

OCEANSIX FUTURE PATHS LTD.
(Formerly: K.B. Recycling Industries Ltd.)

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AS OF JUNE 30, 2023

U.S. DOLLARS IN THOUSANDS

UNAUDITED

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OCEANSIX FUTURE PATHS LTD.
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NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 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 accompanying unaudited interim condensed financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor, Kost Forer Gabbay & Kasierer (a member of Ernst & Young Global), has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim condensed financial statements by an entity's auditor.

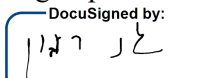

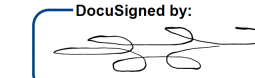
August 29, 2023

OCEANSIX FUTURE PATHS LTD.
(Formerly: K.B. Recycling Industries Ltd.)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	June 30, 2023	December 31, 2022
	Unaudited	Audited
	U.S. dollars in thousands	
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	806	488
Trade receivables	615	687
Other accounts receivable	243	435
Inventories	96	144
	<u>1,760</u>	<u>1,754</u>
Assets held for sale	-	217
	<u>1,760</u>	<u>1,971</u>
NON-CURRENT ASSETS:		
Right-of-use assets	866	900
Property, plant and equipment, net	995	1,024
Intangible assets	1,320	1,361
Goodwill	3,018	2,964
Other accounts receivable	28	21
	<u>6,227</u>	<u>6,270</u>
	<u>7,987</u>	<u>8,241</u>
LIABILITIES AND EQUITY		
CURRENT LIABILITIES:		
Credit from banks	205	177
Current maturities of lease liabilities	100	154
Trade payables	879	719
Other payables	992	1,089
	<u>2,176</u>	<u>2,139</u>
NON-CURRENT LIABILITIES:		
Lease liabilities	766	802
Deferred tax liabilities	130	138
Loans from others	176	137
Other liabilities	30	25
Shareholders and affiliated companies	1,536	584
Warrants	17	226
	<u>2,655</u>	<u>1,912</u>
EQUITY:		
Share capital and share premium	50,861	50,861
Warrants	453	453
Foreign currency translation reserve	42	(15)
Reserve from share-based payment transactions	1,873	1,828
Accumulated deficit	(50,073)	(48,937)
	<u>3,156</u>	<u>4,190</u>
Total equity	<u>7,987</u>	<u>8,241</u>

The accompanying notes are an integral part of the interim consolidated financial statements.

29 th of August, 2023	 <small>DocuSigned by:</small> <small>DFE1F8CC492343C...</small> Gal Ramon	 <small>DocuSigned by:</small> <small>8DC8BEF8B01044F...</small> Elad Hameiri	 <small>DocuSigned by:</small> <small>F92752B5G30442D...</small> Salvador Cabanas
Date of approval of the financial statements	Chairman of the Board	Chief Executive Officer	Chief Financial Officer
	8/29/2023	8/29/2023	8/29/2023

OCEANSIX FUTURE PATHS LTD.
(Formerly: K.B. Recycling Industries Ltd.)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

	Six months ended		Three months ended	
	June 30,		June 30,	
	2023	*)2022	2023	*)2022
Unaudited				
U.S. dollars in thousands				
Revenues from sales	1,394	-	1,019	-
Cost of sales	1,162	-	814	-
Gross Profit	232	-	205	-
Development expenses	234	-	101	-
Selling and marketing expenses	65	-	41	-
General and administrative expenses	976	930	563	393
Operating loss	(1,043)	(930)	(500)	(393)
Finance income, net	191	1,717	138	1,093
Income (loss) before taxes	(852)	787	(362)	700
Tax benefit	6	-	4	-
Income (loss) from continuing operations	(846)	787	(358)	700
Income (loss) from discontinued operations, net	(290)	(2,642)	(40)	(2,041)
Loss	(1,136)	(1,855)	(398)	(1,341)
Other comprehensive income (loss):				
Amounts that will not be reclassified subsequently to profit or loss:				
Adjustments arising from translating financial statements from functional currency to presentation currency	(189)	(359)	(84)	(260)
Amounts that will be reclassified subsequently to profit or loss when specific conditions are met:				
Adjustments arising from translating financial statements of foreign operations	246	-	98	-
Total comprehensive loss	(1,079)	(2,214)	(384)	(1,601)

*) Reclassified for discontinued operations.

