

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

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AS OF SEPTEMBER 30, 2023

U.S. DOLLARS IN THOUSANDS

UNAUDITED

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

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.

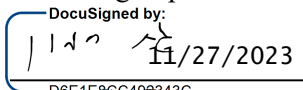
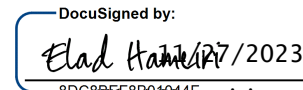

November 27, 2023

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	September 30, 2023	December 31, 2022
	Unaudited	Audited
	U.S. dollars in thousands	
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	254	488
Trade receivables	457	687
Other accounts receivable	350	435
Inventories	164	144
	<u>1,225</u>	<u>1,754</u>
Assets held for sale	-	217
	<u>1,225</u>	<u>1,971</u>
NON-CURRENT ASSETS:		
Right-of-use assets	821	900
Property, plant and equipment, net	943	1,024
Intangible assets	1,255	1,361
Goodwill	2,945	2,964
Other accounts receivable	30	21
	<u>5,994</u>	<u>6,270</u>
	<u>7,219</u>	<u>8,241</u>
LIABILITIES AND EQUITY		
CURRENT LIABILITIES:		
Credit from banks	232	177
Current maturities of lease liabilities	97	154
Trade payables	641	719
Other payables	1,118	1,089
	<u>2,088</u>	<u>2,139</u>
NON-CURRENT LIABILITIES:		
Lease liabilities	723	802
Deferred tax liabilities	123	138
Loans from others	172	137
Other liabilities	28	25
Shareholders and affiliated companies	918	584
Convertible debt to related party	609	-
Warrants	52	226
	<u>2,625</u>	<u>1,912</u>
EQUITY:		
Share capital and share premium	50,861	50,861
Warrants	453	453
Foreign currency translation reserve	(25)	(15)
Reserve from share-based payment transactions	1,882	1,828
Accumulated deficit	(50,665)	(48,937)
	<u>2,506</u>	<u>4,190</u>
Total equity	<u>7,219</u>	<u>8,241</u>

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

November 27, 2023	 <small>DocuSigned by:</small> <small>D6E1E8CC499343C</small> Gat Ramon	 <small>DocuSigned by:</small> <small>8DC8BEF8B01044F</small> Elad Hameiri	 <small>DocuSigned by:</small> <small>F92752B5C30442D</small> Salvador Cabañas
Date of approval of the financial statements	Chairman of the Board	Chief Executive Officer	Chief Financial Officer

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

	Nine months ended		Three months ended	
	September 30,		September 30,	
	2023	*) 2022	2023	*) 2022
Unaudited				
U.S. dollars in thousands				
Revenues from sales	1,952	357	558	357
Cost of sales	<u>1,609</u>	<u>296</u>	<u>447</u>	<u>296</u>
Gross profit	343	61	111	61
Development expenses	354	78	120	78
Selling and marketing expenses	96	63	31	63
General and administrative expenses	1,511	1,315	535	385
Other expenses (income), net	<u>(1)</u>	<u>721</u>	<u>(1)</u>	<u>721</u>
Operating loss	(1,617)	(2,116)	(574)	(1,186)
Finance income (expenses), net	<u>139</u>	<u>1,810</u>	<u>(52)</u>	<u>93</u>
loss before taxes	(1,478)	(306)	(626)	(1,093)
Tax benefit	<u>9</u>	<u>-</u>	<u>3</u>	<u>-</u>
Loss from continuing operations	(1,469)	(306)	(623)	(1,093)
Income (loss) from discontinued operations, net	<u>(259)</u>	<u>(3,012)</u>	<u>31</u>	<u>(370)</u>
Loss	<u>(1,728)</u>	<u>(3,318)</u>	<u>(592)</u>	<u>(1,463)</u>
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	<u>(265)</u>	<u>(416)</u>	<u>(76)</u>	<u>(57)</u>
Amounts that will be reclassified subsequently to profit or loss when specific conditions are met:				
Adjustments arising from translating financial statements of foreign operations	<u>255</u>	<u>4</u>	<u>9</u>	<u>4</u>
Total other comprehensive loss	<u>(10)</u>	<u>(412)</u>	<u>(67)</u>	<u>(53)</u>
Total comprehensive loss	<u>(1,738)</u>	<u>(3,730)</u>	<u>(659)</u>	<u>(1,516)</u>

