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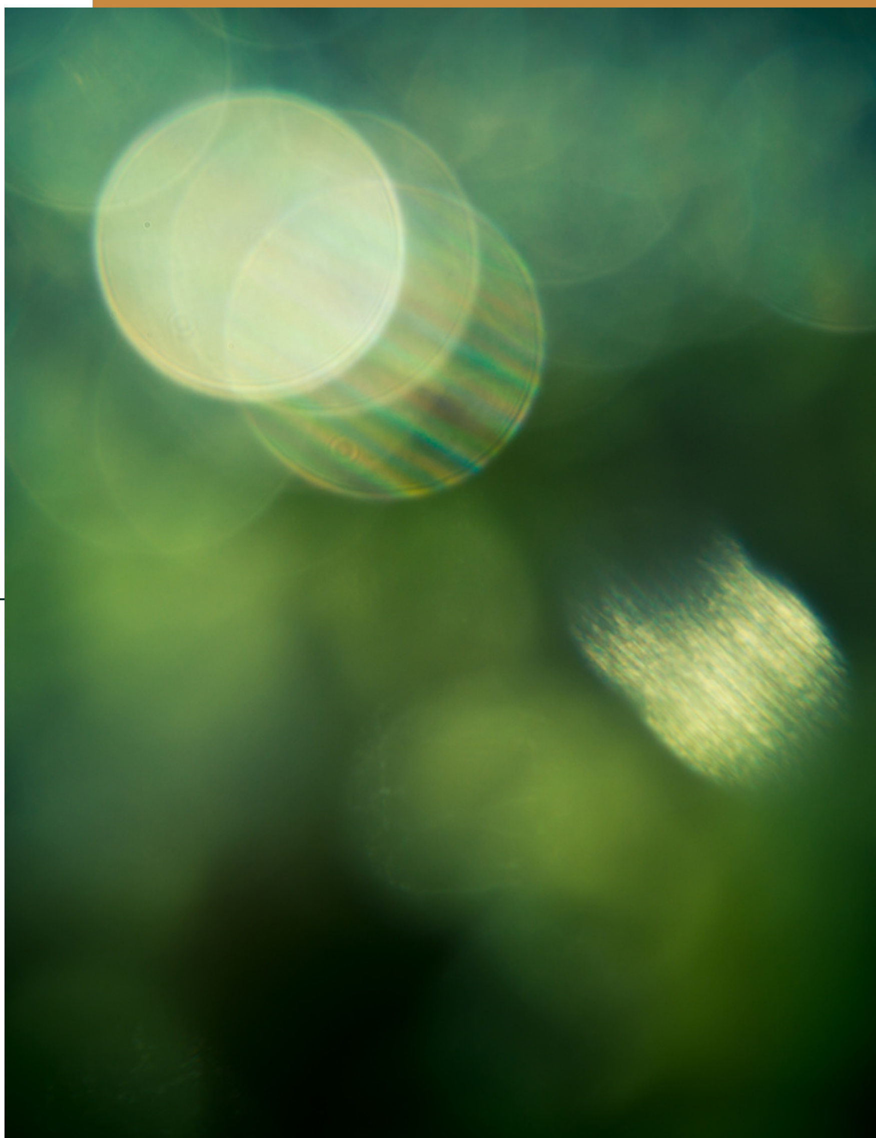
Management's Discussion and Analysis for the Year Ended December 31, 2022 Dated April 30, 2023

K.B. RECYCLING INDUSTRIES LTD.



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Index

Management's Discussion and Analysis for the Year Ended December 31, 2022

01

Management's Discussion and Analysis of Financial Condition and Results of Operations

Management's Discussion and Analysis of Financial Condition and Results of Operations

The following management's discussion and analysis (this **MD&A**) provides information concerning the financial condition of K.B. RECYCLING INDUSTRIES LTD. (in the process of being changed to OCEANSIX FUTURE PATHS LTD.) (the "**Company**") constitutes management's review of the factors that affected the Company's financial and operating performance for the year ended December 31, 2022. This MD&A should be read in conjunction with the audited financial statements of the Company for the years ended December 31, 2022 and 2021, including the notes thereto (the "**Annual Financial Statements**"). This MD&A contains forward-looking statements that involve risks, uncertainties and assumptions, including statements regarding anticipated developments in future financial periods and our plans and objectives. There can be no assurance that such information will prove to be accurate, and readers are cautioned not to place undue reliance on such forward-looking statements.

Any references in this MD&A to the "**Company**", "**us**", "**our**" or "**we**" refers to K.B. RECYCLING INDUSTRIES LTD. (in the process of being changed to OCEANSIX FUTURE PATHS LTD.).

Basis of Presentation

Our Annual Financial Statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**") and, unless otherwise noted, all dollar amounts in this MD&A are expressed in U.S. dollars, denominated by "$" or "US$", in thousands (other than share and per share amounts). All references in this MD&A to: (i) "**Fiscal 2022**" are to our fiscal year ended December 31, 2022, (ii) "**Fiscal 2021**" are to our fiscal year ended December 31, 2021; and (iii) "**Fiscal 2020** " are to our fiscal year ended December 31, 2020.

This MD&A is presented as of date of signing of the Financial Statements and is current to that date unless otherwise stated.

Foreign Exchange

The Financial Statements are presented in U.S. dollars in thousands. The functional currency of the Company for the majority of the Fiscal 2022 was the New Israeli Shekel ("**NIS**"). Commencing July 2022, as a result of the Flome Transaction (as defined below) and the oceansix Transaction (as defined below) the Company's main operations have been maintained in Euro. Following the closing of the Company's facility in Israel and continuing its main operations in Europe, we expect that for 2023 and going forward, the Company's functional currency will be Euros.

The following is a summary of the U.S. dollar exchange rates to the NIS:

	For the year ended		
US$1.00 converted to NIS	December 31, 2022	December 31, 2021	December 31, 2020
Highest rate during the period	3.583	3.342	3.862
Lowest rate during the period	3.092	3.074	3.210
Average rate for the period	3.359	3.229	3.437
Rate at the end of the period	3.519	3.110	3.215

The following is a summary of the U.S. dollar exchange rates to the NIS:

	For the year ended		
US$1.00 converted to Euro	December 31, 2022	December 31, 2021	December 31, 2020
Highest rate during the period	0.881	0.811	0.813
Lowest rate during the period	1.044	0.893	0.935
Average rate for the period	0.950	0.845	0.876
Rate at the end of the period	0.937	0.880	0.819

Operating segments

Up until the acquisition of Flome (as defined below) (see **"Significant Developments for the year ended December 31, 2022**"), we operated in one principal business segment - recycled plastic industrial boards and sheets. Following the closing of the Flome Transaction (as defined below), our operations have expanded into three dimensional recycled and non-recycled plastic industrial products. In addition, with the closing of the oceansix Transaction (as defined below), we have increased our development activity of more innovative and technologically advanced plastic products.
Following the closing of the Company's Israeli facility and cessation of production facilities in Israel, the Company has temporarily suspended its activity with respect to the manufacturing and sales of recycled boards and sheets and is working towards locating a suitable site or identifying other suitable production solutions in Europe or another location, whether by establishing a new production facility, utilizing sub-contractors, making use of third party facilities and/or finding other suppliers for recycled plastic boards and sheets (see **"Business Overview"**).

