

# **Beyond Oil Ltd.**

**Unaudited Interim Condensed Consolidated Financial Statements**

**As of June 30, 2023**

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

## **NOTICE TO READERS**

The accompanying unaudited interim condensed consolidated financial statements of Beyond Oil Ltd (the Company) (formerly, FTC Cards Inc.) for the three and six months ended June 30, 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 consolidated 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 consolidated 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 June 30, 2023 Expressed in 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	June 30, 2023	December 31, 2022
<b>Assets</b>			
<b>Current</b>			
Cash and cash equivalents	\$	1,069	\$ 876
Restricted deposit		5	6
Account Receivables		9	-
Other accounts receivable		170	113
Inventory		321	-
<b>Total current assets</b>		<b>1,574</b>	<b>995</b>
<b>Non-current</b>			
Lease asset, net		168	178
Intangible asset, net		3,191	3,463
Property and equipment, net		171	155
<b>Total non-current assets</b>		<b>3,530</b>	<b>3,796</b>
<b>Total assets</b>	\$	<b>5,104</b>	\$ <b>4,791</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade accounts payable	\$	239	\$ 239
Other accounts payable		398	334
Related Party	8	185	392
Derivative liability – Warrants	4	103	4
Advanced payment		43	43
Royalties liability	1C	222	-
<b>Total current liabilities</b>		<b>1,190</b>	<b>1,012</b>
<b>Non-current liabilities</b>			
Royalties liability	1C	123	339
Lease liability		168	179
<b>Total non-current liabilities</b>		<b>291</b>	<b>518</b>
<b>Shareholders' equity</b>			
Share capital and premium	5	15,678	14,019
Reserve from share-based compensation transactions		9,314	9,325
Reserve from transaction with controlling shareholder		920	920
Foreign currency translation reserve		401	601
Accumulated deficit		(22,690)	(21,604)
<b>Total Shareholders' equity</b>		<b>3,623</b>	<b>3,261</b>
<b>Total Liabilities and Shareholders' equity</b>	\$	<b>5,104</b>	\$ <b>4,791</b>

**Going Concern (Note 1D)**

<u>August 29, 2023</u>	<u>/S/ "Dan Itzhaki"</u>	<u>/S/ "Jonathan Or"</u>
Date of approval of the financial statements	Chairman of the Board of Directors - Dan Itzhaki	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

	Note	Six-month period ended June 30,		Three-month period ended June 30,	
		2023	2022	2023	2022
Revenues	\$	256	\$ -	\$ 245	\$ -
Cost of revenues		(159)	-	(150)	-
<b>Gross loss</b>		97	-	95	-
<b>Operating expenses</b>					
Research and development		(309)	(306)	(141)	(175)
General and administrative		(712)	(904)	(445)	(575)
Marketing and sales expenses		(125)	(111)	(101)	(77)
Listing expenses	1C	-	(10,355)	-	(10,307)
<b>Total operating expenses</b>		(1,146)	(11,676)	(687)	(11,134)
<b>Loss from operations</b>		(1,049)	(11,676)	(592)	(11,134)
Finance income		20	-	26	-
Finance expenses		(57)	(1,342)	(68)	(1,283)
<b>Net loss before tax</b>		(1,086)	(13,018)	(634)	(12,417)
Tax expenses		-	-	-	-
<b>Net loss</b>	\$	(1,086)	\$ (13,018)	\$ (634)	\$ (12,417)
<b>Other comprehensive income:</b>					
<i>Items that may be reclassified to profit or loss in subsequent periods</i>					
Translation adjustment to the presentation currency		(200)	\$ (222)	\$ (85)	\$ (165)
<b>Total comprehensive loss</b>		(1,286)	\$ (13,240)	\$ (719)	\$ (12,582)
Basic and Diluted loss per share		(0.02)	(0.42)	(0.01)	(0.33)
Weighted Average Number of Shares Outstanding		51,413,173	31,022,004	52,091,849	37,560,849

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 Six-month period ended June 30, 2023:**

	Note	Share Capital and Premium	Reserve from share-based compensation transactions	Reserve from transaction with controlling shareholder	Accumulated deficit	Foreign currency translation 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		-	-	-	(1,086)	-	(1,086)
Other Comprehensive loss in for the period		-	-	-	-	(200)	(200)
<b>Total comprehensive loss for the year</b>		-	-	-	<b>(1,086)</b>	<b>(200)</b>	<b>(1,286)</b>
Issuance of unit of securities, net	5	1,659	-	-	-	-	1,659
Share based compensation	7	-	(11)	-	-	-	(11)
<b>Balance, June 30, 2023</b>		\$ 15,678	\$ 9,314	\$ 920	\$ (22,690)	\$ 401	\$ 3,623

