



August 30, 2022

K.B. Recycling Industries Ltd. (Alkemy) Reports Q2 2022 Financial Results

Toronto, Ontario and Beit Shean, Israel, August 30, 2022 – K.B. Recycling Industries Ltd. (TSXV: AKMY), conducting business as Alkemy ("**Alkemy**" or, the "**Company**"), a leading environmental technology company based in Israel, today announced the release of its consolidated financial statements for the six month period ended June 30, 2022 and the related management's discussion and analysis ("**MD&A**"), which are available on the Company's website at www.alkemy.solutions and on SEDAR at www.sedar.com.

Shareholders Undertaking

In order to meet the Company's liquidity requirements, three of the major shareholders of the Company (the "**Major Shareholders**") have agreed to enter into a letter of undertaking with the Company (the "**Undertaking**") to provide the Company with financial support by way of a credit facility in an amount as determined by the Company's management, in its sole discretion, which the Company may require from time to time, up to an aggregate maximum amount of Euro 2,000,000 (the "**Facility**"). The Facility will be available for a period of two years following September 1, 2022 (the "**Period**") and will be provided on terms meeting the requirement of a "beneficial transaction to the Company" (as such term is defined in the Israeli Companies Regulations (Relief for Transactions with Interested Parties), 5760-2000). The Company will not be required to repay any amount drawn by the Company under the Facility or pay any interest accrued on such amount, prior to the end of the Period. In the event the Company has a successful capital raise, the Facility will be reduced by the amount raised in such capital raise.

Planned Move of Manufacturing to Europe

The Company's Israeli site was constructed and developed as the prototype for a manufacturing site that would utilize the Company's 'waste-to-product' process and, to the Company's satisfaction, has demonstrated a proof of concept for this process and its economic and environmental benefits and advantages. However, in order to expand the Company's business, the Company will need to make capital investments to increase production capacity, product variety and improve quality. With the Company's June 17, 2022 acquisition of oceansix GmbH, the Company's June 13, 2022 acquisition of Plasticos Flome S.L. and the Company's expansion into the European target market, along with the more conducive economic conditions for such production activity in Europe (such as governmental incentives, lower production costs, greater availability of post consumed domestic plastic waste), the Company has decided to take steps to move its production activities to Europe. Therefore, the Company is planning to cease its production activities in Israel during the fourth quarter of 2022 and to locate a suitable site in Europe. Such European site may consist of either an existing recycling plant or a facility with the required infrastructure.

The Company's management believes that this move furthers and is consistent with the Company's strategic growth plan.

About K.B. Recycling Industries Ltd.

K.B. Recycling Industries Ltd. is an environmental technology company based in Israel, and carries on business under the name "Alkemy". Alkemy has developed a unique plastic recycling process to recycle plastic bags and sheets traditionally not considered economically viable for recycling and as such have become one of the largest plastic pollutants in the world. Alkemy employs a dynamic one-step process that does not require separate recycling and production plants. Alkemy's process includes both recycling and

finished product manufacturing in a single process called "waste-to-product", allowing Alkemy to reduce the cost of the recycled plastic as raw materials, and increase the profit margin per metric ton.

Forward-Looking Information

This press release contains "forward-looking information" and "forward-looking statements" (collectively, "forward-looking information") within the meaning of applicable securities laws. Forward-looking information may relate to the Company's future financial outlook and anticipated events or results and may include information regarding the Company's financial position, business strategy, growth strategies, addressable markets, budgets, operations, financial results, taxes, dividend policy, plans and objectives. Particularly, information regarding the Company's expectations of future results, performance, achievements, prospects or opportunities or the markets in which the Company operates is forward-looking information. In some cases, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "targets", "expects", "budgets", "scheduled", "estimates", "outlook", "forecasts", "projects", "prospects", "strategy", "intends", "anticipates", "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might", or "will" occur. In addition, any statements that refer to expectations, intentions, projections or other characterizations of future events or circumstances contain forward-looking information. Statements containing forward-looking information are not historical facts but instead represent management's expectations, estimates and projections regarding future events or circumstances. Forward-looking information contained in this press release includes, but is not limited to, statements regarding the Company's planned cessation of its Israeli production activities and commencement of its European production activities.

Forward-looking information is necessarily based on a number of opinions, estimates and assumptions that, while considered by the Company to be appropriate and reasonable as of the date of this press release, are subject to known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, level of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking information, including but not limited to, risks and uncertainties associated with market conditions and the satisfaction of all applicable regulatory requirements, the Company's business and finances in general, the Company's ability to repay any amounts drawn down on the Facility and the Company's planned movement of its production activities from Israel to Europe.

If any of these risks or uncertainties materialize, or if the opinions, estimates or assumptions underlying forward-looking information prove incorrect, actual results or future events might vary materially from those anticipated in forward-looking information. The opinions, estimates or assumptions referred to above and the risk factors described in the "Risk Factors" section of the MD&A of the Company dated August 29, 2022 should be considered carefully.

Although the Company has attempted to identify important risk factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other risk factors not presently known to the Company or that the Company presently believes is not material that could also cause actual results or future events to differ materially from those expressed in such forward-looking information, such as the Company's inability to repay any amounts drawn down on the Facility, and the risk that the Company will be unable to cease its production activities in Israel and commence production activities in Europe. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information, which speaks only as of the date made. Forward-looking information contained in this press release represents the Company's expectations as of the date of this press release (or as of the date they are otherwise stated to be made), and are subject to change after such date. The Company disclaims any intention or obligation or undertaking to update or revise any forward-looking information whether as a result of new information, future events or otherwise, except as required under applicable securities laws.

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the Corporate Finance Policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

For further information, please contact:

Amichai Krupik
K.B. Recycling Industries Ltd.
Tel: +972-54-5607935
Email: ami@alkemy.solutions