With the closing of the Flome Transaction on June 13, 2022, our revenues include sales of industrial plastic products in Europe.

In Fiscal 2022, our revenues from recycled plastic boards and sheets were mostly generated from customers in Israel and all related production activities were performed in Israel, and our revenues from three dimensional plastic products were mostly generated from costumers in Europe and all related production activities were performed in Spain. All non-current assets in this period were located in Israel and Spain. In November 2022, the Company ceased its production activities in Israel and, in January 2023, the Company relocated certain components of its Israeli production facility to Germany, and the Israeli site was permanently closed. Commencing January 2023, the fixed assets of the Company are located in Spain and Germany. Consequently, the Company anticipates that in 2023 the majority of its operational assets and liabilities will be in Europe. For more on this matter see the section titled **"Business Overview"**.

Following the closing of the Company's Israeli facility and cessation of production facilities and operations in Israel, the activities of the Company in Fiscal 2022, Fiscal 2021 and Fiscal 2020 is represented as discontinued operations and, in Fiscal 2022, the consolidation of the operations of Flome and oceansix GmbH commencing on July 1, 2022 is represented.

Non-IFRS Financial Measures

This MD&A makes reference to certain non IFRS financial measures including Adjusted EBITDA. This measure is not a recognized measure under IFRS. There is no prescribed definition of this measure and it is therefore unlikely to be comparable to similar measures presented by other companies. Rather, this measure is provided as additional information to supplement IFRS measures by providing further understanding of our results of operations from management's perspective. Accordingly, this measure should neither be considered in isolation nor as a substitute for analysis of our financial information reported under IFRS. This non-IFRS financial measure can also provide supplemental measure of our operating performance and thus highlight trends in our core business that may not otherwise be apparent when relying solely on IFRS measures. We also believe that securities analysts, investors and other interested parties frequently use non-IFRS financial measures in the evaluation of issuers. Our management also uses this non-IFRS financial measure in order to facilitate operating performance comparisons from period to period, to prepare annual operating budgets and forecasts and to determine components of management compensation. As required by Canadian securities laws, we reconcile this non-IFRS financial measure to the most comparable IFRS measure.

Forward-Looking Information

This MD&A contains "forward-looking information" within the meaning of applicable securities laws in Canada. Forward-looking information may relate to our future financial outlook and anticipated events or results and may include information regarding our financial position, business strategy, growth strategies, budgets, operations, financial results, taxes, dividend policy, plans and objectives. Particularly, information regarding our expectations of future results, performance, achievements, prospects or opportunities or the markets in which we operate 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" or "does not expect", "is expected", "an opportunity exists", "budget", "scheduled", "estimates", "outlook", "forecasts", "projection", "prospects", "strategy", "intends", "anticipates", "does not anticipate", "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might", "will", "will be taken", "occur" or "be achieved". 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.

Some of the information contained in this MD&A is forward-looking information. Such information includes, but is not limited to, the Company's operations following the Flome Transaction and the oceansix Transaction, expansion of Company's market, Company's operational plans, the transfer of the Company's manufacturing facility from Israel to Europe. This information is based on management's assumptions and beliefs, which we believe to be reasonable in light of the information currently available to us, and is made as of the date of this MD&A. 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. However, we do not undertake to update any such forward-looking information as a result of new information, future events or otherwise, except as may be required under applicable securities laws. Accordingly, readers should not place undue reliance on forward-looking information, which speaks only as of the date made. Actual results and the timing of events may differ materially from those anticipated in this MD&A as a result of various factors.

02

Business Overview

Business Overview

We started as an environmental technology company based in Israel that has developed an industrial process to recycle post-consumed polyethylene (plastic) bags and sheets.

As at March 31, 2021, Tedea Technological Development and Automation Ltd. (**"Tedea"**) and Sullam Holdings L.R. Ltd. (**"Sullam"**) held 99% of our outstanding shares in equal parts. As at December 31, 2022 and as of the date hereof, our main shareholders are Sullam, which holds approximately 18.87% of our outstanding share capital and 12.79% on a fully diluted basis,Tedea, which holds approximately 18.83% of our outstanding share capital and 12.77% on a fully diluted basis, and RAM.ON finance GmbH (**"RAMON finance"**), which holds approximately 19.79% of our outstanding share capital and 48.45% on a fully diluted basis. RAM.ON finance, Tedea and Sullam have entered into a shareholders agreement with respect to the exercise of certain of their rights in the ordinary shares of the Company (**"Ordinary Shares"**).

Our recycling and production unit, which integrates the production of finished goods with the recycling process itself, is designed to reduce the cost of plastic raw material and increase the profit margin per metric ton of recycled plastic. The equipment required to carry out our industrial process can be modified to be installed in existing facilities. Our process results in the production of a finished product, for use in various applications, including, initially, in the construction industry.

We have developed a process and know-how for the recycling of post-consumed plastic bags and sheets which we refer to as the 'waste-to-product' process. We produce a variety of recycled plastic products from highly pollutive recycled plastics (polyethylene), which we extract from domestic waste streams (i.e., garbage bags, grocery bags and food wrappings and packaging).

Our one-step process reduces inputs such as energy, labour, machinery use and various other production expenses compared to traditional recycling and production methods. Traditional recycling and production methods typically

Business Overview

recycle plastic with low contamination, use a mix of recycled plastic and virgin plastic and involve separate recycling and production processes. Our 'waste-to-product' process is able to use 100% highly contaminated plastic waste and our products are produced in one step, directly from the contaminated plastic waste. This allows us to benefit from savings on labour, energy, machinery and transportation costs. Our 'waste-to-product' process involves a single melting and cooling of post-consumed plastic waste, all performed in one facility, which results in the final recycled plastic product. Our process does not require separate recycling and production plants.

Prior to the cessation of our Israeli production operations, all of the polyethylene used in Israeli site manufacturing of our products were made of 100% recycled plastic from domestic and agricultural waste streams, which were provided to us by, among other sources, waste management companies, recycling corporations and waste traders. We also operated one agricultural waste site in Israel where we received pre-sorted plastic waste from farmers which we then sorted and compacted into bales for our own production needs.

Commencing on June 13, 2022, the closing date of the Flome Transaction (see **"Significant Developments for the year ended December 31, 2022"**), our activities also include a thermoforming manufacturing site based in Valencia, Spain. This manufacturing site transforms plastic boards and sheets into three dimensional plastic industrial products through a process which includes heating and shaping the boards and sheets using prefabricated molds.

Commencing on June 17, 2022, the closing date of the oceansix Transaction, our activity also includes research and development of special innovative and technologically advanced plastic based products.
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, and, to the Company's satisfaction, has demonstrated a real 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 closing of both the oceansix Transaction and the Flome Transaction 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 decided to take steps to move its production activities to Europe.

Therefore, in November 2022, the Company ceased its production activities in Israel and, in January 2023, the Company relocated certain components of its Israeli production facility to Germany, and the Israeli site was permanently closed. At this time, the Company is exploring options in Europe and has temporarily suspended its activity with respect to the manufacturing and sales of recycled boards and sheets, as it focuses on other core activities and is working towards locating a suitable site or identifying other suitable production solutions in Europe or another location. Such new site may consist of either an existing recycling plant or a facility with the required infrastructure. Other production solutions may include utilizing sub-contractors, making use of third party facilities and/or finding other suppliers for recycled plastic boards and sheets. The Company updated their value in accordance with the Company's assessments of the market value mainly based on the discussions held with potential buyers. In accordance with the above, the Company's statement of income includes a one-time expense of approximately US$685 thousand as impairment of fixed assets.