*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 Six-month period ended June 30, 2022:**

	Note	Share Capital and Premium	Reserve from share-based compensation transactions	Reserve from transaction with controlling shareholder	Accumulated deficit	Foreign currency translation 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		-	-	-	(13,018)	-	(13,018)
Other Comprehensive loss in for the period		-	-	-	-	(222)	(222)
<b>Total comprehensive loss for the year</b>		-	-	-	<b>(13,018)</b>	<b>(222)</b>	<b>(13,240)</b>
Reverse Take Over	1C	12,786	442	-	-	-	13,228
Exercise of warrants	5	104	-	-	-	-	104
Share based compensation	7	-	1,161	-	-	-	1,161
<b>Balance, June 30, 2022</b>		\$ 14,019	\$ 9,191	\$ 920	\$ (21,010)	\$ 680	\$ 3,800

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

**Beyond Oil Ltd.****Unaudited Interim Condensed Consolidated Statements of Cash Flows**

U.S. dollars in thousands

	Six-month period ended		
	June 30,		
	Note	2023	2022
		<b>Unaudited</b>	
<b>Cash flows from operating activities:</b>			
Net loss for the period	\$	(1,086)\$	(13,018)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization		165	151
Fair value adjustments of derivative liability - warrants		46	811
Interest and re-assessment of royalties liability		(1)	364
Listing expenses		-	9,195
Finance expenses, net		(80)	5
Share based compensation		(11)	1,161
<b>Changes in operations assets and liabilities:</b>			
Change in inventory		(332)	-
Change in related party transactions		(26)	58
Change in other accounts receivables		(74)	(48)
Change in other advanced payment		3	-
Changes in trade payables and other trade payables		(51)	407
<b>Cash from operations</b>		<b>(1,447)</b>	<b>(914)</b>
Interest paid		(9)	(5)
<b>Net cash used in operating activities</b>		<b>(1,456)</b>	<b>(919)</b>
<b>Cash flow from investing activities:</b>			
Restricted deposits		-	15
Purchase of property and equipment		(43)	(16)
<b>Net cash used in investing activities</b>		<b>(43)</b>	<b>(1)</b>
<b>Cash flow from financing activities</b>			
Cash received from reverse takeover	1	-	2,393
Short term loan from others		-	125
Issuance of unit of securities, net	5	1,711	-
Exercise of warrants	4	-	88
Payments of lease liabilities		(40)	(16)
<b>Net cash provided by financing activities</b>		<b>1,671</b>	<b>2,590</b>
Exchange rate differences on cash and cash equivalents		21	(91)
Increase in cash and cash equivalents		172	1,670
Cash and cash equivalents at the beginning of the year		876	388
<b>Cash at the end of the year</b>	\$	<b>1,069\$</b>	<b>1,967</b>

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



## **Beyond Oil Ltd.**

### **Notes to the Unaudited Interim Condensed Consolidated Financial Statements FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2023 U.S. dollars in thousands, except per share data**

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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., pursuant to 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 through 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.

### Notes to the Unaudited Interim Condensed Consolidated Financial Statements FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2023 U.S. dollars in thousands, except per share data

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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**").

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.

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.

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**"):

## Beyond Oil Ltd.

### Notes to the Unaudited Interim Condensed Consolidated Financial Statements FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2023 U.S. dollars in thousands, except per share data

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

- (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 4.

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.

On May 2, 2023, the Company held an Annual General and Special Meeting (“**AGM**”) in which the Company’s shareholders approved an extension to 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**”).

## **Beyond Oil Ltd.**

### **Notes to the Unaudited Interim Condensed Consolidated Financial Statements FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2023**

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

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

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

As of June 30, 2023, the Company incurred losses from operations since its inception and as of June 30, 2023, the Company has an accumulated deficit of \$22,690 thousand. In addition, the Company generated negative cash flows from operating activities of \$1,456 thousand and a loss in the amount of \$1,086 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 believes 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 fundraising (see note 5) and future revenues.

Company's management is 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.

#### **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 Consolidated Financial Reporting**").

The Interim Condensed Consolidated Financial Reporting 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 consolidated 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.

