

# **Beyond Oil Ltd.**

**Unaudited Interim Condensed Consolidated Financial Statements**

**As of March 31, 2023**

**Expressed U.S. dollars in thousands**

## **NOTICE TO SHAREHOLDERS**

The accompanying unaudited interim condensed consolidated financial statements of Beyond Oil Ltd. for the three months ended March 31, 2023 have been prepared by management in accordance with International Financial Reporting Standards applicable to interim financial statements (Note 2). Recognizing that the Company is responsible for both the integrity and objectivity of the unaudited interim condensed financial statements, management is satisfied that these unaudited interim condensed consolidated financial statements have been fairly presented.

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

The Company's independent auditor has not performed a review of these unaudited interim condensed financial statements in accordance with standards established by the Institute of Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

# **Beyond Oil Ltd.**

## **Unaudited Interim Condensed Consolidated Financial Statements As of March 31, 2023 Expressed U.S. dollars in thousands**

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# Beyond Oil Ltd.

## Unaudited Interim Condensed Consolidated Statements of Financial Position

U.S. dollars in thousands

|   | Note | March 31,<br>2023 | December 31,<br>2022 |
|---|------|-------------------|----------------------|
| <b>Assets</b>   |      |                   |                      |
| <b>Current</b>  |      |                   |                      |
| Cash and cash equivalents                             | \$   | 2,007             | \$ 876               |
| Restricted deposit                                    |      | 5                 | 6                    |
| Account Receivables                                   |      | 10                | -                    |
| Other accounts receivable                             |      | 185               | 113                  |
| Inventory   |      | 129               | -                    |
| <b>Total current assets</b>                           |      | <b>2,336</b>      | <b>995</b>           |
| <b>Non-current</b>                                    |      |                   |                      |
| Lease asset, net                                      |      | 191               | 178                  |
| Intangible asset, net                                 |      | 3,318             | 3,463                |
| Property and equipment, net                           |      | 152               | 155                  |
| <b>Total non-current assets</b>                       |      | <b>3,661</b>      | <b>3,796</b>         |
| <b>Total assets</b>                                   | \$   | <b>5,997</b>      | \$ <b>4,791</b>      |
| <b>Liabilities</b>                                    |      |                   |                      |
| <b>Current liabilities</b>                            |      |                   |                      |
| Trade accounts payable                                | \$   | 323               | \$ 239               |
| Other accounts payable                                |      | 444               | 334                  |
| Related Party   | 8    | 192               | 392                  |
| Derivative liability – Warrants                       | 4    | 38                | 4                    |
| Advanced payment                                      |      | 165               | 43                   |
| Royalties liability                                   |      | 353               | -                    |
| <b>Total current liabilities</b>                      |      | <b>1,515</b>      | <b>1,012</b>         |
| <b>Non-current liabilities</b>                        |      |                   |                      |
| Royalties liability                                   |      | -                 | 339                  |
| Lease liability                                       |      | 190               | 179                  |
| <b>Total non-current liabilities</b>                  |      | <b>190</b>        | <b>518</b>           |
| <b>Shareholders' equity</b>                           |      |                   |                      |
| Share capital and premium                             |      | 15,678            | 14,019               |
| Reserve from share-based compensation transactions    |      | 9,263             | 9,325                |
| Reserve from transaction with controlling shareholder |      | 920               | 920                  |
| Foreign currency translation reserve                  |      | 486               | 601                  |
| Accumulated deficit                                   |      | (22,055)          | (21,604)             |
| <b>Total Shareholders' equity</b>                     |      | <b>4,292</b>      | <b>3,261</b>         |
| <b>Total Liabilities and Shareholders' equity</b>     | \$   | <b>5,997</b>      | \$ <b>4,791</b>      |

### Going Concern (Note 1D)

May 30, 2023  
Date of approval of the financial  
statements

/S/ "Dan Itzhaki"  
Chairman of the Board of  
Directors - Dan Itzhaki

/S/ "Jonathan Or"  
CEO and Director -  
Jonathan Or

The accompanying notes are an integral part of these Interim Condensed consolidated Financial Statements

**Beyond Oil Ltd.****Unaudited Interim Condensed Consolidated Statements of Comprehensive Loss**

U.S. dollars in thousands, except per share data

|  | Three-month period ended |            |            |
|--|--------------------------|------------|------------|
|  | March 31,                |            |            |
|  | Note                     | 2023       | 2022       |
| Revenues   | \$                       | 10         | \$ -       |
| Cost of revenues                                       |                          | (8)        | -          |
| <b>Gross profit</b>                                    |                          | 2          | -          |
| <b>Operating expenses</b>                              |                          |            |            |
| Research and development                               |                          | (168)      | (131)      |
| General and administrative                             |                          | (267)      | (377)      |
| Sales and marketing                                    |                          | (24)       | (34)       |
| <b>Total operating expenses</b>                        |                          | (459)      | (542)      |
| <b>Loss from operations</b>                            |                          | (457)      | (542)      |
| Finance income   |                          | 26         | -          |
| Finance expenses                                       |                          | (20)       | (59)       |
| <b>Net loss before tax</b>                             |                          | (451)      | (601)      |
| Tax expenses   |                          | -          | -          |
| <b>Net loss</b>  | \$                       | (451)      | \$ (601)   |
| <b>Other comprehensive income:</b>                     |                          |            |            |
| Items that will not be reclassified to profit or loss: |                          |            |            |
| Translation adjustment to the presentation currency    |                          | (115)      | (56)       |
| <b>Total comprehensive loss</b>                        | \$                       | (566)      | \$ (657)   |
| Basic and Diluted loss per share                       |                          | (0.01)     | (0.02)     |
| Weighted Average Number of Shares Outstanding          |                          | 50,726,956 | 24,410,506 |