During the transition period, in order to maintain the continuity of its business and customer relations, the Company may purchase plastic raw materials, boards and sheets to provide to its customers from external suppliers.

Corporate History Highlights

2008-2017

The Company was incorporated on January 22, 2008 under the laws of the State of Israel as a private company. By 2012, we had become a recycling company for post-consumed agricultural plastic waste such as greenhouse covering plastic sheets, land covering plastic sheets, irrigation pipes, planting trays, plastic bottles and containers, which were recycled and converted into plastic granules. In early 2017, as a result of lower market prices for plastic and recycled plastic, we changed our strategy to focus on research and development, as well as product development, launching our first prototype production line at the end of 2017.

2019

In September 2019, we decided to close our high density polyethylene (HDPE) resin production to focus on our 'waste-to-product' process. Subsequently, in January 2020, we ceased our recycled HDPE resin production.

2020

In early 2020, we began our marketing and brand penetration efforts outside of Israel. In February 2020, due to the onset of the COVID-19 (**"COVID-19"**) pandemic, we encountered challenges to our ability to establish relations with potential business partners due to significant restrictions on international travel. The pandemic caused many enterprises to suspend their expansion efforts and postpone discussions regarding new products and engagements with new suppliers. At the peak of the pandemic, governments imposed lockdowns in Israel and abroad, which significantly reduced our activities and our clients' operations.

The outbreak of COVID-19 and the restrictions imposed in an effort to prevent the spread of COVID-19, mainly the lockdown restrictions introduced in Israel three times during Fiscal 2020 had a material adverse impact on the Company's operations and caused a decrease in the Company's revenues during Fiscal 2020.

In March 2020, as a result of the effects of the COVID-19 pandemic, and in order to allow the Company to sustain its activity and to extend its runway, the Company implemented a material restructuring plan, according to which management significantly reduced the Company's work force and other operating expenses to the minimum required to allow the continuation of its operations and R&D efforts.

Furthermore, due to the restrictions on movement of passengers and border closures around the world the Company delayed its plans to explore new markets and most of its marketing efforts were put on hold in April 2020. As a result, the Company's management team anticipated that this would cause delays in the Company's export plans.

In November 2020, we conducted a strategic analysis of our business and the ecosystem within which it operates. Following the analysis, we decided to focus our efforts on three key objectives: (i) initiating joint ventures with local strategic partners outside of Israel; (ii) direct sale of our products to local and international markets; and (iii) adding additional verticals using the injection of slow flow polyethylene and additional sheet based products.

In August 2020, the Company entered into a Convertible Note Purchase Agreement (the **"Convertible Note Purchase Agreement"**) with Clover Wolf Capital Limited Partnership, an Israeli fund (**"Clover Wolf"**) for the issuance of a

Corporate History Highlights

convertible note with a principal amount of US$3,000,000 (the **"Convertible Note"**) and (ii) a warrant to purchase Ordinary Shares, for cash consideration of $ 1,500,000. In April 2021, due to the closing of the initial public offering of Ordinary Shares (as described below), the Convertible Note was converted into 19,735,200 Ordinary Shares and a warrant to purchase 5,638,629 Ordinary Shares at an exercise price of $0.152.

On December 23, 2020, we filed application Ser. No. 280311 with the Israel Patent Office (the **"Patent Office"**) seeking a patent for our 'waste-to-product' process. In May 2021, the Patent Office notified us that this application was allowed following a patent search and substantive examination. On August 31 2021, the application was finally approved and the patent was registered in the Israeli Patent Office Journal.

2021

On April 21, 2021, we consummated our initial public offering in which raised net proceeds of approximately US$ 8.4 million (the **"IPO"**), and on April 28, 2021 our equity securities commenced trading on the TSX Venture Exchange (the **"TSXV"**).

On June 4, 2021, we completed a private placement for aggregate gross proceeds of approximately US$ 1.0 million.

2022

On January 21, 2022, we entered into a share purchase agreement to purchase oceansix GmbH (**"oceansix GmbH"**), a German company focused on developing technologies and products solutions (the **"oceansix Transaction"**).

The oceansix Transaction closed on June 17, 2022. Under the consideration paid for the oceansix Transaction and the achievement of certain related milestones, RAM.ON finance was issued 30,295,037 Ordinary Shares. In the preparation of the consolidated Financial Statements, the Company performed valuations with respect to the allocation of the purchase price of the different assets and liabilities acquired in the oceansix Transaction. These allocations were made based on the valuation of the assets and liabilities of oceansix GmbH as of the closing of the oceansix Transaction performed by an independent valuation expert.

On April 27, 2022, the Company entered into an agreement to acquire 100% of the issued and outstanding shares of Plasticos Flome S.L., a plastics manufacturing company operating in Valencia, Spain (the **"Flome Transaction"**). The Flome Transaction closed on June 13, 2022. (see **"Significant Developments for the year ended December 31, 2022")**

Current Manufacturing Capacity and Planned International Expansion

Our business growth plan consists of the following main avenues:

1. **developing new products for production utilizing our know-how and expanding our product offerings**
2. **extending our product sales and offerings**
3. **developing innovative technological plastic based products**
4. **establishing additional production solutions for the development of our products.**

Until December 2022, our Israeli production site contained one fully-operational production line with an output capacity of approximately 150 metric tons per month (i.e., 1,800 metric tons per year). Regarding the cessation of the production activities at the Company's Israeli facility and the transferring of the Company's main activities to Europe, see the section titled **"Business Overview"**.

Furthermore, Flome's Spanish production site has the capability to process hundreds of thousands of metric tons of boards and sheets into three dimensional plastic products.

Following the cessation of our production activities in Israel and the closure of the Israeli facility, we suspended our activity with respect to the manufacturing and sales of recycled boards and sheets. Currently, we are focusing on deep innovation development through our R&D operations in oceansix GmbH as well as sales of products through Flome. In addition, we are exploring future solutions for generating recycled materials and further production of newly developed products, whether by establishing new production facilities or expanding both the output and product development of our current facility in Spain, utilizing sub-contractors, making use of third party facilities and/or finding other suppliers for recycled plastic materials, boards and sheets.

We have made certain advancements in the development of productions processes and products, including, among others, the development of production processes for expanded polyethylene (EPE) based products and die molding (profile type) based products, thermoforming production trials, anti-slip geo-membranes, the improvement of products' mechanical properties, sheet based products welding techniques and injection molding production based products, which may allow us to expand the range of development processes and the products we may offer in the future if and when future conditions will allow for their commercialization. In addition, as part of our efforts to expand overseas and with the closing of the oceansix Transaction and the Flome Transaction we have also begun focusing on the development and production of additional products and expanding our operations into the European market, as described above.

Competitive Landscape

We operate in the plastic industry, as well as in the recycled plastic based products industry. As a result, we compete with both recycling companies and companies that produce plastic products.

Plastic product markets are highly competitive and consist of numerous manufacturers, relatively low raw material costs, advanced production processes and multinational production sites with limited barriers to entry. Certain multinational manufacturers, with relatively larger research and development budgets, are also attempting to anticipate new product demand, and often introduce new products that compete with our existing and prospective products. Key competitive differentiators in our industry include, among other things, innovation, product quality, regulatory compliance, pricing and quality of customer service.