### Notes to the Unaudited Interim Condensed Consolidated Financial Statements FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2023 U.S. dollars in thousands, except per share data

#### 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 June 30, 2023 is as follows:

June 30, 2023		
	Number of Warrants	Weighted Average Exercise Price (\$)
<b>Balance, January 1, 2023 (iii)</b>	<b>5,151,458</b>	<b>0.94</b>
Issuance of warrants (i)	1,589,422	0.74
Expired of warrants (ii) (iii)	(226,801)	-
<b>Balance, June 30, 2023</b>	<b>6,514,079</b>	<b>0.87</b>

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

June 30, 2022		
	Number of Warrants	Weighted Average Exercise Price (\$)
<b>Balance, January 1, 2022</b>	<b>31,694</b>	<b>6.31</b>
Cancelation of warrants	(31,694)	-
Issuance of warrants (ii)	5,243,458	0.94
Exercise of warrants (iv)	(92,000)	0.96
<b>Balance, June 30, 2022</b>	<b>5,151,458</b>	<b>0.94</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 in note 1C.
- (iii) On May 3, 2023, the Company held the AGM in which a decision was approved by the Company shareholders to extend the Company's Consideration Warrants and Special Warrants Warrant Expiry Date by an additional 12 months to May 11, 2024. The expiry date of the Finder Warrants was not extended.

## Beyond Oil Ltd.

**Notes to the Unaudited Interim Condensed Consolidated Financial Statements  
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2023  
U.S. dollars in thousands, except per share data**

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

(iv) In June 2022, 92,000 common shares purchase warrants were exercised for gross proceeds to the Company of CAN\$115,000.

B. The following table summarizes information about warrants outstanding as at June 30, 2023:

<b>Date of issuance</b>	<b>Date of expiry</b>	<b>Exercise price</b>	<b>Exercisable at June 30, 2023</b>
May 12, 2022	May 11, 2024	CAN\$1.25	2,241,324
May 12, 2022	May 11, 2024	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 and options issued by the Company have an exercise price denominated in CAN dollars, which differs from the Company's functional currency, they do not qualify for classification as equity. These warrants and options have been classified as a derivative warrant and option 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 and options liability at the end of each reporting period.

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

<b>Number of warrants</b>	<b>789,422</b>		<b>800,000</b>	
	<b>At Issuance Date January 17, 2023</b>	<b>June 30, 2023</b>	<b>At Issuance Date March 1, 2023</b>	<b>June 30, 2023</b>
Share price	CAN\$0.67	CAN\$0.70	CAN\$0.67	CAN\$0.70
Expected life of warrants	1 year	0.55 year	1 year	0.67 year
Expected volatility	45%	45%	45%	45%
Risk-free interest rate	5.0%	4.58%	5.0%	4.58%

  

<b>Number of warrants</b>	<b>2,241,324</b>		<b>2,683,333</b>	
	Warrants Issued Pursuant to Concurrent Financing		Consideration Warrants	
	<b>At Issuance Date May 12, 2022</b>	<b>June 30, 2023</b>	<b>At Issuance Date May 12, 2022</b>	<b>June 30, 2023</b>
Share price	CAN\$0.7183	CAN\$0.70	CAN\$0.7183	CAN\$0.70
Expected life of warrants	1 year	0.87 year	1 year	0.87 year
Expected volatility	50%	45%	50%	45%
Risk-free interest rate	3.1%	4.58%	3.1 %	4.58%

## Beyond Oil Ltd.

### Notes to the Unaudited Interim Condensed Consolidated Financial Statements FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2023

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

#### 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			
	June 30, 2023		December 31, 2022	
	Authorized	Issued and outstanding	Authorized	Issued and 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 June 30, 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\$1,184 thousand and for net proceeds (commission expenses) of CAN\$1,113 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 16, 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). In the private placement participate several key members of the Company; the Company's Chairman, invested \$220 thousand; the Company CFO, invested \$75 thousand; and an independent director, invested \$125 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 February 28, 2024.

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

Notes to the Unaudited Interim Condensed Consolidated Financial Statements

**FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2023****In U.S. dollars in thousands, 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.