The accompanying notes are an integral part of the interim consolidated financial statements.

OCEANSIX FUTURE PATHS LTD.
(Formerly: K.B. Recycling Industries Ltd.)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

	Six months ended		Three months ended	
	June 30,		June 30,	
	2023	2022	2023	2022
	Unaudited			
Income (Loss) per share (in U.S. dollars):				
Basic Income (loss):				
Income (loss) from continuing operations	(0.005)	0.006	(0.002)	0.006
Loss from discontinued operations	<u>(0.002)</u>	<u>(0.021)</u>	<u>(0.001)</u>	<u>(0.016)</u>
Loss	<u><u>(0.007)</u></u>	<u><u>(0.015)</u></u>	<u><u>(0.003)</u></u>	<u><u>(0.010)</u></u>
Diluted income (loss):				
Income (loss) from continuing operations	(0.005)	0.005	(0.002)	0.005
Loss from discontinued operations	<u>(0.002)</u>	<u>(0.027)</u>	<u>(0.001)</u>	<u>(0.019)</u>
Loss	<u><u>(0.007)</u></u>	<u><u>(0.022)</u></u>	<u><u>(0.003)</u></u>	<u><u>(0.014)</u></u>

The accompanying notes are an integral part of the interim consolidated financial statements.

OCEANSIX FUTURE PATHS LTD.
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CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital and share premium	Warrants	Reserve from share-based payment transactions	Foreign currency translation reserve	Accumulated deficit	Total equity
Unaudited						
U.S. dollars in thousands						
Balance at January 1, 2023 (audited)	50,861	453	1,828	(15)	(48,937)	4,190
Loss	-	-	-	-	(1,136)	(1,136)
Other comprehensive income	-	-	-	57	-	57
Total comprehensive (loss) income	-	-	-	57	(1,136)	(1,079)
Cost of share-based payment	-	-	45	-	-	45
Balance at June 30, 2023	<u>50,861</u>	<u>453</u>	<u>1,873</u>	<u>42</u>	<u>(50,073)</u>	<u>3,156</u>

	Share capital and share premium	Warrants	Reserve from share-based payment transactions	Foreign currency translation reserve	Accumulated deficit	Total equity
Unaudited						
U.S. dollars in thousands						
Balance at January 1, 2022 (audited)	47,040	453	1,369	259	(44,465)	4,656
Loss	-	-	-	-	(1,855)	(1,855)
Other comprehensive loss	-	-	-	(359)	-	(359)
Total comprehensive loss	-	-	-	(359)	(1,855)	(2,214)
Cost of share-based payment	-	-	1,591	-	-	1,591
Issuance of Ordinary shares	2,612	-	-	-	-	2,612
Balance at June 30, 2022	<u>49,652</u>	<u>453</u>	<u>2,960</u>	<u>(100)</u>	<u>(46,320)</u>	<u>6,645</u>

The accompanying notes are an integral part of the interim consolidated financial statements.

OCEANSIX FUTURE PATHS LTD.
(Formerly: K.B. Recycling Industries Ltd.)

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six months ended	
	June 30,	
	2023	2022
	Unaudited	
	U.S. dollars in thousands	
<u>Cash flows from operating activities:</u>		
Loss	(1,136)	(1,855)
Adjustments to reconcile loss to net cash used in operating activities:		
Adjustments to the profit or loss items:		
Depreciation	113	124
Depreciation of right-of-use assets	50	85
Change in liability for grants received from the IIA	-	43
Loss (gain) from revaluation of Convertible Note and Warrants	(204)	(1,436)
Finance expenses	50	80
Tax benefit	(6)	-
Cost of share-based payment	45	1,591
	48	487
Changes in asset and liability items:		
Decrease in trade receivables	109	79
Decrease (Increase) in other accounts receivable	143	(70)
Decrease (Increase) in inventories	49	(181)
Increase (Decrease) in trade payables	202	(150)
Increase (Decrease) in other payables	(79)	27
Decrease in long-term other receivable	-	(1)
	424	(296)
Cash paid during the period for:		
Interest paid	(50)	(51)
Net cash used in operating activities	(714)	(1,715)

The accompanying notes are an integral part of the interim consolidated financial statements.