The barriers to entry in the recycling industry are generally low as the required machinery is commonplace and low-cost raw materials are generally available.

Significant Developments for the Year ended December 31, 2022

1. In January 2022, the Company and Tambour (Chemical and Paints) Ltd. (**"Tambour"**) extended the Memorandum of Understanding pursuant to which Tambour conducts a nationwide pilot of the Company's products, until December 31, 2022.

2. On January 21, 2022, we entered into a share purchase agreement (the **"oceansix Agreement"**) to purchase oceansix GmbH, from RAM.ON finance. The oceansix Transaction was completed on June 17, 2022. As the consideration paid for the oceansix Transaction, RAM.ON finance was issued 20,295,037 Ordinary Shares (see **"Corporate History: Highlights"**). Following June 17, 2022, the financial results of oceansix GmbH are included in our consolidated financial statements.

3. On March 1, 2022, Shmulik Porre, our CEO, tendered his resignation. Following Mr. Porre's resignation, Amichai Krupik was appointed as the interim CEO until the Company is able to appointment a permanent CEO. Mr. Krupik previously served as the Company's CEO between 2017 and May 2020, after which he served as the Company's Founder for Innovation and Technology Development.

4. On March 3, 2022, Mr. Arnon Eshed was appointed to the Company's Board of Directors (the **"Board"**). Mr. Eshed is an experienced businessman and manager and has served as CEO of Palram (1990) Industries Ltd., a public company with an international presence that operates in the field of thermoplastic technology. Mr. Eshed will continue to serve on the Board until the Company's next annual meeting at which time he shall be subject to reappointment by the Company's shareholders (the **"Shareholders"**).

5. On April 13, 2022, the Company terminated its services agreement with A-Labs Finance and Advisory Ltd. dated March 29, 2020 as amended effective February 11, 2021. The termination was effective as of March 30, 2022.

6. On April 13, 2022, the Board resolved to appoint Mr. Maximo Buch as a director and related annual compensation of EUR 33,000, subject to the approval and confirmation of the TSXV. Mr. Buch's appointment was approved by the TSXV. Mr. Buch's compensation was approved by the Annual and Special Meeting (as defined below).

Significant Developments for the Year ended December 31, 2022

7. On April 13, 2022, the Board approved compensation for Mr. Arnon Eshed for his services as a director in the amount of NIS 20,000 per month, effective as of May 2022.

8. On April 13, 2022, the Board resolved to grant Noah Hershcoviz, a member of the Board options to purchase 600,000 Ordinary Shares with an exercise price of C$0.29. Following and subject to the approval of the Shareholders, the options will vest within one year as of the date at which Mr. Hershcoviz was appointed as a member of the Board (one year of June 7, 2021). The grant of options to Mr. Hershcoviz was approved by Annual and Special Meeting (as defined below).

9. On April 27, 2022, the Company entered into an agreement to acquire 100% of the issued and outstanding shares of Plasticos Flome S.L., a plastics manufacturing company operating in Valencia, Spain (**"Flome"**). In consideration for the purchase of the issued and outstanding shares of Flome, the Company undertook to pay the shareholders of Flome (the **"Flome Sellers"**), a total amount of €1,800,000 (CAD 2,436,012) (the **"Purchase Price"**). As a condition to the closing of the Flome Transaction, Flome was to receive a payment of €247,000 (CAD 334,275) in respect of shareholder debt which would either be paid directly to Flome by the Flome Sellers or will be remitted directly to Flome by the Company at the closing of the Flome Transaction and, in such case, such amount would be subtracted from the Purchase Price received by the Flome Sellers. The Company had the option to pay 10% of the Purchase Price by issuing ordinary shares in the capital of the Company to the Flome Sellers. Flome's production site has seven operating lines of vacuum forming manufacturing. Flome uses plastic sheets and boards as its raw materials for manufacturing trays and packaging for automotive, agriculture, and beverage industries. The Flome Transaction was completed on June 13, 2022. The completion of the Flome Transaction is expected to enable the Company to extend its activities into the European market and expand the Company's production through vertical integration. Flome will use the Company's products as input materials while meeting the sustainability requirements of its customers. As part of the consideration paid in the Flome Transaction, the Company issued 1,514,973 Ordinary Shares to the shareholders of Flome. Following June 13, 2022, the financial results of Flome are included in our consolidated financial statements. (see **"Corporate History: Highlights"**). The Flome Transaction constituted the fulfillment of the First Milestone in respect to the Founders Warrants. (see **"Related Party Transactions"**).

In addition, the Flome Transaction also triggered the vesting of 1,378,132 Restricted Share Units (**"RSU's"**), with each RSU representing the right to receive one Ordinary Share, to Amichai Krupik, the Company's interim CEO, pursuant to the Board's granting 2,756,264 RSU's to Mr. Krupik, as follows (i) 1,378,132 RSUs upon an operational manufacturing site being established by the Company outside of Israel within five years from the date of the grant; and (ii) 1,378,132 RSUs upon a second operational manufacturing site being established outside of Israel within five years from the date of the grant. The term of the RSU's has since been amended.

With respect to the warrants triggered by the Flome Transaction, see **"Related Party Transactions"**

10. On April 28, 2022, Mr. Yoav Horowitz, the Chairman of the Company's Board of Directors, signed an amendment to his services agreement in which he waived his monthly service fees.

Significant Developments for the Year ended December 31, 2022

11. On June 8, 2022, the Company convened an annual and special meeting of its shareholders, which approved, among other things, the current board of directors, the oceansix Transaction and the increase of the Company's authorized share capital to 500,000,000 Ordinary Shares (the **"Annual and Special Meeting").**

12. The Annual and Special Meeting approved the change of the Company's name to oceansix Ltd. or a similar name to be approved by the Israeli Registrar of Companies. The Company is currently in the process of implementing such change. (see **"Significant Developments Since December 31, 2022"**)

13. The consolidated financial statements include obligations to RAM.ON finance from oceansix GmbH in the amount of approximately EUR 560,000 as included in oceansix GmbH's financial statements in connection with a shareholder loan, which bears no interest, for expenses incurred by oceansix GmbH in the period prior to the closing of the oceansix Transaction. RAM.ON finance will not demand repayment of this shareholder loan prior to the earlier of (i) September 1, 2024; or (ii) a capital raise of at least $2 million. The final recognition of these undertakings may possibly result in a different amount than those included in the Financial Statements following the conclusion of the internal accounting between the parties.

14. In July 2022, RAM.ON finance purchased an additional 5,000 of the Company's Ordinary Shares on the market.

15. In August 2022, the Company's shareholders undertook to provide the Company with a credit facility in the amount of up to EUR 2 million as required over the next two years, with each shareholder providing an equal amount of any requested amounts (the **"Shareholder Undertaking"**). In the event the Company has a successful capital raise, the credit facility will be reduced by the amount raised in such capital raise.

16. In September 2022, Sullam purchased an additional 62,000 of the Company's Ordinary Shares on the market.

17. In September 2022, RAM.ON finance purchased an additional 69,500 of the Company's Ordinary Shares on the market.

18. 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, see the section titled **"Business Overview"**.