*The accompanying notes are an integral part of these Interim Condensed consolidated Financial Statements.*

**Beyond Oil Ltd.**

Unaudited Interim Condensed Consolidated Statements of Changes in shareholders' equity  
U.S. dollars in thousands

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For the Three-month period ended March 31, 2023:

|  | Note | Share Capital<br>and Premium | Reserve from<br>share-based<br>compensation<br>transactions | Reserve from<br>transaction with<br>controlling<br>shareholder | Accumulated<br>deficit | Foreign<br>currency<br>translation<br>reserve | Total        |
|--|------|------------------------------|---|--|------------------------|---|--------------|
| <b>Balance, December 31, 2022</b>            |      | \$ 14,019                    | \$ 9,325  | \$ 920   | \$ (21,604)            | \$ 601  | \$ 3,261     |
| <b>Comprehensive loss for the year</b>       |      |                              |   |  |                        |   |              |
| Loss   |      | -                            | -   | -  | (451)                  | -   | (451)        |
| Other Comprehensive loss in for the period   |      | -                            | -   | -  | -                      | (115)   | (115)        |
| <b>Total comprehensive loss for the year</b> |      | -                            | -   | -  | <b>(451)</b>           | <b>(115)</b>                                  | <b>(566)</b> |
| Issuance of unit of securities, net          | 5    | 1,659                        | -   | -  | -                      | -   | 1,659        |
| Share based compensation                     | 7    | -                            | (62)  | -  | -                      | -   | (62)         |
| <b>Balance, March 31, 2023</b>               |      | \$ 15,678                    | \$ 9,263  | \$ 920   | \$ (22,055)            | \$ 486  | \$ 4,292     |

*The accompanying notes are an integral part of these Interim Condensed consolidated Financial Statements.*

**Beyond Oil Ltd.****Unaudited Interim Condensed Consolidated Statements of Changes in shareholders' equity**

U.S. dollars in thousands

**For the Three-month period ended March 31, 2022:**

|  | Note | Share Capital<br>and Premium | Reserve from<br>share-based<br>compensation<br>transactions | Reserve from<br>transaction with<br>controlling<br>shareholder | Accumulated<br>deficit | Foreign<br>currency<br>translation<br>reserve | Total        |
|--|------|------------------------------|---|--|------------------------|---|--------------|
| <b>Balance, December 31, 2021</b>            |      | \$ 1,129                     | \$ 7,588  | \$ 920   | \$ (7,992)             | \$ 902  | \$ 2,547     |
| <b>Comprehensive loss for the year</b>       |      |                              |   |  |                        |   |              |
| Loss   |      | -                            | -   | -  | (601)                  | -   | (601)        |
| Other Comprehensive loss in for the period   |      | -                            | -   | -  | -                      | (57)  | (57)         |
| <b>Total comprehensive loss for the year</b> |      | -                            | -   | -  | <b>(601)</b>           | <b>(57)</b>                                   | <b>(658)</b> |
| Share based compensation                     | 7    | -                            | 21  | -  | -                      | -   | 21           |
| <b>Balance, March 31, 2022</b>               |      | \$ 1,129                     | \$ 7,609  | \$ 920   | \$ (8,593)             | \$ 845  | \$ 1,910     |

*The accompanying notes are an integral part of these Interim Condensed consolidated Financial Statements.*

**Beyond Oil Ltd. (formerly, FTC Cards Inc.)**  
**Unaudited Interim Condensed Consolidated Statements of Cash Flows**  
U.S. dollars in thousands