OCEANSIX FUTURE PATHS LTD.
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CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six months ended	
	June 30,	
	2023	2022
	Unaudited	
	U.S. dollars in thousands	
<u>Cash flows from investing activities:</u>		
Purchase of property, plant and equipment	-	(21)
Proceeds from sale of assets held for sale	207	-
Acquisition of initially consolidated subsidiaries (a)	-	(1,461)
Net cash used in investing activities	207	(1,482)
<u>Cash flows from financing activities:</u>		
Receipt of grants from the IIA	-	20
Repayment of grants received from the IIA	-	(26)
Credit from shareholders and affiliated companies	927	-
Receipt of short-term credit from banks and other, net	24	-
Repayment of lease liabilities	(105)	(72)
Net cash provided by (used in) financing activities	846	(78)
Exchange rate differences on balances of cash and cash equivalents	(21)	(371)
Increase (decrease) in cash and cash equivalents	318	(3,646)
Cash and cash equivalents at the beginning of the period	488	5,909
Cash and cash equivalents at the end of the period	806	2,263
<u>Significant non-cash transaction:</u>		
Right-of-use asset recognized with corresponding lease liabilities	-	34
<u>(a) Acquisition of initially consolidated subsidiaries:</u>		
Working capital (excluding cash and cash equivalents)	-	(174)
Property, plant and equipment	-	727
Intangible assets	-	2,765
Goodwill	-	2,286
Credit from banks	-	(166)
Deferred taxes	-	(728)
Other non-current liabilities	-	(637)
Issuance of Ordinary shares	-	(2,612)
	-	1,461

The accompanying notes are an integral part of the interim consolidated financial statements.

OCEANSIX FUTURE PATHS LTD.
(Formerly: K.B. Recycling Industries Ltd.)

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1:- GENERAL

- a. Oceansix Future Paths Ltd. (formerly: K.B. Recycling Industries Ltd.) (the "Company") was incorporated under the laws of Israel as a private company. The Company's registered address is 11 Derech Menahem Begin, Ramat Gan, Israel. The Company began its operations in April 2008 and operated in the plastic recycling market. In April 2021, the Company completed an initial public offering and commenced trading on the TSX Venture Exchange.

Until November 2022, the Company utilized its 'waste to product process' to recycle post consumed household waste plastic bags and sheets combined with post consumed agricultural plastic sheets and manufactures polyurethane sheets and geomembranes utilized mainly by the building and infrastructure industry. The Company's manufacturing process was developed over the course of a number of years. The Company's process involved the processing of the waste and its direct conversion of the waste into a finished product. In June 2022, following the acquisition of two new subsidiaries, the Company's operations expanded into three dimensional recycled and non-recycled plastic industrial products through its Spanish subsidiary Plasticos Flome S.L and research and development activity of innovative and technologically advanced plastic products through its German subsidiary oceansix GmbH.

Following the Company's board of directors' decision from August 2022 to take steps to move its production activities in Israel to Europe, in November 2022, the Company ceased its production activities in Israel and is currently working towards locating a suitable site or identifying other suitable production solutions in Europe or another location. In January 2023, the Company's Israeli production site was permanently closed. As the operations in Israel represented a separate geographical area, those operations have been classified as discontinued operations and the results of those operations are presented as a single line item in profit or loss. Comparative data were also reclassified.

On November 7, 2022, the Company began trading on the Borse-Frankfurt Stock Exchange. In addition, in November 2022, the Company was approved for trading on the OTCQB.

