to whether the financial instrument’s credit risk has increased significantly since initial recognition, based on reasonable and supportable information. The expected credit loss model requires a credit loss to be reflected in profit and loss immediately after an asset or receivable is acquired, with subsequent changes in expected credit losses at each reporting date recorded to reflect any change in credit risk. The Company applies the simplified approach, which reflects the lifetime expected credit losses from inception.

Pond Technologies Holdings Inc.
Notes to Consolidated Financial Statements
For the years ended December 31, 2024 and 2023

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial assets (continued)

Derecognition

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risk and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in profit or loss. However, gains and losses on derecognition of financial assets classified at FVTOCI remain within accumulated other comprehensive income (loss).

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The assets are amortized over the shorter of the useful life of the right-of-use asset or the lease term using the straight-line method as this most closely reflects the expected pattern of consumption of the future economic benefits. The lease term includes periods covered by an option to extend if the Company is reasonably certain to exercise that option. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and these amounts are recognized in profit or loss when incurred.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company has elected to apply the practical expedients for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases is recognized in profit or loss on a straight-line basis over the lease term.

Pond Technologies Holdings Inc.
Notes to Consolidated Financial Statements
For the years ended December 31, 2024 and 2023

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

4. 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 Consolidated Financial Statements
For the years ended December 31, 2024 and 2023

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

5. RECEIVABLES

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

	Dec 31, 2024	Dec 31, 2023
Customer accounts	\$ 188	\$ 810
Government receivables	82	20
	\$ 270	\$ 830

	Dec 31, 2024	Dec 31, 2023
Current	\$ 179	\$ 707
Contractually past due		
30 - 60 days	3	47
60 - 90 days	-	21
Over 90 days	6	35
Total receivables	\$ 188	\$ 810

The loss allowance was \$Nil (2023 - \$7) for the year ended December 31, 2024.

6. INVENTORY

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

	Dec 31, 2024	Dec 31, 2023
Raw materials	\$ 163	\$ 55
Work-in-process	-	1
Finished goods	72	246
	\$ 235	\$ 302

The cost of nutraceutical inventory recognized as an expense during the year was \$1,606 (2023 - \$3,456). During the year ended December 31, 2024, the Company recorded \$Nil (2023 - \$Nil) write-downs of inventory.

7. COSTS OF CONTRACTS

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

	Dec 31, 2024	Dec 31, 2023
Balance, beginning of year	\$ 597	\$ 647
Costs incurred during the year	-	38
Costs recognized on termination of contracts	(597)	(88)
	\$ -	\$ 597

The underlying agreements have been terminated and the net amount included in other income (expense) during the year ended December 31, 2024 (see note 16).

Pond Technologies Holdings Inc.
Notes to Consolidated Financial Statements
For the years ended December 31, 2024 and 2023

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

8. INTANGIBLES

	Patent Filing Costs and Acquired Intellectual Property	Distribution Rights	Total
Costs			
Balance, December 31, 2022	\$ 2,797	\$ 640	\$ 3,437
Additions	-	-	-
Disposals	-	-	-
Balance, December 31, 2023	2,797	640	3,437
Additions	-	-	-
Disposals	-	-	-
Expiry of agreement	-	(640)	(640)
Balance, December 31, 2024	2,797	-	2,797
Accumulated amortization			
Balance, December 31, 2022	1,559	506	2,065
Additions	139	134	273
Disposals	-	-	-
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	\$ 2,797	\$ -	\$ 2,797
<i>Net carrying amount</i>			
Balance, December 31, 2023	\$ 1,099	\$ -	\$ 1,099
Balance, December 31, 2024	\$ -	\$ -	\$ -

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 Consolidated Financial Statements
For the years ended December 31, 2024 and 2023

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

9. CAPITAL ASSETS

	Project equipment plant machinery and leasehold	Furniture and fixtures	Computer and hardware	Total
Cost				
Balance, December 31, 2022	\$ 2,926	\$ 129	\$ 154	\$ 3,209
Additions	23	-	-	23
Disposals	(63)	-	-	(63)
Balance, December 31, 2023	2,886	129	154	3,169
Additions	8	-	-	8
Disposals	-	-	-	-
Balance, December 31, 2024	2,894	129	154	3,177
Accumulated amortization				
Balance, December 31, 2022	1,980	89	126	2,195
Amortization and depletion	184	4	8	196
Disposals	(42)	-	-	(42)
Loss on impairment	152	-	-	152
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
<i>Net carrying amount</i>				
Balance, December 31, 2023	\$ 612	\$ 36	\$ 20	\$ 668
Balance, December 31, 2024	\$ 369	\$ 10	\$ -	\$ 379