|   | <b>Three-month period<br/>ended March 31,</b> |              |               |
|---|---|--------------|---------------|
|   | <b>Note</b>                                   | <b>2023</b>  | <b>2022</b>   |
| <b>Cash flows from operating activities:</b>                                |   |              |               |
| Net loss for the period   | \$  | (451)        | \$ (601)      |
| Adjustments to reconcile net loss to net cash used in operating activities: |   |              |               |
| Depreciation and amortization   |   | 82           | 75            |
| Fair value adjustments of derivative liability – warrants                   |   | (17)         | -             |
| Re-assessment of royalties liability  |   | 14           | -             |
| Finance expenses (income), net  |   | (48)         | 3             |
| Share based compensation  |   | (62)         | 21            |
| <b>Changes in operations assets and liabilities:</b>                        |   |              |               |
| Change in inventory   |   | (132)        | -             |
| Change in related party transactions  |   | (23)         | 46            |
| Change in account receivables and other accounts receivables                |   | (87)         | 9             |
| Change in other advanced payment  |   | 126          | -             |
| Changes in trade payables and other trade payables                          |   | 49           | 87            |
| <b>Cash used in operations</b>  |   | <b>(549)</b> | <b>(359)</b>  |
| Interest paid   |   | (4)          | (3)           |
| <b>Net cash used in operating activities</b>                                |   | <b>(553)</b> | <b>(362)</b>  |
| <b>Cash flow from investing activities:</b>                                 |   |              |               |
| Purchase of property and equipment  |   | (9)          | (8)           |
| <b>Net cash used in financing activities</b>                                |   | <b>(9)</b>   | <b>(8)</b>    |
| <b>Cash flow from financing activities</b>                                  |   |              |               |
| Issuance of unit of securities, net   |   | 1,711        | -             |
| Payments of lease liabilities   |   | (19)         | (6)           |
| Short term loan from others   |   | -            | 125           |
| <b>Net cash provided by financing activities</b>                            |   | <b>1,692</b> | <b>119</b>    |
| Translation differences on cash and cash equivalents                        |   | 1            | (10)          |
| Increase from (decrease in) cash and cash equivalents                       |   | 1,130        | (251)         |
| Cash and cash equivalents at the beginning of the year                      |   | 876          | 388           |
| <b>Cash at the end of the period</b>  | <b>\$</b>                                     | <b>2,007</b> | <b>\$ 127</b> |

*The accompanying notes are an integral part of these Interim Condensed consolidated Financial Statements.*



## **Beyond Oil Ltd. (formerly, FTC Cards Inc.)**

### **Notes to the Unaudited Interim Condensed Consolidated Financial Statements FOR THE THREE MONTHS ENDED MARCH 31, 2023**

**U.S. dollars in thousands**

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#### **NOTE 1- GENERAL:**

The Company, the subsidiary, and the Merger transaction:

##### **A. The Company**

The Company (formerly, FTC Cards Inc.) was incorporated under the name 0934977 B.C. Ltd. under the laws of the Province of British Columbia on March 9, 2012. The Company was incorporated by CTF Technologies Inc. (“CTF”) for the purposes of completing a reorganization whereby, pursuant to the terms of an Arrangement Agreement (the “**Arrangement Agreement**”) between CTF, and FleetCor Technologies Inc. (“**FleetCor**”), FleetCor would acquire all of the shares of CTF from its existing shareholders and FTC Cards Inc. would be spun out from CTF. Such transaction completed on July 3, 2012, and the Company became a reporting issuer, not listed on any exchange for trading in Canada or elsewhere. On May 16, 2012, the Company changed its name to “FTC Cards Inc.”.

Pursuant to the terms of the Arrangement Agreement, FTC acquired 90.5% of the equity of FTC Cards Processamento e Servicos de Fidelizacao Ltda. The minority 9.5% interest was subsequently cancelled, and the entity became a wholly owned Brazilian subsidiary engaged in the payment card processing business. This subsidiary became inactive and was subsequently sold to a major shareholder of the Company following approval of the shareholders of the Company in November 2020.

Until May 13, 2022 the Company had no operational activity. Starting May 13, 2022 (the date of completing the transaction with Beyond Oil Israel), the Company introduced new activity by the purchase of a subsidiary company in the food-tech industry and as of this date the Company started to trade on the Canadian Securities Exchange.

##### **B. The subsidiary**

The subsidiary Beyond Oil (Israel) Ltd (“**Beyond Oil Israel**”) was incorporated on November 25, 2018, pursuant to the laws of the State of Israel as a food tech innovator. From commencement, its material purpose was the development of a product that reduces soluble impurities formed during the frying process that causes damaging free fatty acids and polar compound formation, undesirable odors, off-flavors, and off-colors (the “**Product**”). During the fiscal years from incorporation and up to the present date it has used its available financial resources for the purposes of developing the Product from concept to becoming an international leader in the sale of a preferential adsorbent that extends the usable life of frying oil, improves product quality, and reduces frying oil costs. In light of the foregoing, the financial statements provided materially reflect the business and operations of Beyond Oil Israel.

##### **C. Merger transaction**

On September 26, 2021, the Company entered into a share purchase agreement (the “**Share Purchase Agreement**”) with Beyond Oil Israel and the shareholders of Beyond Oil Israel for the acquisition of all of the issued and outstanding shares of Beyond Oil Israel (the “**Transaction**”). The consideration payable by the Company for the acquisition of Beyond Oil Israel consisted of common shares, common share purchase warrants and contingent rights of the Company.

The Transaction was completed on May 13, 2022, whereupon Beyond Oil Israel became a wholly-owned subsidiary of the Company and the Company changed its name to Beyond Oil Ltd.