- b. Company's financial position:

In the six and three months ended June 30, 2023, the Company incurred a loss totaling \$ 1,136 and \$ 398 thousand, respectively, and in the six months ended June 30 had negative cash flows from operating activities totaling \$ 714 thousand.

As described in Note 1.b to the Company's annual financial statements as of December 31, 2022, The Company believes that a failure to obtain sufficient funds on commercially acceptable terms when needed may have a material adverse effect on the Company's business, ability to operate and develop in conformity with its future plans and its financial condition. Considering the above, three of the Company's major shareholders undertook to provide the Company with a credit facility on the amount of up to EUR 2 million (\$2.13 million) as required over the 2 years commencing from September 2022 (the "September 2022 Facility") with each shareholder providing an equal share of any requested amounts.

OCEANSIX FUTURE PATHS LTD.
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NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1:- GENERAL (Cont.)

In addition, in April 2023, two of the Company's major shareholders undertook to provide the Company with an additional credit facility in the amount of up to EUR 500 thousand (\$533 thousand) as required over the 18 month period commencing on May 1, 2023 with each shareholder providing an equal share of any requested amounts (the "May" 2023 Facility").

In the event the Company has a successful capital raise, the facilities provided in the undertakings will be reduced by the amounts raised in such capital raise with the September 2022 Facility being reduced first and any amounts in excess of the September 2022 Facility will reduce the May 2023 Facility.

As of the date of the financial statements, RAM.ON has transferred to the Company an amount equal to EUR 833 thousand (\$ 901) in accordance with both the September 2022 Facility and the April 2023 Facility.

In addition, RAM.ON finance has agreed that it will not demand repayment of approximately EUR 560 thousand (\$609 thousand) owed to it by oceansix GmbH prior to September 1, 2024.

Based on the cash available to the Company as of the date of the approval of the consolidated financial statements and the credit facility from the Company's shareholders, the Company's management and Board of Directors estimate that the Company will have sufficient funds to continue its operations and meet its financial obligations at least for 12 months from the date of these consolidated Financial statements.

- c. These financial statements have been prepared in a condensed format as of June 30, 2023 and for the six and three months then ended (the "interim consolidated financial statements"). These financial statements should be read in conjunction with the Company's annual consolidated financial statements as of December 31, 2022 and for the year then ended and accompanying notes (the "annual consolidated financial statements").

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES

- a. Basis of preparation of the interim financial statements:

The interim consolidated financial statements have been prepared in accordance with IAS 34, "Interim Financial Reporting", and in accordance with the disclosure requirements of Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970.

The significant accounting policies applied in the preparation of the interim financial statements are consistent with those followed in the preparation of the annual financial statements.

OCEANSIX FUTURE PATHS LTD.
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NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

- b. Initial adoption of amendments to existing financial reporting and accounting standards
1. Amendment to IAS 8, "Accounting Policies, Changes to Accounting Estimates and Errors":

In February 2021, the IASB issued an amendment to IAS 8, "Accounting Policies, Changes to Accounting Estimates and Errors" ("the Amendment"), in which it introduces a new definition of "accounting estimates". Accounting estimates are defined as "monetary amounts in financial statements that are subject to measurement uncertainty". The Amendment clarifies the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors.

The Amendment is to be applied prospectively for annual reporting periods beginning on or after January 1, 2023 and is applicable to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period.

The application of the Amendment did not have a material impact on the Company's interim financial statements.

2. Amendment to IAS 12, "Income Taxes":

In May 2021, the IASB issued an amendment to IAS 12, "Income Taxes" ("IAS 12"), which narrows the scope of the initial recognition exception under IAS 12.15 and IAS 12.24 ("the Amendment"). According to the recognition guidelines of deferred tax assets and liabilities, IAS 12 excludes recognition of deferred tax assets and liabilities in respect of certain temporary differences arising from the initial recognition of certain transactions. This exception is referred to as the "initial recognition exception". The Amendment narrows the scope of the initial recognition exception and clarifies that it does not apply to the recognition of deferred tax assets and liabilities arising from transactions that are not a business combination and that give rise to equal taxable and deductible temporary differences, even if they meet the other criteria of the initial recognition exception.