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	Dec 31, 2024	Dec 31, 2023
Accounts payable	\$ 1,123	\$ 1,523
Interest payable	1,114	338
Accrued liabilities	869	837
	\$ 3,106	\$ 2,698

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

Pond Technologies Holdings Inc.
Notes to Consolidated Financial Statements
For the years ended December 31, 2024 and 2023

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

11. LOANS AND SHORT-TERM ADVANCES

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

		CW(i)	STA(ii)	CEBA (iii)	SMC (iv)	Total
Balance, December 31, 2022	\$	1,590	\$ -	\$ 40	\$ -	1,630
Advances		-	2,225	-	65	2,290
Settlement		(1,590)	-	-	-	(1,590)
Balance, December 31, 2023		-	2,225	40	65	2,330
Advances		-	2,100	-	-	2,100
Repayments/forgiveness		-	-	(40)	-	(40)
Balance, December 31, 2024	\$	-	\$ 4,325	\$ -	\$ 65	\$ 4,390
Less: Current portion	\$	-	\$ 4,325	\$ -	\$ 65	\$ 4,390
Long-term portion	\$	-	\$ -	\$ -	\$ -	-

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

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

(ii) *Short-Term Advances ("STA")*

On October 30, 2023, Pond received a temporary short-term advance ("STA") of \$1,200 from Colmac to settle the Crystal Wealth loan on a full and final basis. On November 28, 2023 and December 28, 2023 Pond received further STAs of \$125 and \$100 from Colmac for working capital purposes. During the year ended December 31, 2024, the Company received further advances totaling \$2,100. The STAs incur an interest rate of 15% and are secured by Pond Technologies Inc. assets.

(iii) *Canada Emergency Business Account program ("CEBA")*

On April 20, 2020 the Company entered into a \$40 non-revolving loan agreement with TD Canada Trust under the Canada Emergency Business Account program ("CEBA"). The CEBA loan 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.

(iv) *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 matures 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 Consolidated Financial Statements
For the years ended December 31, 2024 and 2023

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

12. 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 20) 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, 2022	\$	1,724
Interest accretion		67
Repayments		-
Convertible Debenture - December 31, 2023		1,791
Interest accretion		69
Gain on modification		(94)
Repayments		-
Convertible Debenture - December 31, 2024	\$	1,766
Less: Current portion	\$	1,766
Long-term portion	\$	-

Pond Technologies Holdings Inc.
Notes to Consolidated Financial Statements
For the years ended December 31, 2024 and 2023

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

13. LEASE LIABILITIES AND RIGHT-OF-USE ASSETS

The Company's leases are for office space. Certain of the leases contain renewal options. The Company has included renewal options on the measurement of lease obligations when it is reasonably certain that the Company will exercise the renewal option.

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

Lease liabilities, December 31, 2022	\$	470
Interest on lease liabilities		49
Lease payments		(125)
Lease liabilities, December 31, 2023		394
Interest on lease liabilities		45
Lease payments		(133)
Lease liabilities, December 31, 2024	\$	306

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

	Dec 31, 2024	Dec 31, 2023
Current	\$ 132	\$ 132
Non-current:		
Year 2	90	132
Year 3	86	90
Year 4	57	86
Years 5+	-	57
Lease payments	\$ 365	\$ 497

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

Right-of-use asset, December 31, 2022	\$	426
Additions		-
Amortization		(90)
Right-of-use asset, December 31, 2023		336
Additions		-
Amortization		(92)
Right-of-use asset, December 31, 2024	\$	244

Amounts recognized in profit or loss:

	Dec 31, 2024	Dec 31, 2023
Amortization of right-of-use asset	\$ 92	\$ 90
Interest expense on lease liabilities	45	49
	\$ 137	\$ 139

Pond Technologies Holdings Inc.
Notes to Consolidated Financial Statements
For the years ended December 31, 2024 and 2023

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

14. SHARE CAPITAL

Authorized

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

Issued

	Number of shares	Amount
Balance, as at December 31, 2022	66,055,690	\$ 39,134
Share issuance, private placements and debt settlement	7,111,427	531
Shares issued from restricted share units	3,383,800	237
Shares issued from deferred share units	94,958	49
Issuance costs	-	(15)
Expired warrants and agent warrants	-	4,463
Balance, as at December 31, 2023	76,645,875	44,399
Shares issued from restricted share units	1,446,350	127
Balance, as at December 31, 2024	78,092,225	\$ 44,526

Transactions in 2023

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

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

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

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

On September 7, 2023 3,350,000 RSUs with a grant date fair value of \$236 were settled by the issuance of 3,350,000 common shares.

