

Alkemy Announces Closing of the Transaction to Purchase oceansix

BEIT SHEAN, Israel, June 17, 2022 – Alkemy (K.B. Recycling Industries Ltd.) (www.alkemy.solutions) (“**Alkemy**” or the “**Company**”), (TSXV: [AKMY](#)), (TSXV: [AKMY.WT](#)), a leading environmental plastic recycling technology company, announced today the closing of its purchase of oceansix GmbH (“**oceansix**”), a Germany based company focused on developing technologies and product solutions from recovered materials, from RAM.ON finance GmbH (“**RAM.ON finance**”), a company beneficially owned by **Mr. Gat Ramon, the founder and MD of the CABKA Group GmbH**, a leading recycling corporation specializing in transforming post-consumer and post-industrial waste into material-handling solutions, pursuant to the Share Purchase Agreement, dated January 20, 2022, which was approved by the Company’s shareholders in the annual and special meeting convened on June 8, 2022.

“*This is a significant step in our plans to expand into the global recycling market and make inroads into Europe,*” said Mr. Ami Krupik, Interim CEO of Alkemy.

“*The synergy created by adding oceansix to Alkemy will allow both companies to reach their potential and the European and global markets and enable us to expand our product lines and set up production centers in Europe and later in the rest of the world,*” said Mr. Gat Ramon, the beneficial owner of RAM.ON finance.

Following the closing, Alkemy and oceansix will focus on the development, production and sale of plastic products for a variety of uses, extruded from plastic films made from post-consumer or post-industrial plastics.

Transaction Details

In consideration for oceansix, at the closing of the transaction, Alkemy issued 20,295,037 Ordinary Shares, par value NIS 0.01 each to RAM.ON finance. The transaction also includes earnout payments involving the issuance of additional Ordinary Shares to RAM.ON finance upon the achievement of certain milestones, including the following:

- The issuance of 10,000,000 additional Ordinary Shares if Alkemy is able to successfully establish an operational manufacturing site outside of Israel for the production of products utilizing oceansix’s or the Company’s technology or processes within two years of the closing of the transaction;
- The issuance of 4,593,773 additional Ordinary Shares if Alkemy is able to successfully establish a second manufacturing site, as described above, within two years of the closing of the transaction;
- The issuance of 6,000,000 additional Ordinary Shares if Alkemy is able to successfully commercialize and generate revenues from oceansix’s technology within five years of the closing of the transaction;
- The issuance of 20,000,000 additional Ordinary Shares if, within the five year period following the closing, the annual sales of products utilizing oceansix’s technology reaches a minimum of US\$ 40,000,000 and 0.338915 Ordinary Shares

- for every US\$ 1 in sales in excess of US\$ 40,000,000, altogether up to a maximum amount of 74,111,190 Ordinary Shares; and
- The issuance of 33,166,312 additional Ordinary Shares, if, within the five year period following the closing, the annual sales of products utilizing oceansix's technology exceeds US\$ 300,000,000.

The maximum number of Ordinary Shares to be issued to RAM.ON finance, if all the above milestones are satisfied, is limited to 148,166,312 Ordinary Shares.

In connection with the purchase of oceansix, Sullam Holdings L.R. Ltd. and Tedeia Technological Development and Automation Ltd., two of Alkemy's significant shareholders entered into a shareholders' agreement with RAM.ON finance, which includes a lock-up period of three years with respect to the sale of more than 25% of each of the shareholders' holdings in Alkemy, as well as a right of first refusal for each of the shareholders regarding off-market sales of 10% of such shareholder's holdings in Alkemy, during the period commencing on the end of the lock-up period and until the fifth anniversary of the closing of the transaction.

The abovementioned shareholders have also agreed to cooperate and exercise their votes as shareholders such that the board of directors of the Company (the "**Board**") will consist of eight (8) members with RAM.ON Finance recommending three (3) persons to be nominated and appointed as board members (one (1) of whom shall act as Chairperson of the board). It is the intention of RAM.ON Finance to appoint board members who are industry experts and that will take an active role in the Company and the development and the Company's business.

Based on the agreement between said shareholders, Tedeia may recommend the identity of one person to be nominated and appointed as a board member, Sullam may recommend the identity of one person to be nominated and appointed as a board member and one person to be nominated and appointed as a board member will be recommended by RAM.ON finance, Tedeia and Sullam unanimously. The remaining two members of the board shall be External Directors (as such term is defined under the Israeli Companies Law, 5759-1999) who shall be nominated and appointed in accordance with applicable law.

The members of the Board were elected at the Company's annual and special meeting of shareholders held on June 8, 2022. For further information regarding the members of the Board, please refer to the Company's news release dated June 9, 2022.

About Alkemy (K.B. Recycling Industries Ltd.)

Alkemy is an environmental technology company based in Israel that has developed a unique plastic recycling process for plastic bags and sheets traditionally not considered economically viable for recycling. 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 herein includes statements in respect of: the closing of the oceansix transaction and timing thereof; plans of the Company to expand into the European and global recycling market; achievement of sales milestones and other milestones and the timing thereof; synergies created by the oceansix transaction and expansion of profitable product lines; appointment of board members by RAM.ON; approval of oceansix transaction by the Company’s shareholders and the TSXV; and general business objectives and goals of the Company.

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, as well as risks and uncertainties associated with the Company’s business.

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 such forward-looking information. The opinions, estimates or assumptions referred to above and the risk factors described in the “Risk Factors” section of the Management’s Discussion and Analysis of the Company dated November 30, 2021 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 that could also cause actual results or future events to differ materially from those expressed in such forward-looking information. 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. 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. In particular but without limitation, there is no assurance that the oceansix transaction will be completed on the terms specified herein or at all. In addition, there is no assurance that the transaction will result in Alkemy achieving any or all of the business or operational objectives stated above.

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

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