The Amendment is effective for annual reporting periods beginning on or after January 1, 2023. In relation to leases and decommissioning obligations, the Amendment is applied commencing from the earliest reporting period presented in the financial statements in which the Amendment is initially applied. The cumulative effect of the initial application of the Amendment is recognized as an adjustment to the opening balance of retained earnings (or another component of equity, as appropriate) at that date.

The application of the Amendment did not have a material impact on the Company's interim financial statements.

OCEANSIX FUTURE PATHS LTD.
(Formerly: K.B. Recycling Industries Ltd.)

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3:- ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

On August 30, 2022 the meeting of the Company's board of directors decided to take steps to move the operations located in Israel to Europe due to adverse economic conditions in Israel. In November the Company's management committed to carry out a plan to cease its production activities in Israel and, in January 2023, the Company's Israeli production site was permanently closed. In February 2023 the Company completed the sale of its remaining assets in consideration for their carrying amount of approximately \$207 thousand in cash and relocated certain components of its Israeli production facility to Germany.

- a. Below are data of the operating results attributed to the discontinued operation:

	Six months ended		Three months ended	
	June 30,		June 30,	
	2023	2022	2023	2022
Unaudited				
U.S. dollars in thousands				
Revenues from sales	16	634	-	301
Cost of sales	193	1,202	1	609
Gross loss	(177)	(568)	1	(308)
Development expenses (net of Government grants)	-	110	-	76
Selling, general and administrative expenses and other expenses	113	1,964	39	1,657
Operating loss	(290)	(2,642)	(40)	(2,041)
loss from discontinued operation, net	(290)	(2,642)	(40)	(2,041)

OCEANSIX FUTURE PATHS LTD.
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NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3:- ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Cont.)

b. Below are data of the net cash flows provided by (used in) the discontinued operation:

	Six months ended	
	June 30,	
	2023	2022
	Unaudited	
	U.S. dollars in thousands	
Net cash provided by (used in) discontinued operating activities	200	(3,720)
Net cash provided by discontinued investing activities	207	2
Net cash used in discontinued financing activities	<u>(56)</u>	<u>(72)</u>
Total net cash used in discontinued operation	<u>351</u>	<u>(3,790)</u>

OCEANSIX FUTURE PATHS LTD.
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NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4:- FINANCIAL INSTRUMENTS

a. Fair value hierarchy:

The table below is an analysis of financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical instruments

Level 2: Inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly

Level 3: Inputs that are not based on observable market data (unobservable inputs)

June 30, 2023 (unaudited):

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	U.S. dollars in thousands			
Financial liabilities:				
IPO and Post IPO Warrants (b)	-	-	-	-
Warrants (a)	-	-	17	17

December 31, 2022 (audited):

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	U.S. dollars in thousands			
Financial liabilities:				
IPO and Post IPO Warrants (b)	161	-	-	161
Warrants (a)	-	-	65	65

(a) Convertible Note and Warrants (see also Note 16 to the annual financial statements):

In April 2021, due to the closing of the initial public offering of the Company's shares, the Convertible Note with a fair value of \$4,341 thousand was converted into 19,735,200 Ordinary shares and the terms of the Warrants were finalized to entitle the holder to purchase 5,638,629 Ordinary Shares at an exercise price of \$0.266 per share. The Warrants may be exercised, in whole or part, at any time for a period of five years from the closing. As of June 30, 2023, the fair value of the Warrants is \$17 thousand. The change in fair value in the six months ended June 30, 2023, amounted to \$48 thousand and was recorded in finance income.

The fair value of the Warrants has been measured using the Black & Scholes option pricing model. The key assumption used in the valuation is the expected volatility of the Company's equity.

OCEANSIX FUTURE PATHS LTD.
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NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4:- FINANCIAL INSTRUMENTS (Cont.)