*) 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

	Nine months ended September 30,		Three months ended September 30,	
	2023	2022	2023	2022
	Unaudited			
	U.S. dollars in thousands			
Loss per share (in U.S. dollars):				
Basic and diluted loss:				
Loss from continuing operations	(0.01)	0.00	0.00	(0.01)
Income (Loss) from discontinued operations	0.00	(0.02)	0.00	0.00
Loss	(0.01)	(0.02)	0.00	(0.01)

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 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	-	-			(1,728)	(1,728)
Other comprehensive loss				(10)	-	(10)
Total comprehensive loss	-	-	-	(10)	(1,728)	(1,738)
Cost of share-based payment	-	-	54	-	-	54
Balance at September 30, 2023	<u>50,861</u>	<u>453</u>	<u>1,882</u>	<u>(25)</u>	<u>(50,665)</u>	<u>2,506</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	-	-	-	-	(3,318)	(3,318)
Other comprehensive loss	-	-	-	(412)	-	(412)
Total comprehensive loss	-	-	-	(412)	(3,318)	(3,730)
Cost of share-based payment	-	-	1,634	-	-	1,634
Issuance of Ordinary shares	2,612	-	-	-	-	2,612
Balance at September 30, 2022	<u>49,652</u>	<u>453</u>	<u>3,003</u>	<u>(153)</u>	<u>(47,783)</u>	<u>5,172</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

	Nine months ended September 30,	
	2023	2022
	Unaudited	
	U.S. dollars in thousands	
<u>Cash flows from operating activities:</u>		
Loss	(1,728)	(3,318)
Adjustments to reconcile loss to net cash used in operating activities:		
Adjustments to the profit or loss items:		
Depreciation	170	205
Depreciation of right-of-use assets	20	125
Impairment loss of property, plant and equipment	-	721
Change in liability for grants received from the IIA	-	57
Gain from revaluation of Convertible Note and Warrants	(164)	(1,614)
Finance income (expenses)	86	(54)
Tax benefit	(9)	-
Cost of share-based payment	54	1,634
	157	1,074
Changes in asset and liability items:		
Decrease (increase) in trade receivables	209	(29)
Increase in other accounts receivable	(23)	(101)
Increase in inventories	(23)	(111)
Decrease in trade payables	(50)	(156)
Increase (decrease) in other payables	76	(43)
	189	(440)
Cash paid during the period for:		
Interest received (paid)	(75)	73
Net cash used in operating activities	(1,457)	(2,611)

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

	Nine months ended	
	September 30,	
	2023	2022
	Unaudited	
	U.S. dollars in thousands	
<u>Cash flows from investing activities:</u>		
Purchase of property, plant and equipment	(15)	(41)
Proceeds from sale of assets held for sale	207	-
Acquisition of initially consolidated subsidiaries (a)	-	(1,461)
Net cash used in investing activities	<u>192</u>	<u>(1,502)</u>
<u>Cash flows from financing activities:</u>		
Receipt of grants from the IIA	-	19
Repayment of grants received from the IIA	-	(41)
Credit from shareholders and affiliated companies	986	-
Repayment of lease liabilities	(75)	(106)
Receipt (Repayment) of bank deposits	<u>57</u>	<u>(79)</u>
Net cash provided by (used in) financing activities	<u>968</u>	<u>(207)</u>
Exchange rate differences on balances of cash and cash equivalents	<u>63</u>	<u>(519)</u>
Decrease in cash and cash equivalents	(234)	(4,839)
Cash and cash equivalents at the beginning of the period	<u>488</u>	<u>5,909</u>
Cash and cash equivalents at the end of the period	<u><u>254</u></u>	<u><u>1,070</u></u>
<u>Significant non-cash transaction:</u>		
Right-of-use asset recognized with corresponding lease liabilities	<u>-</u>	<u>46</u>
<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	<u>-</u>	<u>(2,612)</u>
	<u><u>-</u></u>	<u><u>1,461</u></u>

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. The effects of the Swords of Iron War:

In October 2023, the Swords of Iron war broke out in Israel. The ongoing war has led to a slowdown in business activity throughout the Israeli economy, as a result, among others, of the shutdown of enterprises in the south and north of Israel, the damage to local infrastructures, the nationwide military reserve draft for an indefinite period and the disruption of economic activity in the entire country. The prolongation of the war is likely to have extensive nationwide effects on numerous business and geographic segments.