## **Beyond Oil Ltd. (formerly, FTC Cards Inc.)**

### **Notes to the Unaudited Interim Condensed Consolidated Financial Statements FOR THE THREE MONTHS ENDED MARCH 31, 2023**

**U.S. dollars in thousands**

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#### **NOTE 1- GENERAL (Continue):**

In connection with the Transaction, the Company issued to Beyond Oil's Israel shareholders: (i) a total of 24,410,506 common shares of the Company (the "**Payment Shares**"); and (ii) 2,683,333 common share purchase warrants exercisable for one common share of the Company at an exercise price of CAN\$1.18 for a period of 12 months (the "**Consideration Warrants**").

The Company also issued a total of 1,708,735 common shares and 226,801 warrants to finders of the Transaction or their designated assignees (the "**Finders' Shares and Warrants**").

In addition, pursuant to a deferred purchase price agreement dated May 12, 2022, Beyond Oil Israel shareholders were entitled to, in the aggregate, up to 19,528,404 contingent value rights ("**Contingent Rights**") which will convert into the same number of common shares of the Company upon the achievement of the following milestones pursuant to a deferred purchase price agreement dated May 12, 2022 (the "**Milestones**"):

- (i) 4,882,101 common shares upon the Company or Beyond Oil Israel obtaining an order for at least US\$3 million from customers within twelve (12) months of the closing of the Transaction;
- (ii) 4,882,101 common shares upon the Company or Beyond Oil Israel achieving US\$6 million in cumulative sales within 18 months of the closing of the Transaction;
- (iii) 4,882,101 common shares upon the Company or Beyond Oil Israel achieving US\$13 million in cumulative sales within 30 months of the closing of the Transaction; and
- (iv) 4,882,101 common shares upon the Company or Beyond Oil Israel reaching positive EBITDA by the end of its fiscal year ended December 31, 2023, and such amount is confirmed by the audited annual financial statements for the year ended December 31, 2023.

Subject to the approval of the Canadian Securities Exchange, upon the Company or Beyond Oil Israel signing a definitive agreement with a major investor or oil producer on or before December 31, 2023 that results in the Company or Beyond Oil Israel receiving US\$10 million in revenues over a 24 month period, such milestone may be used as a replacement for any one milestone in (i), (ii), (iii) or (iv) above. For additional information on the extension of the Contingent value rights expiry date, please see note 9.

In connection with the Transaction the Company also agreed to pay to Pinhas Or (the founder of Beyond Oil Israel), the sum of US\$500 thousand upon the Company receiving at least CAN\$2.5 million (\$1.96 million) pursuant to the exercise of Unit Warrants and Consideration Warrants.

The Company's Board of Directors has adopted a 10% rolling stock option plan (the "**FTC Option Plan**"). Existing Beyond Oil's Israel stock options were exchanged for an aggregate of 967,376 replacement options to be governed by the FTC Option Plan for an aggregate of 967,376 options of the Company on the same economic terms as the original options. The replacement options vest as follows: 25% on the 6-month anniversary of the date of grant followed by 10.7143% each quarter for seven (7) quarters following the 6-month anniversary of the date of grant.

Following the closing of the transaction, the Company also issued a total of 2,938,139 options to certain directors, officers and service providers under the FTC Option Plan with each option exercisable at CAN\$0.75 until 2032. These options will vest as follows: 1/3 at grant, 1/3 one year after grant, and 1/3 two years after grant.

## **Beyond Oil Ltd. (formerly, FTC Cards Inc.)**

### **Notes to the Unaudited Interim Condensed Consolidated Financial Statements FOR THE THREE MONTHS ENDED MARCH 31, 2023**

**U.S. dollars in thousands**

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#### **NOTE 1- GENERAL (Continue):**

On September 26, 2021, Beyond Oil Israel signed an allocation agreement with the holders of its preferred shares (the “**Preferred Investors**” and the “**Allocation Agreement**”) pursuant to which the Preferred Investors agreed to the foregoing in exchange for (and in addition to any other consideration the Preferred Investors may be entitled to under the Share Purchase Agreement as a shareholder of the Company) (i) Payment Shares and Consideration Warrants having an aggregate value of \$735 thousand and \$210 thousand (calculated using number of Consideration Warrants multiply by the exercise price), respectively; and (ii) execution and delivery of an investment return agreement pursuant to which the Preferred Investors shall be entitled to receive an amount equal to 25% of Annual Sales Revenue (as defined therein), up to an aggregate amount of \$400 thousand, in each case allocated on pro-rate basis. The Company derecognized the Preferred shares against the share premium (presented in the Reverse Take Over in the Statement of Changes in the Shareholders’ Equity) and recognized the fair value of royalties that paid based on the future revenues for the royalties liability fair value of \$339 thousand.

The Preferred Investors also agreed and acknowledged that the then existing warrants, according to their terms, expired upon the consummation of the Transaction and all previous agreements and understandings between the parties would be derecognized and canceled as of the consummation of the Transaction.

#### **D. Going concern:**

As of March 31, 2023, the Company incurred losses from operations since its inception and as of March 31, 2023, the Company has an accumulated deficit of \$22,055 thousand. In addition, the Company generated negative cash flows from operating activities of \$553 thousand and a loss in the amount of \$451 thousand. As of the date of the issuance of these financial statements, the Company has not yet commenced generating significant sales, and therefore depends on fundraising from new and existing investors to finance its activities. These factors create material uncertainties that may create significant doubts about the Company's ability to continue as a going concern. The financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

Company’s management believe that the company will be able to pay its debts when they fall due, and to fund near term anticipated activities based on proceeds from capital fund raising (see note 5) and future revenues.