On November 23, 2023 33,800 RSUs with a grant date fair value of \$1 were settled by the issuance of 33,800 common shares.

Transactions in 2024

On May 30, 2024, 1,446,350 RSUs with a grant date fair value of \$127 were settled by the issuance of 1,446,350 common shares.

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.

Pond Technologies Holdings Inc.
Notes to Consolidated Financial Statements
For the years ended December 31, 2024 and 2023

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

14. SHARE CAPITAL (Continued)

Share option plan

	Number of options outstanding	Weighted average exercise price
Balance, as at December 31, 2022 and 2023	705,000	\$ 0.390
Share options expired	(200,000)	0.658
Balance, as at December 31, 2024	505,000	\$ 0.286

During the year ended December 31, 2024, the Company granted Nil (2023 – Nil) share options

As at December 31, 2024, 505,000 (2023 – 705,000) share options were exercisable and the weighted average remaining contractual lives of the share options was 1.0 years (2023 – 1.5 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.

At December 31, 2024, there were 1,030,144 (2023 – 868,576) shares reserved for issuance on settlement of DSUs for which the Company recognized \$81 (2023 - \$70) to the Share-based payment reserve.

Restricted share units

At December 31, 2024, there were 171,250 common shares reserved for issuance on settlement of RSUs (2023 - 1,617,600). During the twelve months 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 settle RSUs.

For the twelve months ended December 31, 2024, the Company recognized a \$Nil charge to share-based payment reserve (2023 - \$371). All 171,250 RSUs were fully vested as at December 31, 2024 and expire on November 2, 2025.

Share-based payment reserve

Share-based payment reserve is comprised of the following:

	Dec 31, 2024	Dec 31, 2023
Share based compensation	\$ 3,923	\$ 3,969
Convertible debenture	197	197
	\$ 4,120	\$ 4,166

Pond Technologies Holdings Inc.
Notes to Consolidated Financial Statements
For the years ended December 31, 2024 and 2023

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

14. SHARE CAPITAL (Continued)

Warrants

The Company has issued warrants and Agent Warrants as part of the brokered and non-brokered placements, conversion of loans and debt settlements.

	Number of				Amount (\$000's)
	Warrants	Agent Warrants	Total		
Balance, as at December 31 2022	11,666,667	437,696	12,104,363	\$	4,463
Warrants expired	(11,666,667)	(437,696)	(12,104,363)		(4,463)
Balance, as at December 31, 2023 and 2024	-	-	-	\$	-

15. SUPPLEMENTAL CASH FLOW INFORMATION

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

During the year ended December 31, 2024, the following transactions were excluded from the consolidated statement of cash flows:

- 1,446,350 shares were issued on settlement of restricted share units;

During the year ended December 31, 2023, the following transactions were excluded from the consolidated statement of cash flows:

- 1,086,428 shares were issued to settle \$108 of accrued interest owing on the GV convertible debenture;
- 94,958 shares were issued on settlement of deferred share units;
- 3,383,800 shares were issued on settlement of restricted share units;
- 11,666,667 warrants expired and related costs transferred to share capital; and
- 437,696 agent warrants expired and related costs transferred to share capital.

16. REVENUE AND DEFERRED CONTRACT REVENUE

Revenue is comprised of sales of products and services to external customers (excluding HST and other sales taxes).

The majority of the Company's nutraceutical products revenue is generated from purchase order contracts in which nutraceutical goods, shipping and payment terms are specified.

The majority of the Company's technology services revenue is generated from contracts in which goods and services are typically provided over time. The Company's technology services revenue was derived from several contractual obligations. Revenues from contracts are recognized on a milestone completion basis. Deferred revenue is the difference between actual amounts invoiced and the amount of revenue recognized and is recorded in the consolidated statements of financial position.

Pond Technologies Holdings Inc.
Notes to Consolidated Financial Statements
For the years ended December 31, 2024 and 2023

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

16. REVENUE AND DEFERRED CONTRACT REVENUE (Continued)

Deferred Contract Revenue

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

	Dec 31, 2024	Dec 31, 2023
Balance, beginning of year	\$ 1,572	\$ 1,610
Revenue earned during the year	-	(142)
Payments received during the year	-	104
Termination of contracts	(1,572)	-
	\$ -	\$ 1,572

At December 31, 2023, the balance of deferred contract revenue related to a disputed contract where funds have been received and are held in abeyance until more certainty is achieved in the resolution of the dispute. The underlying agreements have been terminated and the net amount included in other income/(expense) during the year ended December 31, 2024.