19. On November 2, 2022, the Company signed an agreement with Altshuler Shaham Benefits Ltd., to take over as the Company's Israeli trustee with respect to options or restricted share units issued under its current incentive plan.

20. In November 2022, the Company was approved for trading on the OTCQB.

21. On November 7, 2022, the Company began trading on the Borse-Frankfurt Stock Exchange.

Significant Developments for the Year ended December 31, 2022

22. On November 28, 2022, the Board resolved to enter into an addendum (the **"Addendum"**) to the employment agreement between Mr. Amichai Krupik, the Company's Interim CEO, and the Company, dated October 29, 2020. Among other things, the Addendum, includes (i) an update (reduction) to Mr. Krupik's compensation, pursuant to which, starting January 1, 2023, Mr. Krupik's salary shall be based on employer costs of 8,000 NIS per month; (ii) subject to approval by the Company's shareholders, a change in the terms of the expiration of the RSU's which Mr. Krupik was granted by the Board on June 7, 2021 and ratified by the Shareholders on July 20, 2021, pursuant to which RSUs that have not vested shall not expire upon termination of Mr. Krupik's employment; and (iii) Mr. Krupik's employment shall be set for a fixed period ending on December 31, 2023.

23. The Company has agreed to extend the marketing services agreement between Hybrid Financial Ltd. and the Company, dated November 26, 2021, for another 6 month period until April 29, 2023. Under the extension, the monthly consideration for Hybrid's services is set at a monthly consideration of CAD 22,500.

24. In December 2022, RAM.ON finance purchased an additional 56,000 of the Company's Ordinary Shares on the market.

Significant Developments since December 31, 2022

25. 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.

26. In February 2023, following the closing of the Company's facility in Bet She'an, Israel, the Company changed its registered with the Israeli Registrar of Companies to 11 Derech Menachem Begin, Ramat Gan, Israel.

27. On March 29, 2023, following the abovementioned 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 Company is awaiting approval by the TSXV in order to change its ticker symbol.

28. In April 2023, the Company's Compensation Committee and Board approved the engagement between Salvador Cabanas Lopez and oceansix Gmbh to serve as it CFO in addition to the Company and its subsidiaries (the **"Company Group"**). Mr. Lopez began his employment on April 16, 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. Mr. Lopez will provide his services from Flome's headquarters in Valencia, Spain.

29. In April 2023, the Company's Compensation Committee and Board approved the engagement between Elad Hameiri and oceansix Gmbh to serve as it CEO in addition to the Company Group. Mr. Hameiri will begin his employment on June 1, 2023. In addition to the

Significant Developments since December 31, 2022

employment agreement with Mr. Hameiri, the Compensation Committee and the Board has approved 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. Such grant is subject to approval of the Company's shareholders. Mr. Hameiri will provide his services from Flome's headquarters in Valencia, Spain.

30. In April 2023, the Compensation Committee and the Board has approved 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 and is subject to the approval of the Company's shareholders.

31. In April 2023, the Compensation Committee and the Board has approved 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 and is subject to the approval of the Company's shareholders.

32. On April 21, 2023, the Company's warrants issued in connection with the IPO reached the two year expiry date without being exercised.

33. On April 30, 2023, the Board appointed Mr. Gat Ramon as a director of the Company and as the Chairman of the Board.

34. Through Q1 2023, RAMON.finance GmbH has transferred to the Company an amount equal to EUR 50, in accordance with the Shareholder Undertaking.

35. In April 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 Shareholder Undertaking.

03

Summary of Factors Affecting Our Results of Operations

Summary of Factors Affecting Our Results of Operations

Our ability to grow our business and enhance our financial performance depends on our ability to: (i) successfully utilize our 'know-how to manufacture newly developed products; (ii) improve, develop and expand our manufacturing capacity; and (iii) successfully develop and commercialize new products. Our success depends on our ability to efficiently produce our products, maintain our technological advantages, adapt to changing regulatory regimes, continue to develop new products (and production processes for new segments) and enter into successful strategic partnerships. In addition, as the Company is currently generating deficits at this time, its continuous operations depends on its ability to raise funds to finance its operations and activities until it achieves profitability and sufficient cash generation.

Maintaining Our Technological Advantage

The success of our business depends on our ability to continue to take advantage of our know-how to develop a variety of new high quality products. In addition, in order to maintain our technological advantage we will have to form and maintain strategic relationships with leading technological partners, academic institutions and individuals, among others. Furthermore, we will need to keep our production process highly cost-efficient in comparison to other actors in the industry and also in comparison to virgin plastic manufacturers.

Strategic Relationships

Our continued success and ability to become an industry leader will depend to a large extent on our ability to form and maintain long-term relationships with distributors, agents, customers, supplier and local governments etc. These relationships allow us to secure a sustainable and long-term supply of raw materials and distribute our products.

Adapting to Changing Legal and Regulatory Regimes

The industry in which we operate as well as the products we produce and develop are both heavily regulated and standardized. The industry is heavily dependent on incentive programs from national and local governments to encourage activities as well as the products we produce and develop are both heavily regulated and standardized. The industry is heavily dependent on incentive programs from national and local governments to encourage activities as well as regulations and standardization. The use of our products in certain verticals may be subject to different regulations and standards that may differ from jurisdiction to jurisdiction and may impact our ability to distribute our products.

How We Assess the Performance of Our Business

The key financial measures indicated below are used by management in evaluating and assessing the performance of our business. We refer to certain key performance indicators used by management and typically used by our competitors in the plastic recycling and relevant plastic products market, certain of which are not recognized under IFRS. These non-IFRS financial measures which are used by management do not have any standardized meaning prescribed by IFRS and may not be comparable to similar measures presented by other companies.

Following the closing of the Company's Israeli facility and cessation of production facilities and operations in Israel, the activities of the Company in Fiscal 2022, Fiscal 2021 and Fiscal 2020 is represented as discontinued operations and, in Fiscal 2022, the consolidation of the operations of Flome and oceansix GmbH commencing on July 1, 2022 is represented.

Summary of Factors Affecting Our Results of Operations

Revenues from Sales

Until the recent Flome Transaction, which took place in June 2022, the Company primarily operated in the plastic recycling industry, which includes sales of plastic board and sheet products mainly to the construction industry. Following the Flome Transaction, the Company expanded its operations, through Flome, to the production and sale of other industrial plastic products (both recycled and non-recycled). We recognize revenues from sales at the fair value of the consideration received or receivable, net of estimated sales incentives that were provided to customers and excluding taxes and/or duties. Revenue is recognized when the customer takes ownership of the product, title has transferred, all the risks of ownership have transferred to the customer, recovery of consideration is probable and we have satisfied our performance obligations under the arrangement and have no ongoing involvement with the product. Revenues are therefore recognized when it is probable that the economic benefits will flow to us and the revenues can be reliably measured, regardless of when the payment is received. Following the cessation of our Israeli activities and closing of our Israeli facilities, from February 23, 2023 our current revenues are solely generated by Flome's activities.