Company’s management are satisfied that it is appropriate to prepare the financial statements on a going concern basis on the basis that the above can be reasonably expected to be accomplished.

**Beyond Oil Ltd. (formerly, FTC Cards Inc.)**  
**Notes to the Unaudited Interim Condensed Consolidated Financial Statements**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2023**  
**U.S. dollars in thousands**

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**NOTE 2 – BASIS OF PREPARATION**

The interim condensed financial statements have been prepared in accordance with generally accepted accounting principles for the preparation of financial statements for interim condensed periods, as prescribed in International Accounting Standard No. 34 (“Interim condensed Financial Reporting”).

The interim condensed financial information should be read in conjunction with the annual financial statements as of December 31, 2022, and for the year then ended and with the notes thereto, except for note 2(a). The significant accounting policies applied in the annual financial statements of the Company as of December 31, 2022, are applied consistently in these interim condensed financial statements.

**a. Inventory**

Inventories are initially recognized at cost, and subsequently at the lower of cost and net realizable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Weighted average cost is used to determine the cost of ordinarily interchangeable items.

**NOTE 3 – CHANGES IN SIGNIFICANT ACCOUNTING POLICIES**

*New IFRSs adopted in the period*

There are a number of standards and interpretations which have been issued by the International Accounting Standards Board that are effective for periods beginning subsequent to December 31, 2023 (the date on which the Company’s next annual financial statements will be prepared up to) that the Company has decided not to adopt early. The Company does not believe these standards and interpretations will have a material impact on the financial statements once adopted.

**Beyond Oil Ltd. (formerly, FTC Cards Inc.)**  
**Notes to the Unaudited Interim Condensed Consolidated Financial Statements**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2023**  
**U.S. dollars in thousands**

**NOTE 4 - Derivative liability – Warrants:**

- A. A summary of changes in common share purchase warrants and options issued by the Company during the period ended March 31, 2023 and December 31, 2022 are as follows:

| <b>March 31, 2023</b>           |                           |   |
|---------------------------------|---------------------------|---|
|                                 | <b>Number of Warrants</b> | <b>Weighted Average Exercise Price (\$)</b> |
| <b>Balance, January 1, 2023</b> | <b>5,151,458</b>          | <b>0.94</b>                                 |
| Issuance of warrants (i)        | 1,589,422                 | 0.74  |
| <b>Balance, March 31, 2023</b>  | <b>6,740,880</b>          | <b>0.86</b>                                 |

| <b>December 31, 2022</b>          |                           |   |
|-----------------------------------|---------------------------|---|
|                                   | <b>Number of Warrants</b> | <b>Weighted Average Exercise Price (\$)</b> |
| <b>Balance, January 1, 2022</b>   | <b>31,694</b>             | <b>6.31</b>                                 |
| Cancelation of warrants (ii)      | (31,694)                  | -   |
| Issuance of warrants (iii)        | 5,243,458                 | 0.94  |
| Exercise of warrants (iv)         | (92,000)                  | 0.96  |
| <b>Balance, December 31, 2022</b> | <b>5,151,458</b>          | <b>0.94</b>                                 |

| <b>March 31, 2022</b>           |                           |   |
|---------------------------------|---------------------------|---|
|                                 | <b>Number of Warrants</b> | <b>Weighted Average Exercise Price (\$)</b> |
| <b>Balance, January 1, 2022</b> | <b>31,694</b>             | <b>6.31</b>                                 |
| Issuance of warrants            | -                         | -   |
| <b>Balance, March 31, 2022</b>  | <b>31,694</b>             | <b>6.31</b>                                 |

- (i) For additional information on the completion of the private placements offering On January 17, 2023 and March 1, 2023, please see note 5.
- (ii) On May 12, 2022, the Company issued to the former shareholders of Beyond Oil Israel 2,683,333 common share purchase warrants exercisable for one common share of the Company at an exercise price of CAN\$1.18 for a period of 12 months expiring May 11, 2023 and 2,560,125 common share purchase warrants exercisable for one common share of the Company at an exercise price of CAN\$1.25 for a period of 12 months. For additional information, please see special warrants on note 1C.
- (iii) For additional information, please see special warrants on note 1C.
- (iv) In June 2022, 92,000 common shares purchase warrants were exercised for gross proceeds to the Company of CAN\$115 thousand.

## Beyond Oil Ltd. (formerly, FTC Cards Inc.)

### Notes to the Unaudited Interim Condensed Consolidated Financial Statements FOR THE THREE MONTHS ENDED MARCH 31, 2023

U.S. dollars in thousands

#### NOTE 4 - Derivative liability – Warrants (Continue):

- (v) For additional information on the extension of the Special Warrants and Consideration Warrants expiry date, please see note 9.