17. BREAKDOWN OF EXPENSES

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

	Dec 31, 2024	Dec 31, 2023
<i>Operating expenses</i>		
Salaries and benefits	\$ 1,611	\$ 1,703
Travel and transportation	82	95
Project supplies and maintenance	429	112
	\$ 2,122	\$ 1,910
<i>General and administrative expenses</i>		
Audit and accounting	\$ 219	\$ 145
Computer and subscriptions	75	73
Consulting and advisory services	54	104
Investor relations	292	514
Legal	78	205
Marketing	115	27
Other	73	238
	\$ 906	\$ 1,306

Pond Technologies Holdings Inc.
Notes to Consolidated Financial Statements
For the years ended December 31, 2024 and 2023

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

18. FINANCIAL EXPENSES

The details for financial expenses are as follows:

	Dec 31, 2024	Dec 31, 2023
Interest on loans and short-term advances	\$ 509	\$ 224
Interest on debenture	263	235
Accretion on debenture	69	67
Interest on lease obligations	45	49
Bank charges and other	19	21
	\$ 905	\$ 596

19. INCOME TAXES

The following table reconciles expected income tax recovery calculated at the basic Canadian corporate tax rate with the tax expense (recovery) recorded in these financial statements:

	Dec 31, 2024	Dec 31, 2023
Net loss before income taxes	\$ (3,689)	\$ (3,474)
Statutory tax rate	26.50%	24.98%
Expected income tax recovery	(978)	(867)
Items not deductible for tax purposes	96	167
Change in estimate of prior year non-capital losses	(549)	-
Change in unrecognized deferred tax assets	1,431	700
	\$ -	\$ -

Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

	Dec 31, 2024	Dec 31, 2023
Non-capital losses	\$ 15,889	\$ 14,615
Investment tax credits	156	156
Excess of undepreciated capital costs over net carrying amount	92	797
Excess of cumulative eligible capital over net carrying amount	670	345
Other	3	23
Deferred tax asset not recognized	(16,810)	(15,936)
	\$ -	\$ -

As at December 31, 2024, the Company has non-capital loss carryforwards for income tax purposes, which may be available to reduce taxable income in future years. The amounts and expiry dates are as follows:

Pond Technologies Holdings Inc.
Notes to Consolidated Financial Statements
For the years ended December 31, 2024 and 2023

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

19. INCOME TAXES (Continued)

Non-capital loss carryforwards (000')	
2029	\$ 476
2030	1,354
2031	3,167
2032	10,985
2033	1,590
2034	3,103
2035	2,589
2036	3,595
2037	4,580
2038	5,481
2039	5,241
2040	3,596
2041	3,966
2042	4,789
2043	3,278
2044	2,168
	\$ 59,958

Included in the non-capital carry forwards is \$11,054 of losses which are restricted to oil and conventional natural gas business.

As at December 31, 2024, the Company has investment tax credits earned as a result of incurring Scientific Research and Experimental Development expenditures. Investment tax credit amounts, which have not been recognized in these consolidated financial statements, and expiry dates are as follows:

	Dec 31, 2024	Dec 31, 2023
2029	\$ 105	\$ 105
2030	14	14
2038	37	37
	\$ 156	\$ 156

20. 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 personnel 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 related party transactions and year end balances are as follows:

Pond Technologies Holdings Inc.
Notes to Consolidated Financial Statements
For the years ended December 31, 2024 and 2023

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

20. RELATED PARTY TRANSACTIONS (Continued)

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

	Dec 31, 2024	Dec 31, 2023
<i>Transactions during the year ended</i>		
Debt interest - GV (Note 12)	\$ 349	\$ 302
Loan interest to shareholder - Colmac (Note 11)	\$ 504	\$ 73
Loan interest to shareholder - CW (Note 11)	\$ -	\$ 146
Gain on settlement of loan - CW	\$ -	\$ 505
Gain on modification of loan - GV (Note 12)	\$ 94	\$ -
<i>Balances at year end</i>		
Convertible debenture - GV (Note 12)	\$ 1,766	\$ 1,791
Short-term advances (Note 11)	\$ 4,325	\$ 2,225
Director fees payable	\$ 80	\$ 80
Accounts payable and accrued liabilities	\$ 1,625	\$ 815

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:

	Dec 31, 2024	Dec 31, 2023
Share based compensation	\$ 81	\$ 446
Salaries and benefits included in operating expenses	853	578
	\$ 934	\$ 1,024

21. 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 offerings and one regional geographic area.