Description of significant unobservable inputs to valuation as of June 30, 2023:

	Significant unobservable inputs	Input used	Sensitivity of the input to fair value
Financial liabilities:			
Warrants	Equity expected volatility	71%	10% increase or (decrease) in the equity expected volatility would result in increase or (decrease) in fair value by 9 or (6), respectively

(b) IPO and Post IPO Warrants:

The IPO and Post IPO Warrants were classified in the Company financial statements as a liability. On April 21, 2023, the IPO Warrants expired unexercised. The change in fair value in the six months ended June 30, 2023 amounted to \$161 thousand and was recorded in finance income.

NOTE 5: - OPERATING SEGMENTS

a. General:

As described in the consolidated annual financial statements, prior to the completion of the acquisitions of the Company's foreign subsidiaries in Spain and Germany until June 2022, the Company operated in one principal business segment – recycled plastic industrial products and most of its revenues were generated from customers in Israel. The activities in this segment have been reclassified as discontinued operations and are not reflected in this note.

Commencing from July 2022 the Company's operation in Israel (refer to Note 10 in the consolidated annual financial statements) the Group operated in one principal business segment – advanced solutions based on recycled plastic products.

OCEANSIX FUTURE PATHS LTD.
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NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTE 5: - OPERATING SEGMENTS (Cont.)

- b. Additional information about revenues:

Revenues reported in the financial statements for a group of similar products or services:

	Six months ended June 30, 2023	Six months ended June 30, 2022
	Unaudited	
	U.S. dollars in thousands	
Revenues from sales to automotive industry	1,100	-
Revenues from sales to winery industry	188	-
Other revenues	122	-

Geographical information:

The revenues reported in the consolidated financial statements from continuing operations were generated from customers in Europe.

OCEANSIX FUTURE PATHS LTD.
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NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTE 6: - EVENTS DURING AND AFTER THE REPORTING PERIOD

- a. In February 2023, following the closing of the Company's facility in Bet She'an, Israel, the Company changed its registered address with the Israeli Registrar of Companies to 11 Derech Menachem Begin, Ramat Gan, Israel.
- b. On March 29, 2023, following a shareholders resolution to effectuate a name change of the Company, the Israeli Registrar of Companies authorized the Company's new name of oceansix future paths Ltd. The TSXV approved the name change and ticker symbol change to OSIN on May 2, 2023, which became effective on May 4, 2023.
- c. In April 2023, the Company's Compensation Committee and Board approved the employment agreement between Salvador Cabanas Lopez and oceansix GmbH to serve as its CFO in addition to serving as the CFO of the Company and its subsidiaries (the "Group"). Mr. Lopez began his employment on May 1, 2023. In addition to the employment agreement with Mr. Lopez, the Compensation Committee and the Board have approved the grant of options to purchase 750,000 Ordinary Shares with an exercise price of CAD\$ 0.29 which will vest over five (5) years. The fair value of the options was estimated at the date of the grant as immaterial.
- d. In April 2023, the Company's Compensation Committee and Board approved the employment agreement between Elad Hameiri and oceansix GmbH to serve as its CEO in addition to serving as the CEO of the Group. Mr. Hameiri began his employment on June 1, 2023. In addition to the employment agreement with Mr. Hameiri, the Compensation Committee and the Board approved, subject to the approval of the Company's shareholders (the "**Shareholders**"), the grant of options to purchase 5,000,000 Ordinary Shares with an exercise price of CAD\$ 0.29, of which 2,000,000 will vest over five (5) years and the remainder will vest following the achievement of certain goals. The grant of options to Mr. Hameiri was approved by the Shareholders at the 2023 Annual and Special Meeting held in July 11. The fair value of the options was estimated at the date of the grant as immaterial.
- e. In April 2023, the Compensation Committee and the Board approved, subject to the approval of the Shareholders, the grant of options to Mr. Arnon Eshed, a director of the Company, to purchase 500,000 Ordinary Shares with an exercise price of CAD\$ 0.29, which will vest over five (5) years. The grant of options to Mr. Eshed was approved by the Shareholders at the 2023 Annual and Special Meeting held in July 11. The fair value of the options was estimated at the date of the grant as immaterial.
- f. In April 2023, the Compensation Committee and the Board approved, subject to the approval of the Shareholders, the grant of options to Mr. Maximo Buch, a director of the Company, to purchase 500,000 Ordinary Shares with an exercise price of CAD \$0.29, which will vest over five (5) years. The grant of options to Mr. Buch was approved by the Shareholders at the 2023 Annual and Special Meeting held in July 11. The fair value of the options was estimated at the date of the grant as immaterial.
- g. On April 21, 2023, the Company's warrants issued in connection with the IPO reached the two-year expiry date without being exercised.