B. The following table summarizes information about warrants outstanding as at March 31, 2023:

| Date of issuance | Date of expiry    | Exercise price | Exercisable at March 31, 2023 |
|------------------|-------------------|----------------|-------------------------------|
| May 12, 2022     | May 11, 2023      | CAN\$1.25      | 2,468,125                     |
| May 12, 2022     | May 11, 2023      | CAN\$1.18      | 2,683,333                     |
| January 17, 2023 | January 16, 2024  | CAN\$1.00      | 789,422                       |
| March 1, 2023    | February 28, 2024 | CAN\$1.00      | 800,000                       |

As the warrants issued by the Company have an exercise price denominated in CAN dollars, which differs from the Company's reporting currency, they do not qualify for classification as equity. These warrants have been classified as a derivative warrant liability and are recorded initially at the fair value and revalued at each reporting date, using the Black-Scholes valuation method. Changes in fair value for each period are included in the comprehensive profit and loss for the period.

The Company uses the Black-Scholes based structural model to estimate the fair value of the derivative warrants liability at the end of each reporting period.

A. The following assumptions were used to estimate the fair value of the derivative warrants liability:

| Number of warrants        | 789,422                           |                | 800,000                        |                |
|---------------------------|-----------------------------------|----------------|--------------------------------|----------------|
|                           | At Issuance Date January 17, 2023 | March 31, 2023 | At Issuance Date March 1, 2023 | March 31, 2023 |
| Share price               | CAN\$0.67                         | CAN\$0.66      | CAN\$0.67                      | CAN\$0.66      |
| Expected life of warrants | 1 year                            | 0.80 year      | 1 year                         | 0.92 year      |
| Expected volatility       | 45%                               | 45%            | 45%                            | 45%            |
| Risk-free interest rate   | 5.0%                              | 4.36%          | 5.0%                           | 4.36%          |

  

| Number of warrants        | 2,468,125  |                | 2,683,333                     |                |
|---------------------------|--|----------------|-------------------------------|----------------|
|                           | Warrants Issued Pursuant to Concurrent Financing |                | Consideration Warrants        |                |
|                           | At Issuance Date May 12, 2022                    | March 31, 2023 | At Issuance Date May 12, 2022 | March 31, 2023 |
| Share price               | CAN\$0.7183                                      | CAN\$0.66      | CAN\$0.7183                   | CAN\$0.66      |
| Expected life of warrants | 1 year   | 0.12 year      | 1 year                        | 0.12 year      |
| Expected volatility       | 50%  | 45%            | 50%                           | 45%            |
| Risk-free interest rate   | 3.1%   | 4.36%          | 3.1 %                         | 4.36%          |

The Company considers the expected volatility of the shares of comparable companies and its common shares in estimating its future stock price volatility. The risk-free interest rate for the expected life of the options was based on the yield available on US dollar government benchmark bonds with an approximate equivalent remaining term at the time of the grant. The expected life is based on the contractual term.

## Beyond Oil Ltd. (formerly, FTC Cards Inc.)

### Notes to the Unaudited Interim Condensed Consolidated Financial Statements FOR THE THREE MONTHS ENDED MARCH 31, 2023

U.S. dollars in thousands

#### NOTE 5 - Share Capital and Premium:

##### *Common Shares:*

The Company's common shares confer upon their holders, the right to receive notice of, and to participate in, all general meetings of the Company, to vote in such meetings, to receive dividends, and to participate in the distribution of the surplus assets of the Company in the event of liquidation of the Company.

|                                 | Number of shares |                           |                   |                           |
|---------------------------------|------------------|---------------------------|-------------------|---------------------------|
|                                 | March 31, 2023   |                           | December 31, 2022 |                           |
|                                 | Authorized       | Issued and<br>outstanding | Authorized        | Issued and<br>outstanding |
| Common shares with no par value | *                | 52,091,849                | *                 | 48,913,006                |

\* Authorized - Unlimited number of common shares with no par value.

##### Movements in common shares:

|                                  | Number of shares  |
|----------------------------------|-------------------|
| Balance as of January 1, 2023    | 48,913,006        |
| Issued in private placements (i) | 3,178,843         |
| Balance as of March 31, 2023     | <b>52,091,849</b> |

- (i) On January 17, 2023, the Company announced the completion of a private placement offering consisting of 1,578,843 units (the "**January Units**") for gross proceed of CAN\$1,579 thousand and for net proceeds (commission expenses) of CAN\$1,184 thousand (\$830 thousand). Each January Unit consists of one Common Share and one-half of one Common Share purchase warrant (each full such warrant, a "**January Warrant**"). Each January Warrant entitles the holder thereof to purchase one additional Common Share at an exercise price of C\$1.00 until January 17, 2024.

On March 1, 2023, the Company announced the completion of a private placement offering consisting of 1,600,000 units (the "**March Units**") for gross proceeds of CAN\$1,200 thousand (\$881 thousand). Each March Unit consists of one Common Share and one-half of one Common Share purchase warrant (each full such warrant, a "**March Warrant**"). Each March Warrant entitles the holder thereof to purchase one additional Common Share at an exercise price of C\$1.00 until March 1, 2024.