The three reportable segments for the year ended December 31, 2024, are Nutraceutical Products (including production and sales to consumers and business and distribution of third-party products), Technology Services (including the license fees, production of microalgal biomass, consulting, engineering services and the construction of biomass production facilities), and Corporate.

Pond Technologies Holdings Inc.
Notes to Consolidated Financial Statements
For the years ended December 31, 2024 and 2023

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

21. SEGMENTED INFORMATION (Continued)

Consolidated Statement of Financial Position	At December 31, 2024			Total
	Nutraceutical Products	Technology Services	Corporate	
Non-Current Assets				
Capital assets	\$ 378	\$ -	\$ -	\$ 378
Right-of-use assets	\$ 36	\$ 208	\$ -	\$ 244

Consolidated Statement of Loss and Comprehensive Loss	For The Year Ended December 31, 2024			Total
	Nutraceutical Products	Technology Services	Corporate	
Revenue				
Nutraceutical products	\$ 2,186	\$ -	\$ -	\$ 2,186
Technology services	-	-	-	-
	2,186	-	-	2,186
Direct costs and expenses:				
Nutraceutical products	(1,606)	-	-	(1,606)
Operating expenses				
Salaries and benefits	(561)	(1,050)	-	(1,611)
Travel and transportation	(7)	(75)	-	(82)
Project supplies and maintenance	(18)	(411)	-	(429)
General and administrative expenses				
Audit and accounting	-	-	(219)	(219)
Computer and subscriptions	(6)	(69)	-	(75)
Consulting and advisory services	(2)	(15)	(37)	(54)
Investor relations	-	(192)	(100)	(292)
Legal	-	(68)	(10)	(78)
Marketing	(115)	-	-	(115)
Other	73	(89)	(57)	(73)
Amortization and depletion	(233)	(215)	-	(448)
Share-based compensation	-	-	(81)	(81)
Loss before undernoted items	(289)	(2,184)	(504)	(2,977)
Other income (expenses):				
Finance expenses	(12)	(555)	(338)	(905)
Government assistance	-	155	-	155
Gain on loan settlement	10	-	-	10
Gain on modification of convertible debenture	-	-	94	94
Gain on termination of contracts	-	974	-	974
Loss on impairment of intangibles	-	(960)	-	(960)
Loss on impairment of capital assets	-	(80)	-	(80)
Net loss and comprehensive loss	\$ (291)	\$ (2,650)	\$ (748)	\$ (3,689)

Major Customers for the Year Ended December 31, 2024	Nutraceutical	Technology
	Products	Services
Total revenue with customers individually accounting for 10% or more of total revenue	\$ 1,180	\$ -

During the year ended December 31, 2024 the Company incurred material non-cash transactions disclosed in Note 15. These transactions were all relating to the Corporate reportable segment.

Pond Technologies Holdings Inc.
Notes to Consolidated Financial Statements
For the years ended December 31, 2024 and 2023

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

21. SEGMENTED INFORMATION (Continued)

Consolidated Statement of Financial Position	At December 31, 2023			
	Nutraceutical Products	Technology Services	Corporate	Total
Non-Current Assets				
Costs of contracts	\$ -	\$ 597	\$ -	\$ 597
Intangibles	\$ -	\$ 1,099	\$ -	\$ 1,099
Capital assets	\$ 571	\$ 97	\$ -	\$ 668
Right-of-use asset	\$ 70	\$ 266	\$ -	\$ 336

Consolidated Statement of Loss and Comprehensive Loss	For The Year Ended December 31, 2023			
	Nutraceutical Products	Technology Services	Corporate	Total
Revenue				
Nutraceutical products	\$ 4,404	\$ -	\$ -	\$ 4,404
Technology services	-	142	-	142
	4,404	142	-	4,546
Direct costs and expenses:				
Nutraceutical products	(3,456)	-	-	(3,456)
Technology services	-	(97)	-	(97)
Operating expenses				
Salaries and benefits	(553)	(1,150)	-	(1,703)
Travel and transportation	-	(95)	-	(95)
Project supplies and maintenance	(18)	(94)	-	(112)
General and administrative expenses				
Audit and accounting	-	-	(145)	(145)
Computer and subscriptions	(4)	(69)	-	(73)
Consulting and advisory services	(1)	(103)	-	(104)
Investor relations	-	(187)	(327)	(514)
Legal	-	(109)	(96)	(205)
Marketing	(27)	-	-	(27)
Other	(92)	(74)	(72)	(238)
Amortization and depletion	(134)	(290)	(135)	(559)
Share-based compensation	-	-	(446)	(446)
Loss before undernoted items	119	(2,126)	(1,221)	(3,228)
Other income (expenses):				
Finance expenses	(20)	(270)	(306)	(596)
Gain on loan settlement	-	505	-	505
Loss on impairment of intangibles	-	(152)	-	(152)
Loss on impairment of capital assets	-	(3)	-	(3)
Net loss and comprehensive loss	\$ 99	\$ (2,046)	\$ (1,527)	\$ (3,474)