OCEANSIX FUTURE PATHS LTD.
(Formerly: K.B. Recycling Industries Ltd.)

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTE 6:- EVENTS DURING AND AFTER THE REPORTING PERIOD (Cont.)

- h. In May 2023, the Compensation Committee and the Board approved the grant of options to Ms. Donatella Aurino, subject to Ms. Aurino's election by the Shareholders as an external director of the Company, to purchase 736,516 Ordinary Shares with an exercise price of CAD\$ 0.33, which will vest over five (3) years. At the 2023 Annual and Special Meeting, Ms. Aurino was elected as an external director of the Company and the shareholders approved the grant of options.
- i. On May 28, 2023 and May 29, 2023, the Audit Committee and the Board, respectively, approved a Debt to Equity Conversion Agreement (the "**Debt to Equity Conversion Agreement**"), pursuant to which RAM.ON has the right to convert the funds provided by RAM.ON under the September 2022 Facility and the May 2023 Facility as well as the EUR 560 thousand debt owed to RAM.ON into equity of the Company. The conversion of the facilities will be a price per share which is the higher of (i) the Volume-Weighted Average Price of the Ordinary Shares of the Company for the 30 day period prior to the date of Shareholder approval, (ii) the market price of the Ordinary Shares as of the closing of the markets as of the date of the agreement and (iii) CAD\$ 0.10. The conversion of the shareholder debt owed to RAM.ON will be at a price per share which is the higher of (i) the Volume-Weighted Average Price of the Ordinary Shares of the Company for the 30 day period prior to the date of Shareholder approval, (ii) the price of the Ordinary Shares on June 17, 2022 (CAD\$ 0.16) and (iii) the market price of the Ordinary Shares as of the date of the agreement.. The Debt to Equity Conversion Agreement was approved by the Shareholders at the 2023 Annual and Special Meeting and it has also been approved by the TSXV. RAM.ON has 2 years from the shareholders annual meeting to exercise the debt to equity conversion.
- j. In July 2023, Mr Noah Hershcoviz informed the Company that he would not seek re-election as a member of the Board.
- k. In July 2023, Mr Leon Koffler informed that Company that he was resigning from his position as an external director. At the 2023 Annual and Special Meeting, Ms. Donatella Aurino was elected as an external director in is stead.
- l. At the 2023 Annual and Special Meeting, the Shareholders approved the Service Agreement between oceansix and RAM.ON GmbH,¹ pursuant to which. RAM.ON shall provide certain services to the Company, The term of the RAM.ON Services Agreement shall be for two years and each party may terminate the agreement with 60 days' prior notice.
- m. In December 2022, the Company decided to suspend its agreement entered into on May 18, 2021 and amended on November 26, 2021 with Hybrid Financial Ltd, a legacy investor relations service provider. At the time of this decision, the total outstanding amount due to Hybrid and recorded as a liability was CAD\$ 270,000 and 3 months remaining for the contract. In July 2023, the Company and Hybrid Financial Ltd agreed that the Company would compensate Hybrid for the outstanding amount of CAD\$ 270,000 owed to Hybrid under the agreement between the parties by issuing Hybrid shares equivalent to such amount at a share price of CAD\$ 0.0687. Such agreement is still subject to its final signing and the approval of the TSXV.