Cost of Revenues

Cost of revenues consists of our production costs which are comprised primarily of labor, energy, materials, consumables, consultants, water and sludge treatment, overhead, maintenance, lease of a plant building, lease of facilities and equipment, city taxes, insurance, amortization on production equipment, shipping, packaging and other expenses required to produce our products sold during the period. Cost of revenues related to the recycling of plastic waste and production of our final products to the point at which the products are packed and ready for delivery are capitalized and included in the value of inventory. Once goods are sold, the associated capitalized costs are recognized as production costs. Gross profit (loss) represents profit (loss) earned before the net revenue from sales of products less the cost of revenues. In light of the cessation of the Company's manufacturing and production activities in Israel, part of the cost of sales in the near future may consist of the cost of purchasing finished goods or the production of such goods by sub-contractors.

Gross Loss

Gross loss represents the loss incurred from the production activity of the Company and is the outcome of the total sales net of the cost of sales expenses of the Company.

Development Expenses

Development expenses consist of costs related to the development of production processes, production improvements, new products and machinery improvements and adoption. Such expenses may include, inter alia, related salary expenses, cost of materials, consultants, laboratory tests and field testing. Development expenses do not include the total amount of supporting grants received from the Israel Innovation Authority (the **"IIA"**).

Due to the Company's cessation of its production activities in Israel, as discussed above (see the section titled **"Business Overview"**), should the Company transfer IIA supported production processes outside of Israel in the future, it may be subject to repayments of the grants received, with potential fines and interests, to the IIA in order to receive approval for the transfer of the Company's manufacturing abroad. At this time, the Company cannot estimate whether, in such circumstances, it will reach a settlement with the IIA with respect to such royalty payments and the amounts that will be agreed upon. See the Risk Factor titled "Limitations surrounding the use of Israeli government funding".

Sales and Marketing Expenses

Sales expenses consist of costs incurred as part of the act of sale, including transportation costs for the delivery of the sold goods and agent fees. Marketing expenses consist of costs related to the activities and efforts to increase the Company's sales, such as, related salaries, publishing, conventions, traveling, advertising, internet site,

Summary of Factors Affecting Our Results of Operations

brochures, products samples, advisors and agents.

General and Administrative Expenses
General and administrative expenses are incurred in the day-to-day operations of the Company and may not be directly tied to a specific function within the Company. Such expenses may include, inter alia, lease payments, utilities, insurance, legal fees, audit fees, communication expenses and employee salaries.

Operating Loss
Operating loss represents the loss incurred from operations and is the outcome of the total sales net of the operating expenses of the Company. The calculation of operating loss does not include the effects of financial expenses or taxes.

Finance Expenses, Net
Finance expenses, net consists of expenses incurred in the course of the Company's financial activities, such as loans, bank account maintenance, and business transactions executed in different currencies. Such expenses may include, inter alia, expenses and income from interest, expenses and income from exchange rates, bank fees and commissions.

Net Loss
Net loss represents the loss incurred from all income and expenses of the Company of any kind, and is computed as the total income of the Company less its total expenses.

Adjusted EBITDA
Management defines Adjusted EBITDA as the income (loss) from operations, as reported, before interest and tax, adjusted by removing other non-recurring or non-cash items, including impairment of fixed assets, realized fair value adjustments on inventory sold in the period, share-based compensation expense, and depreciation, amortization and impairment costs included in operating expenses. Management believes Adjusted EBITDA is a useful financial metric to assess its operating performance on a cash adjusted basis before the impact of non-recurring or non-cash items.

04

Selected Financial Information

Selected Financial Information

The following table sets out a summary of our results of operations for Fiscal 2022 and Fiscal 2021, as well as selected balance sheet data as at the end of Fiscal 2022, and end of Fiscal 2021. The selected financial information for Fiscal 2022 and Fiscal 2021 has been derived from our Audited annual Financial Statements. Flome's and oceansix GmbH's financial statements have been consolidated with the Company's financial statements since July 1, 2022 and thereafter.

The consolidated financial statements include obligations to RAM.ON finance from oceansix GmbH in the amount of approximately EUR 560,000 as included in oceansix GmbH's financial statements in connection with a shareholder loan, which bears no interest, for expenses incurred by oceansix GmbH in the period prior to the closing of the oceansix Transaction. RAM.ON finance will not demand repayment of this shareholder loan prior to the earlier of (i) September 1, 2024; or (ii) a capital raise of at least $2 million. The final recognition of these undertakings may possibly result in a different amount than those included in the financial statements following the conclusion of the internal accounting between the parties.

	Year ended December 31,		
	2022	**2021**	**2020**
	U.S. dollars in thousands (except loss per share)		
Revenues from sales	685	-	-
Cost of sales	501	-	-
Gross profit	184	-	.
Development expenses	177	-	-
Selling and marketing expenses	704	-	-
General and administrative expenses	2,426	1,918	511
Other expenses, net	(55)	-	-
Operating loss	(3,068)	(1,918)	(511)
Finance income	2,426	-	-
Finance expenses	(129)	(1,793)	(1,717)
Loss before taxes	(771)	(3,711)	(2,228)
Tax benefit	296	-	-
Loss from continuing operations	(475)	(3,711)	
Loss from discontinued operations*	(3,997)	(2,977)	(2,232)
Net Loss	(4,472)	(6,688)	(4,460)
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	(393)	269	-
Amounts that will be reclassified subsequently to profit or loss when specific conditions are met: Adjustments arising from translating financial statements of foreign operations	119	-	-

Selected Financial Information

Total comprehensive loss	(4,746)	(6,419)	(4,546)
Basic diluted loss per share from continuing operations (in U.S. dollars)	(0.003)	(0.036)	(0.07)*
Basic diluted loss per share from discontinued operations (in U.S. dollars)	(0.029)	(0.029)	-
Diluted loss per share from discontinued operations (in U.S. dollars)	(0.015)	(0.036)	
Diluted loss per share from discontinued operations (in U.S. dollars)	(0.029)	(0.029)	

* Below is data of the operating results attributed to the discontinued operation:

	Year ended December 31,		
	2022	2021	2020
	U.S. dollars in thousands (except loss per share)		
Revenues from sales	1,225	1,158	955
Cost of sales	2,287	2,311	1,974
Gross Loss	(1,062)	(1,153)	(1,019)
Development expenses (less Government grants)	216	351	68
Selling, general and administrative expenses and other expenses, net	2,719	1,473	1,145
Operating loss	(3,997)	(2,977)	(2,232)
Loss from discontinued operation, net	(3,997)	(2,977)	(2,232)

	December 31,		
	2022	2021	2020
ASSETS	U.S. dollars in thousands		
CURRENT ASSETS			
Cash and cash equivalents	488	5,909	1,617
Trade receivables	687	514	401
Other accounts receivable	435	315	191
Inventories	144	81	127
	1,754	6,819	2,336
Assets held for sale	217	-	-
	1,971	6,819	2,336
NON-CURRENT ASSETS			
Right of use assets	900	1,001	1,046
Long-term deposits	-	85	71
Property, plant and equipment, net	1,024	1,694	1,869
Intangible assets	1,361	-	237
Goodwill	2,964		
Other accounts receivable	21		
	6,270	2,780	3,223
	8,241	9,599	5,559
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Credit from banks	177	-	94
Current maturities of lease liabilities	154	149	117
Trade payables	719	619	379
Other payables	1,089	697	719
	2,139	1,465	1,309
NON-CURRENT LIABILITIES			
Lease liabilities	802	1,023	1,065
Deferred tax liabilities	138	-	-
Loans from others	127		
Other liabilities	25	242	161
Convertible Note	-	-	4,152
Shareholders and affiliated companies	584	-	-
Warrants	226	2,213	414
	1,912	3,478	5,792
EQUITY			
Share capital and share premium	50,861	47,040	35,697
Warrants	453	453	-
Foreign currency translation reserve	(15)	259	(10)
Reserve from share-based payment transactions	1,828	1,369	548
Accumulated deficit	(48,937)	(44,465)	(37,777)
	4,190	4,656	(1,542)
	8,241	9,599	5,559