Major Customers for the Year Ended December 31, 2023	Nutraceutical Products	Technology Services
Total revenue with customers individually accounting for 10% or more of total revenue	\$ 3,199	\$ 142

During the year ended December 31, 2023 the Company incurred material non-cash transactions disclosed in Note 15. These transactions were all relating to the Corporate reportable segment.

Pond Technologies Holdings Inc.
Notes to Consolidated Financial Statements
For the years ended December 31, 2024 and 2023

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

21. SEGMENTED INFORMATION (Continued)

Geographical information

Revenue

The following table presents geographical information about reported revenues from external customers for the years ended December 31, 2024 and December 31, 2023. The sales below are in relation to the physical delivery location of the customers which may not represent the jurisdiction where revenue was recognized.

	Dec 31, 2024	Dec 31, 2023
Canada	\$ 2,095	\$ 4,339
United States	91	207
	\$ 2,186	\$ 4,546

Non-current assets

	Dec 31, 2024	Dec 31, 2023
Canada	\$ 623	\$ 2,700

22. 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 consist of the components of shareholders' deficiency in the amount of \$(8,383) (2023 - \$(4,775)).

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 year and the Company will continue to seek additional forms of debt or equity financing.

23. 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 year ended December 31, 2024.

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 \$210 (2023 - \$894), representing the maximum exposure to credit risk from those financial assets.

Pond Technologies Holdings Inc.
Notes to Consolidated Financial Statements
For the years ended December 31, 2024 and 2023

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

23. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

Credit risk (Continued)

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 December 31, 2024 there are customer accounts receivable of \$6 (2023 - \$35) that are outstanding more than three months. The Company has a carrying amount of \$188 (2023 - \$810) 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 financial liabilities as at December 31, 2024 and 2023:

		< 1 year		1-2 years		>2 years
At December 31, 2024						
Accounts payable and accrued liabilities	\$	3,106	\$	-	\$	-
Loans and short-term advances payable	\$	4,390	\$	-	\$	-
Convertible debenture	\$	1,766	\$	-	\$	-
At December 31, 2023						
Accounts payable and accrued liabilities	\$	2,698	\$	-	\$	-
Loans and short-term advances payable	\$	2,265	\$	65	\$	-
Convertible debenture	\$	1,791	\$	-	\$	-

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 December 31, 2024, 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.

Pond Technologies Holdings Inc.
Notes to Consolidated Financial Statements
For the years ended December 31, 2024 and 2023

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

23. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

Market Risk (Continued)

(iii) *Foreign Currency Risk (Continued)*

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 (2023 - \$8). 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.

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 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 December 31, 2024, the Company did not have any financial assets or liabilities recorded at fair value and there were no transfers between the levels during the years ended December 31, 2024 and 2023.

24. SUBSEQUENT EVENTS

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

The Convertible Debentures are to be secured against all of Pond Technologies Inc.'s present and after-acquired personal property, including all technology, patents, copyrights, inventions and other intellectual property.

On February 25, 2025, the Company issued a Promissory Note to a Director for advances in the aggregate amount of \$815,000 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 Director 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. 15,092,025 warrants have been issued to the lender to date.

Pond Technologies Holdings Inc.
Notes to Consolidated Financial Statements
For the years ended December 31, 2024 and 2023

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

24. SUBSEQUENT EVENTS (Continued)

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

On March 3, 2025, 2,350,000 restricted share units 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.

On March 17, 2025, the Company settled unpaid wages to an officer in the amount of \$11,553 by way of a loan bearing interest at 8% per month, calculated monthly and payable in arrears. The loan is due on upon the earlier of the closing date of a convertible debenture offering, the closing of any strategic alternative transaction, and December 31, 2025.

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

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