## Beyond Oil Ltd.

**Notes to the Unaudited Interim Condensed Financial Statements  
FOR THE THREE MONTHS ENDED MARCH 31, 2023  
In U.S. dollars, except per share data**

### NOTE 6 - FINANCIAL INSTRUMENTS - FAIR VALUE MEASUREMENT:

This note provides an update on the judgments and estimates made by the Company in determining the fair values of the financial instruments since the last annual financial report.

The following table summarizes the information about the level 3 fair value measurements:

|   |    | March 31, 2023                  |                           |                            |                                     |
|---|----|---------------------------------|---------------------------|----------------------------|-------------------------------------|
| Item  | \$ | Fair value                      | Valuation technique       | Fair value hierarchy level | Significant unobservable inputs     |
| Derivative liability – Warrants             |    | 38                              | Black-Scholes model       | level 3                    | Volatility of firm's assets returns |
|   |    | March 31, 2022                  |                           |                            |                                     |
| Item  | \$ | Fair value                      | Valuation technique       | Fair value hierarchy level | Significant unobservable inputs     |
| Derivative liability – Warrants and options |    | _*                              | Black-Scholes model       | level 3                    | Volatility of firm's assets returns |
| * Represent amount less than 1 thousand.    |    |                                 |                           |                            |                                     |
|   |    | December 31, 2022               |                           |                            |                                     |
| Item  | \$ | Fair value                      | Valuation technique       | Fair value hierarchy level | Significant unobservable inputs     |
| Derivative liability – Warrants             |    | 4                               | Black-Scholes model       | level 3                    | Volatility of firm's assets returns |
|   |    | Derivative liability - Warrants | Preferred share liability |                            |                                     |
| Balance as of January 1, 2022               | \$ | 7                               | \$                        | 735                        |                                     |
| Profit recognized in Profit or loss:        |    | -                               |                           | -                          |                                     |
| <b>Balance as of March 31, 2022</b>         |    | <b>7</b>                        |                           | <b>735</b>                 |                                     |
| Balance as of January 1, 2022               | \$ | 1                               | \$                        | 399                        |                                     |
| Expired                                     |    | (6)                             |                           | -                          |                                     |
| Issuance of shares                          |    | -                               |                           | (735)                      |                                     |
| Issuance of warrants                        |    | 141                             |                           | -                          |                                     |
| Exercise of warrants                        |    | (15)                            |                           | -                          |                                     |
| Currency exchange                           |    | (2)                             |                           | -                          |                                     |
| Foreign currency translation                |    | _*                              |                           | -                          |                                     |
| Profit recognized in Profit or loss:        |    | (120)                           |                           | -                          |                                     |
| <b>Balance as of December 31, 2022</b>      | \$ | <b>4</b>                        | \$                        | <b>-</b>                   |                                     |
| * Represent amount less than 1 thousand.    |    |                                 |                           |                            |                                     |
| Balance as of January 1, 2023               | \$ | 4                               | \$                        | -                          |                                     |
| Issuance of warrants                        |    | 52                              |                           | -                          |                                     |
| Currency exchange                           |    | (2)                             |                           | -                          |                                     |
| Foreign currency translation                |    | 1                               |                           | -                          |                                     |
| Profit recognized in Profit or loss:        |    | (17)                            |                           | -                          |                                     |
| <b>Balance as of March 31, 2023</b>         | \$ | <b>38</b>                       | \$                        | <b>-</b>                   |                                     |



**Beyond Oil Ltd.****Notes to the Unaudited Interim Condensed Financial Statements****FOR THE THREE MONTHS ENDED MARCH 31, 2023****In U.S. dollars, except per share data****NOTE 7 - SHARE BASED COMPENSATION:**

- a. A summary of activity of options granted to purchase the Company's shares under the Company's share option is as follows:

|   | <b>Three months ended<br/>March 31, 2023</b> |  | <b>Three months ended<br/>March 31, 2022</b> |  | <b>Year ended December<br/>31, 2022</b> |  |
|---|--|--|--|--|---|--|
|   | <b>Number of<br/>Options</b>                 | <b>Weighted<br/>Average<br/>Exercise<br/>Price</b> | <b>Number of<br/>Options</b>                 | <b>Weighted<br/>Average<br/>Exercise Price</b> | <b>Number of<br/>Options</b>            | <b>Weighted<br/>Average<br/>Exercise<br/>Price</b> |
|   | <b>USD</b>                                   |  | <b>USD</b>                                   |  | <b>USD</b>                              |  |
| <b>Options outstanding as the beginning of the period</b> | <b>4,880,515</b>                             | <b>0.55</b>  | <b>124,630</b>                               | <b>0.01</b>                                    | <b>975,000</b>                          | <b>0.50</b>  |
| <b>Changes during the period:</b>                         |  |  |  |  |   |  |
| Granted   | -  | -  | -  | -  | 3,905,515                               | 0.56   |
| Fortified (see note 8)                                    | (1,996,779)                                  | (0.57)   | -  | -  | -                                       | -  |
| Expired   | -  | -  | -  | -  | -                                       | -  |
| Exercise  | -  | -  | -  | -  | -                                       | -  |
| <b>Options outstanding at end of period (*)</b>           | <b>2,883,736</b>                             | <b>0.54</b>  | <b>124,630</b>                               | <b>0.01</b>                                    | <b>4,880,515</b>                        | <b>0.55</b>  |
| Options exercisable at period end                         | 1,830,472                                    |  | 3,708  |  | 2,610,814                               |  |