The potential fluctuations in commodity prices, foreign currency exchange rates, availability of materials and manpower, local services and access to local resources are all liable to affect entities whose main operations are conducted in or with Israel.

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NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1:- GENERAL (Cont.)

At this stage, based on available information as of the date of approval of the interim consolidated financial statements, the Company estimates that the war is likely to have a immaterial effect on its operating results.

c. Company's financial position:

In the nine and three months ended September 30, 2023, the Company incurred a loss totaling \$1,728 and \$592 thousand respectively, and in the nine months ended September 30 had negative cash flows from operating activities totaling \$1,457 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 in 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. 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 November 2023, the Company's major shareholders have agreed to extend the periods of the September 2022 Facility and the May 2023 Facility to April 1, 2025.

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, one of the major shareholders, has transferred to the Company an amount equal to EUR 833 thousand (\$ 901 thousand) in accordance with both the September 2022 Facility and the April 2023 Facility.

In October, 2023, two major shareholders transferred to the Company an amount equal to EUR 250 thousand (\$ 264 thousand) in accordance with both the September 2022 Facility and the May 2023 Facility.

In addition RAM.ON has agreed that it will not demand repayment of approximately EUR 560 thousand (\$609 thousand) owed to it by a subsidiary, oceansix GmbH prior to September 1, 2024. . In November 2023, RAM.ON agreed to extend the periods of the EUR 560 thousand obligation to April 1, 2025.

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

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NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

sufficient funds to continue its operations and meet its financial obligations at least for 12 months from the date of these consolidated financial statements.

NOTE 1:- GENERAL (Cont.)

- d. These financial statements have been prepared in a condensed format as of September 30, 2023 and for the nine 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".

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, except as described below.

**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.

OCEANSIX FUTURE PATHS LTD.
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NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

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.

In May 2023, the IASB issued "International Tax Reform—Pillar Two Model Rules – Amendment to IAS 12" ("the Amendment") to clarify the application of IAS 12, "Income Taxes", to income taxes arising from tax law enacted or substantively enacted to implement the Organisation for Economic Co-operation and Development (OECD)/G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS) Pillar Two model rules (Pillar Two income taxes).

The Amendment introduces:

- (a) A mandatory temporary exception to the accounting for deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and
- (b) Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

The mandatory temporary exception in (a) above – the use of which is required to be disclosed – applies immediately. The remaining disclosure requirements apply for annual reporting periods beginning on or after January 1, 2023, but not for any interim periods ending on or before December 31, 2023.

The application of the Amendment did not have any impact on the Company's interim consolidated financial statements since the International Tax Reform does not apply to the Group whose annual revenues are less than € 750 million.

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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 \$216 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:

	Nine months ended		Three months ended	
	September 30,		September 30,	
	2023	2022	2023	2022
	Unaudited			
	U.S. dollars in thousands			
Revenues from sales	16	956	-	322
Cost of sales	191	1,766	-	564
Gross loss	(175)	(810)	-	(242)
Development expenses (net of Government grants)	-	148	-	38
Selling, general and administrative expenses and other expenses (income)	84	2,054	(31)	(90)
Operating income (loss)	(259)	(3,012)	31	(370)
Income (loss) from discontinued operation, net	(259)	(3,012)	31	(370)

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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:

	Nine months ended	
	September 30,	
	2023	2022
	Unaudited	
	U.S. dollars in thousands	
Net cash provided by (used in) discontinued operating activities	297	(3,703)
Net cash provided by discontinued investing activities	207	-
Net cash used in discontinued financing activities	<u>(56)</u>	<u>(353)</u>
 Total net cash provided by (used in) discontinued operation	 <u>448</u>	 <u>(4,056)</u>

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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)

September 30, 2023 (unaudited):

	Level 1	Level 2	Level 3	Total
	U.S. dollars in thousands			
Financial liabilities:				
IPO and Post IPO Warrants (b)	-	-	-	-
Warrants (a)	-	-	52	52

December 31, 2022 (audited):

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

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NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4:- FINANCIAL INSTRUMENTS (Cont.)