	Year ended Dec-31		
	2022	**2021**	**2020**
		Audited	
Adjusted EBITDA - Loss (from continued and discontinued operations)		**U.S dollars in thousands**	
Operating loss	(3,068)	-	-
Depreciation, amortization and impairment of assets	103	-	-
Shares based compensation	1,677	-	-
Adjusted EBITDA - Loss	**(1,288)**	**-**	**-**

IFRS Measures

Analysis of Results for Fiscal 2022

Following the closing of the Company's Israeli facility and cessation of production facilities and operations in Israel, the activities of the Company in Fiscal 2022, Fiscal 2021 and Fiscal 2020 is represented as discontinued operations and, in Fiscal 2022, the consolidation of the operations of Flome and oceansix GmbH commencing on July 1, 2022 is represented.

Revenues from Sales

Revenues from sales for Fiscal 2022, Fiscal 2021 and Fiscal 2020 were US$685, nil and nil, respectively. The revenues from sales for Fiscal 2022 consist of the revenues from sales of Flome commencing on July 1, 2022.

Cost of Sales

Cost of sales for Fiscal 2022, Fiscal 2021 and Fiscal 2020 were US$501, nil and nil, respectively. The revenues from sales for Fiscal 2022 consists of the cost of sales of Flome commencing on July 1, 2022.

Gross Profit

Gross profit for Fiscal 2022, Fiscal 2021 and Fiscal 2020 were US$184, nil and nil, respectively. The gross profit for Fiscal 2022 consists of the gross profit of Flome commencing on July 1, 2022.

Development Expenses

Development expenses for Fiscal 2022, Fiscal 2021 and Fiscal 2020 were US$177, nil and nil, respectively.
The development expenses for Fiscal 2022 consist of the development expenses of oceansix GmbH commencing on July 1, 2022.

Selling and Marketing Expenses

Selling and marketing expenses for Fiscal 2022, Fiscal 2021 and Fiscal 2020 were US$704, nil and nil, respectively.

The selling and marketing expenses for Fiscal 2022 consist of the sales and marketing expenses of Flome commencing on July 1, 2022.

General and Administrative Expenses

General and administrative expenses for Fiscal 2022, Fiscal 2021 and Fiscal 2020 were US$2,426, US$1,918 and US$511, respectively.
The general and administrative expenses for Fiscal 2022 consist of the general and administrative expenses of Flome and oceansix GmbH commencing on July 1, 2022 and the continued operations of the Company.

Other Expenses

Other expenses for Fiscal 2022, Fiscal 2021 and Fiscal 2020 were US$55, nil and nil, respectively.
The other expenses for Fiscal 2022 consist of the other expenses of Flome and oceansix GmbH commencing on July 1, 2022.

Operating Losses

The Company's operating losses for Fiscal 2022, Fiscal 2021 and Fiscal 2020 were US$3,68, US$1,918 and US$511, respectively.
The operating losses for Fiscal 2022 consist the operating losses of Flome and oceansix GmbH commencing on July 1, 2022 and the continued operations of the Company.

Finance Income (Expenses)

Finance income (expenses) for Fiscal 2022, Fiscal 2021 and Fiscal 2020 were US$2,297, US$(1,793) and US$(1,717), respectively.

The changes in the finance income (expenses) in Fiscal 2022 compared to Fiscal 2021 was mainly due to increases in finance income in the approximate amount of US$665 resulting from currency exchange rate changes (mainly US$ against the Euro and NIS) (in Fiscal 2022 these

IFRS Measures

exchange rate changes resulted in income as oppose to expenses in 2021), the decrease in the expenses related to changes in the fair value of warrants issued to Clover Wolf of approximately US$1,018, decrease in the expenses related to the change of the fair value of the warrants issued as part of the Company's IPO of approximately US$1,667, reduction in leasing related expenses of approximately US$110 and the reduction in expenses related to the Convertible Note issued to Clover Wolf in 2020 (converted to shares in April 2021) of approximately US$334 (see the section titled
"Summary of Factors Affecting Our Results of Operations – Development Expenses").

The increase in finance expenses in Fiscal 2021 compared to Fiscal 2020 was mainly due to the increase of finance expenses arising from currency exchange rate changes (mainly US$ and Euro versus the NIS), net of a decrease in the change in fair value of financial liabilities designated at fair value through profit or loss which mainly includes the changes in the fair value of the Convertible Note issued to Clover Wolf in August 2020 and changes in the fair value of issuance of warrant in the IPO.

Until their actual conversion, the fair value of the Convertible Note and Warrant have been measured using a hybrid model combining the Option Pricing Model and an IPO scenario. The key assumptions used in the valuation include the probability of an IPO realization, the IPO price, the cost of capital, the expected volatility of the Company's equity.

The fair value of the warrants issued by the Company (to Clover Wolf or as part of the IPO) have been measured based on a model which anticipates their realization considering, among other things, the price per share of the Company's traded Ordinary Shares and the remaining exercise period.

The Company bases its valuation of fair value of its liabilities on calculations performed by independent valuation experts.

Net Loss

Net Loss for Fiscal 2022, Fiscal 2021 and Fiscal 2020 were US$4,472, US$ US$6,688 and US$4,460, respectively

The decrease in Net loss for Fiscal 2022 compared to Fiscal 2021 was mainly due to changes of the different P&L components, including, inter alia, increase in finance income in the approximate amount of US$4,090, increase in gross profit of approximately US$184, net of increases in General and Administrative Expenses of US$508, , an increase in tax benefits of approximately US$296 and an increase in development expenses of approximately US$177 and an increase of losses from discontinued operations of approximately of US$1,020.

The increase in Net loss for Fiscal 2021 compared to Fiscal 2020 was mainly due to additional expenses in connection with the rebranding of the Company, procuring certain investment banking services in connection with the IPO, the increase in maintenance costs resulting from extraordinary equipment repairs and the increase in the Company's development activities and the increase in expenses incurred due to changes in the exchange rates of the US$ and the Euro versus the NIS, net of the decrease in expenses due to the efficiency measures implemented by management as well as the closing of the plastic raw material manufacturing segment and the decrease in the expenses related to the fair value of financial liabilities designated at fair value through profit or loss.

Loss per share

Basic loss per share is calculated by dividing the net loss attributable to holders of ordinary shares of the Company by the weighted average number of ordinary shares outstanding during the applicable period.

Diluted loss per share is determined by adjusting the loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all potentially dilutive ordinary shares, which include convertible notes and options and warrants issued to shareholders, employees, directors and consultants.

IFRS Measures

Basic loss per share

The computation of basic loss per share was based on the net loss attributable to ordinary shares divided by the weighted average number of ordinary shares outstanding during the applicable period.