(\*) The options outstanding on March 31, 2023, had a weighted-average contractual life of 8.80 years (December 31, 2022: 9.09 years).

|                  | <b>Three months ended<br/>March 31, 2023</b> |      | <b>Three months ended<br/>March 31, 2022</b> |    | <b>Year ended<br/>December 31, 2022</b> |     |
|------------------|--|------|--|----|---|-----|
| Options Expenses | \$   | (62) | \$   | 21 | \$                                      | 348 |

## Beyond Oil Ltd.

### Notes to the Unaudited Interim Condensed Financial Statements FOR THE THREE MONTHS ENDED MARCH 31, 2023

In U.S. dollars, except per share data

#### NOTE 8 – RELATED PARTIES TRANSACTIONS:

##### Related party transactions:

|   | Three months<br>ended March 31,<br>2023 | Three months<br>ended March 31,<br>2022 | Year ended<br>December 31,<br>2022 |
|---|---|---|------------------------------------|
| <b>Compensation of key management<br/>personnel of the Company:</b> |   |   |                                    |
| CRDO Management fees  | \$ 57                                   | \$ 54                                   | \$ 228                             |
| Former CEO Management fees (see 1)                                  | -                                       | 71                                      | 281                                |
| CEO (former CMO) Management fees (see 1)                            | 51                                      | 30                                      | 170                                |
| A company controlled by a director                                  | 7                                       | -                                       | 21                                 |
| <b>Other related party transactions:</b>                            |   |   |                                    |
| Share base payments   | 19                                      | 10                                      | 276                                |

##### Balance with related parties:

|                                       | March 31,<br>2023 | March 31, 2022 | December 31, 2022 |
|---------------------------------------|-------------------|----------------|-------------------|
| Loan to related party                 | \$ 192            | \$ 379         | \$ 392            |
| A company controlled by a<br>director | -                 | -              | 6                 |

- 1) On February 14, 2023 Dr. Tamir Gedo resigned as the Chief Executive Officer of the Company and resigned from the board of directors of the Company (the “**Board**”) remaining as a consultant to the Company. The Board appointed Jonathan Or as interim CEO. The company and Tamir has signed a retirement agreement (the “**Retirement Agreement**”). The Retirement Agreement include (i) Options – Tamir irrevocably waives all the options granted to him by the company. All the options that have vested and have not yet vested will be forfeited and expired and will be returned to the company; (ii) Notice period for termination of the Employment Agreement – the notice period will be cancelled. Instead, Tamir and the Company agreed, that Tamir will be retained as an external consultant to the Company for four months commencing on January 1, 2023 and will receive a monthly payment of NIS50 thousand (approximately \$15 thousand ) for each month during this period; (iii) Future payment against debts – Tamir will be entitled for total NIS505 thousand (approximately \$150 thousand), this amount will be paid to Tamir when the Company will reach to a net profit of 2 million Canadian dollars (approximately \$1.48 million) in the annual financial statements approved by the Company’s BOD.

## **Beyond Oil Ltd.**

### **Notes to the Unaudited Interim Condensed Financial Statements FOR THE THREE MONTHS ENDED MARCH 31, 2023**

**In U.S. dollars, except per share data**

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#### **NOTE 9 -EVENTS DURING AND AFTER THE REPORTING DATE:**

As of May 2, 2023, the Company had an Annual General Meeting (“AGM”) in which the following decisions were approved by the Company shareholders:

1. The Company extend the performance date of each Milestone (with no change to the number of Contingent Rights issuable) to the following revised dates (the following (i)-(iv) (“**Revised Milestone**”):
  - (i) 4,882,101 Common Shares upon the Company obtaining an order for at least US\$3 million from customers within thirty two (32) months of May 25, 2022 (the “**Closing Date**”);
  - (ii) 4,882,101 Common Shares upon the Company achieving US\$6 million in cumulative sales within 36 months of the Closing Date;
  - (iii) 4,882,101 Common Shares upon the Company achieving US\$13 million in cumulative sales within 48 months of the Closing Date; and
  - (iv) 4,882,101 Common Shares upon the Company reaching positive EBITDA by the end of June 30, 2025, and such amount is confirmed by the unaudited financial statements for the period ended June 30, 2025; and to provide that upon an Exit Transaction, the right to receive additional Common Shares upon fulfilment of the Revised Milestones will either expire or alternatively will accelerate and be immediately issued (the alternative of which must be approved by a majority of the Subco Shareholders), prior to the closing of the Exit Transaction (the “**Exit Transaction Amendment**”).
2. Extending the Company Consideration Warrants and Special Warrants Warrant Expiry Date by an additional 12 months to May 13, 2024.