- (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 September 30, 2023, the fair value of the Warrants is \$52 thousand. The change in fair value in the nine months ended September 30, 2023, amounted to \$13 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.

Description of significant unobservable inputs to valuation as of September 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 20 or (17), 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 September 30, 2023, amounted to \$161 thousand and was recorded in finance income..

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NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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.

b. Additional information about revenues:

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

	Nine months ended September 30,		Three months ended September 30,	
	2023	2022	2023	2022
Unaudited				
U.S. dollars in thousands				
Revenues from sales to automotive industry	1,615	357	515	357
Revenues from sales to winery industry	215	-	27	-
Other revenues	122	-	-	-

Geographical information:

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

NOTE 6: - EVENTS DURING AND AFTER THE REPORTING PERIOD

- a. In January 2023, the Company relocated certain components of its Israeli production facility to Germany. The remainder of the equipment and machinery was sold to third parties and the Israeli site was permanently closed and returned to its owner.
- b. 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.

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

- c. 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 OSIX on May 2, 2023, which became effective on May 4, 2023.
- d. In April 2023, the Company's Compensation Committee and Board approved the engagement between Salvador Cabanas Lopez and oceansix GmbH to serve as its CFO in addition to 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 C\$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.
- e. In April 2023, the Company's Compensation Committee and Board approved the engagement between Elad Hameiri and oceansix GmbH to serve as its CEO in addition to the Company Group. Mr. Hameiri will begin 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 C\$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. 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. Arnon Eshed, a director of the Company, to purchase 500,000 Ordinary Shares with an exercise price of C\$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. The fair value of the options was estimated at the date of the grant as immaterial.
- g. 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 C\$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. The fair value of the options was estimated at the date of the grant as immaterial.
- h. On April 21, 2023, the Company's warrants issued in connection with the IPO reached the two-year expiry date without being exercised.
- i. On April 30, 2023, the Company's Board appointed Mr. Gat Ramon as a director of the Company and as the Chairman of the Board.

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NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

- j. On April 30, 2023, two of the Company's shareholders undertook to provide the Company with a credit facility in the amount of up to EUR 500 thousand as required over the next 18 months, with each shareholder providing an equal amount of any requested amounts. In the event the Company has a successful capital raise, the credit facility will be reduced by the amount raised in such capital raise in excess of any amounts relating to the September 2022 Facility. As of the date of Financials, RAM.ON has transferred to the Company an amount equal to EUR 833 thousand in accordance with both, the September 2022 Facility and the May 2023 Facility
- k. 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 C\$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. The fair value of the options was estimated at the date of the grant as immaterial.
- l. 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) C\$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 (\$C0.16) 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 to exercise the debt to equity conversion.
- m. In July 2023, Mr Noah Hershcoviz informed the Company that he would not seek re-election as a member of the Board.
- n. 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.

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NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

- o. At the 2023 Annual and Special Meeting, the Shareholders approved the Service Agreement between oceansix and RAM.ON GmbH, pursuant to which RAM.ON shall provide certain services to the. 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.
- p. 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 was C 270 thousand (\$ 198 thousand) and 3 months remaining contract. In July 2023, the Company and Hybrid Financial Ltd, agreed that the Company would compensate Hybrid for the outstanding amount of C270,000 owed to Hybrid under the agreement between the parties, dated May 18, 2021 and amended on November 26, 2021, by issuing Hybrid shares equivalent to such amount at a share price of CAD 0.0687. Since December 2022, the agreement between the Company and Hybrid has been suspended. Such agreement was rejected by the TSXV in September 2023 and the Company is looking for an alternative solution with Hybrid.
- q. In October 2023, Sullam and Tedea transferred to the Company an amount equivalent to EUR 75 thousand each (total, EUR 150 thousand), in accordance with both the September 2022 Facility and May 2023 Facility.
- r. In October 2023, Tedea has transferred to the Company an amount of EUR 100 thousand in accordance with September 2022 Facility.
- s. In November 2023, Sullam transferred another NIS 1 Mill, equivalent to EUR 244 thousand, in accordance with both, the September 2022 Facility and the May 2023 Facility.
- t. In November 2023, the Company's major shareholders agreed to extend the periods of the September 2022 Facility and the May 2023 Facility to April 1, 2025.