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

**June 30, 2023**

<b>Item</b>		<b>Fair value</b>	<b>Valuation technique</b>	<b>Fair value hierarchy level</b>	<b>Significant unobservable inputs</b>
Derivative liability – Warrants	\$	103	Black-Scholes model	level 3	Volatility of firm's assets returns

**December 31, 2022**

<b>Item</b>		<b>Fair value</b>	<b>Valuation technique</b>	<b>Fair value hierarchy level</b>	<b>Significant unobservable inputs</b>
Derivative liability – Warrants	\$	4	Black-Scholes model	level 3	Volatility of firm's assets returns

**June 30, 2022**

<b>Item</b>		<b>Fair value</b>	<b>Valuation technique</b>	<b>Fair value hierarchy level</b>	<b>Significant unobservable inputs</b>
Derivative liability – Warrants	\$	939	Black-Scholes model	level 3	Volatility of firm's assets returns



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**NOTE 6 - FINANCIAL INSTRUMENTS - FAIR VALUE MEASUREMENT (Continue):**

B. Reconciliation of fair value measurements that are categorized within Level 3 of the fair value hierarchy:

		<b>Derivative liability - Warrants</b>		<b>Preferred share liability</b>
Balance as of January 1, 2022	\$	6	\$	735
Expired		(6)		-
Issuance of shares		-		(735)
Issuance of warrants		141		-
Exercise of warrants		(15)		-
Currency exchange		21		-
Foreign currency translation		(26)		-
Profit recognized in Profit or loss:		818		-
<b>Balance as of June 30, 2022</b>		<b>939</b>		<b>-</b>
Balance as of January 1, 2022	\$	6	\$	735
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>\$</b>	<b>4</b>	<b>\$</b>	<b>-</b>
* Represent amount less than 1 thousand.				
Balance as of January 1, 2023	\$	4	\$	-
Issuance of warrants		52		-
Currency exchange		6		-
Foreign currency translation		(5)		-
Profit recognized in Profit or loss:		46		-
<b>Balance as of June 30, 2023</b>	<b>\$</b>	<b>103</b>	<b>\$</b>	<b>-</b>

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

**Notes to the Unaudited Interim Condensed Consolidated Financial Statements  
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2023**

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

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### **NOTE 7 - SHARE BASED COMPENSATION:**

#### *options*

- 1) On June 24, 2021 Beyond Oil Israel adopted a Share Option Plan (“Plan”) in accordance with Section 102 of the Israeli Income Tax Ordinances. Prior to the closing of the Transaction the Company’s Board of Directors (the “**Board**”) had adopted a 10% rolling stock option plan (the “FTC Option Plan”). Existing options Plan were exchanged for 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.
- 2) The Company also issued a total of 2,894,200 options to certain directors, officers, and service providers under the Company Option Plan with each option exercisable at CAN\$0.75 until 2024.
- 3) On November 8, 2021, the Company granted 975,000 stock options to directors, officers, and consultants of the Company under the FTC Option Plan at an exercise price of CAN\$0.50, expiring on November 8, 2031.
- 4) At the AGM shareholders of the Company approved an omnibus equity incentive plan (the “**Omnibus Plan**”) which reserves up to 10% of the issued and outstanding Common Shares, on a rolling basis, for issuance pursuant to stock options, stock awards and/or restricted share units of the Corporation; On May 23, 2023, the Company issued to a director, in accordance with the Omnibus Plan (i) 200,000 options with each option exercisable at CAN\$0.75 expiring on May 2028 and (ii) 650,000 Performance Vesting Options (the “**Performance Vesting Options**”) with each option exercisable at CAN\$0.75 expiring on May 2028. The Performance Vesting Options shall vest according to the following vesting schedule: (i) 150,000 options upon the Company obtaining orders for an aggregate of at least US\$3 million from customers within thirty-two months of the Closing Date ;(ii) 150,000 options upon the Company achieving US\$6 million in cumulative sales within 36 months of the Closing Date; (iii) 100,000 options upon the Company achieving US\$13 million in cumulative sales within 48 months of the Closing Date; (iv) 100,000 options 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 (v) 150,000 options upon execution of a definitive customer agreement within 24 months of May 23, 2023.
- 5) On June 14, 2023, the Company issued to a certain director of the Company under the Omnibus Plan 200,000 options with each option exercisable at CAN\$0.75 expiring on June 13, 2033.

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

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### NOTE 7 - SHARE BASED COMPENSATION (Continue):

	Six months ended June 30, 2023		Three months ended June 30, 2023		Six months ended June 30, 2022		Three months ended June 30, 2022	
	Number of Options	Weighted Average Exercise Price US\$	Number of Options	Weighted Average Exercise Price US\$	Number of Options	Weighted Average Exercise Price US\$	Number of Options	Weighted Average Exercise Price US\$
Options outstanding as the beginning of the period	4,880,515	0.42	2,883,736	0.41	124,630	0.0004	124,630	0.0004
<b>Changes during the period:</b>								
Granted (see 1-5)	1,050,000	0.57	1,050,000	0.57	4,880,515	0.55	4,880,515	0.55
Forfeited	(1,996,779)	(0.43)	-	-	(3,708)	(0.0004)	(3,708)	(0.0004)
Replaced(*)	-	-	-	-	(120,922)	(0.0004)	(120,922)	(0.0004)
Exercise	-	-	-	-	-	-	-	-
<b>Options outstanding at end of period (**)</b>	<b>3,933,736</b>	<b>0.45</b>	<b>3,933,736</b>	<b>0.45</b>	<b>4,880,515</b>	<b>0.55</b>	<b>4,880,515</b>	<b>0.55</b>
Options exercisable at period end	2,493,104		2,493,104		2,403,519		2,403,519	

(\*) Following consummation of the Transaction (see note 1), the Options were replaced with economically equivalent options to purchase common shares of the Company.

(\*\*) The options outstanding on June 30, 2023, had a weighted-average contractual life of 8.29 years (December 31, 2022: 9.09 years).

	Six months ended June 30, 2023	Three months ended June 30, 2023	Six months ended June 30, 2022	Three months ended June 30, 2022
Options Expenses	\$ (11)	\$ 51	\$ 213	\$ 192

The following assumptions were used to estimate the fair value of the options:

	At Issuance Date June 14, 2023	At Issuance Date May 31, 2023
Share price	CAN\$0.72	CAN\$0.63
Expected volatility	45%	45%
Risk-free interest rate	3.61%-3.73%	3.65%-4.02%

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### Notes to the Unaudited Interim Condensed Consolidated Financial Statements FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2023

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#### NOTE 7 - SHARE BASED COMPENSATION (Continue):

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.

#### NOTE 8 – RELATED PARTIES TRANSACTIONS:

##### Related party transactions:

	Six months ended June 30, 2023	Three months ended June 30, 2023	Six months ended June 30, 2022	Three months ended June 30, 2022
<b>Compensation of key management personnel of the Company:</b>				
Company President Management fees (see 3)	\$ 110	\$ 53	\$ 107	\$ 53
Former CEO Management fees (see 1)	-	-	131	61
CEO (former CMO) Management fees (see 2)	93	43	69	39
Vice President (see 4)	5	5	-	-
A company controlled by a director	13	7	7	7
<b>Other related party transactions:</b>				
Share base payments	48	16	167	157
Purchase of raw materials (5)	163	163	-	-

##### Balance with related parties:

	June 30, 2023	June 30, 2022	December 31, 2022
Loan to related party	\$ 185	\$ 356	\$ 392
A company fully owned by the Company President	71	-	-
A company controlled by a director	7	3	6

- 1) On February 14, 2023 Dr. Tamir Gedo (“**Tamir**”) resigned as the Chief Executive Officer of the Company and from the Board remaining as a consultant to the Company. The Board appointed Jonathan Or as interim CEO. The Company and Tamir signed a retirement agreement (the “**Retirement Agreement**”). The Retirement Agreement includes the following terms: (i) Options – Tamir irrevocably waives all the options granted to him by the Company, and all the options, whether vested or not, were forfeited and expired and returned to the stock option pool; (ii) Notice period for termination of the Employment Agreement – the notice period was 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; (this term and obligations for payment have expired);

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

**Notes to the Unaudited Interim Condensed Consolidated Financial Statements**

**FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2023**

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

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### **NOTE 8 – RELATED PARTIES TRANSACTIONS (continue):**

- (ii) Future payment against debts – Tamir will be entitled to a 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 Board.
- 2) On June 27, 2023 the Board appointed Jonathan Or as permanent CEO of the Company.
- 3) On June 1, 2023 the Company announced the appointment of Pinhas Or as the Company President.
- 4) On June 1, 2023 the Company announced the appointment of Mr. Robert Kiesman ("**Robert**") as the Company's Vice President. Robert will be entitled to CAN\$6,000 per month and for the option package, as described on note 7(4).
- 5) As per the terms of the IP Assignment Agreement, dated June 17, 2021 and entered into between the Company and Pinhas some of the Company's raw materials are acquired from a company fully owned by Pinhas.