	For the Year Ended Dec-31		
	2022	2021	2020
	Audited	Audited	Audited
	U.S dollars in thousands		
Net loss used in computation of basic earnings per share	475	3,711	4,460
Weighted average number of ordinary shares*)	139,068	102,360	62,890
Basic diluted loss per share from continuing operations (in U.S. dollars)	(0.003)	(0.036)	(0.07)*
Basic diluted loss per share from discontinued operations (in U.S. dollars)	(0.029)	(0.029)	-
Diluted loss per share from discontinued operations (in U.S. dollars)	(0.015)	(0.036)	
Diluted loss per share from discontinued operations (in U.S. dollars)	(0.029)	(0.029)	
Balance at the beginning of the year	121,883	62,890	60,198
The effect of conversion of Shareholders loans to ordinary shares	-	-	2,692
Shares issued in initial public offering and private placements	17,185	58,993	-
Weighted average number of ordinary shares used in computation of basic loss per share	139,068	102,360	62,890*

*) Adjusted to reflect the split of the Company's shares.

Summary of quarterly results of operations (in thousands of US$)

	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022	December 31, 2021	September 30, 2021	June 30, 2021	March 31, 2021
Total revenues	345	340	-	-	-	-	-	-
Operating loss	1,597	481	420	580	692	532	551	143
Total comprehensive income (loss)	(1,056)	(1,516)	(1,601)	(613)	1,670	(3,808)	(2,812)	(1,093)
Basic net loss per share	(0.006)	(0.010)	(0.010)	(0.004)	0.020	(0.030)	(0.030)	(0.018)
Diluted loss	(0.009)	(0.020)	(0.015)	(0.004)	0.020	(0.030)	(0.030)	(0.018)

Basic and diluted income (loss) per share for 2020 is adjusted to reflect the split of the Company's shares. Diluted loss per share was computed based on the net loss attributed to the ordinary shares divided by the weighted average number of ordinary shares outstanding, after adjustment for all potentially dilutive ordinary shares.

Generally, there are no quarterly or seasonal trends associated with the Company's business. Total revenues fluctuate quarter over quarter mainly due to changes in demand for the Company's products. The fluctuations in operating loss are mostly attributable to the timing of expanding the extraordinary expenses for the Company's branding, the IPO, fundraising, changes in development expenses, net of grants received on a cash basis. Fluctuations in total comprehensive income as well as in the basic and diluted loss per share were also affected by all of the aforementioned factors.

Basic and diluted loss per share are in conformity to the Company's comprehensive loss as no significant amount of shares were issued during the reported quarters.

Non-IFRS Measures

Adjusted EBITDA

Adjusted EBITDA for Fiscal 2022, Fiscal 2021 and Fiscal 2020 amounted to losses of US$1,288, nil and nil, respectively. Adjusted EBITDA loss for Fiscal 2022 consists of the Adjusted EBITDA of Flome and oceansix GmbH commencing on July 1, 2022 and the continued operations of the Company.

05

Liquidity and Capital Resources

Liquidity and Capital Resources

Overview

The Company prepares budget and cash forecasts to ensure it has sufficient funds to fulfill obligations. In managing working capital, the Company may, where necessary, limit or control the amount of working capital used for operations or other initiatives, pursue additional financing, manage the timing of its expenditures or sell assets. The Company is currently generating deficits in its ongoing operations. Furthermore, in order to develop its business, the Company is required to engage in substantial capital investments. As discussed in the section titled **"Business Overview"**, in November 2022, the Company ceased its production activities in Israel, which will result in reduced operating expenditures until an alternative production solution is reached. However, despite the expected decrease in operating expenditures, the Company anticipates that such ongoing deficits (operational losses along with necessary capital investments) will continue for the near future. As the Company's cash reserves are limited and may not be sufficient to meet the Company's liquidity requirements, the Company estimates that it will need to raise additional capital through equity or debt financing or other strategic transactions to meet its future capital needs. Due to the current conditions in the global markets, any such financing may not be available to the Company. 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. In light of 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 as required over the 2 years commencing in September 2022, 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"). for a period ending on September 1, 2024. 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.

In the event the Company has a successful capital raise, the credit facility will be reduced by the amount raised in such capital raiseIn addition, RAM.ON finance has agreed that it will not demand repayment of the EUR 500 thousand obligations 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 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 approval of the Financial Statements. Through Q1 2023, RAMON.finance GmbH has transferred to the Company an amount equal to EUR 50 thousand, in accordance with the September 2022 Facility.

The Company is not subject to any financial ratio maintenance covenants in its bank borrowings or other outstanding debt obligations. To maintain current operational capacity, additional sources of capital and/or financing will be required to meet planned growth and to fund our development activities. Liquidity will fluctuate based on demand for working capital resources required for these initiatives.
Additional capital resources may be raised from bank borrowings and loans or grants from governmental institutions. Currently, the Company cannot estimate the nature, amounts and probability of receiving any such loans or grants.
In order to realize our growth plan, we have designated capital investments and expenditures, including the development of products and productions processes, investments in our existing Israeli facility and activities in other jurisdictions, either through joint ventures, acquisitions or independently initiating activities. The table below shows our evaluation of the future utilization of the net proceeds received from the IPO, and the private placements verses the actual investment made using such proceeds until December 31, 2022.

Use of Proceeds from IPO up to December 31, 2022

	(in thousands of US$)	Estimated	Actual	Difference
Research & Development	Development of new products' production processes	US$550	US$671	(US$121)
Capital Expenditures & Expansion	Investments in Israeli manufacturing facility (machinery and other equipment)	US$500	US$145	US$355
	Activities in other jurisdictions	US$3,300	US$1,940	US$1,360
Other	Working capital	US$48	US$48	0
	General corporate expenses	US$3,222*	US$5,551	(US$2,329)
Total estimated use of net proceeds		**US$7,620***	**US$8,355**	**US$(735)**

(*) Adjusted with additional US$650, the net proceeds of the Post IPO Private Placement.

Research and Development expenses incurring during the period between the IPO and the end of fiscal 2022 consisted of expenses related to the development of expanded polyethylene (EPE) based products production processes, thermoforming production trials, anti-slip geo-membranes, die molding (profile type) based products production processes, products' mechanical properties improvements, sheet based products welding techniques and injection molding production based products.

Financial Instruments

As of December 31, 2022, the Company had available cash and cash equivalents of US$488, as opposed to US$5,909, at the end of Fiscal 2021. The decrease in available cash and cash equivalents was mainly due to approximately US$3,035 used for operating activities, approximately US$1,555 utilized for investment activities (mainly the acquisition of Flome) and US$406 used for financing activities. An additional US$503 represent exchange rate differences of NIS/USD and Euro/USD cash balances.

The Company does not utilize any financial instruments other than bank deposits. The Company maintains bank accounts in Euros, U.S. dollars and NIS in accordance with the expected future use of funds. To date, the Company has not hedged its exposure to currency fluctuations.

Working Capital

The table below sets out the cash and cash equivalents, working capital (deficit) and current and long-term debt and bank credit at the end of er Fiscal 2022 compared to the end of Fiscal 2021 and Fiscal 2020.

	December31,		
	2022	2021	2020
	Audited		
	U.S dollars in thousands		
Cash and cash equivalents	488	5,909	1,617
Working capital (deficit) including cash & cash equivalents	(152)*	5,354	1,027
Current bank debt & convertible note and warrants liabilities	245	2,213	4,660

*Excluding liabilities to shareholders and affiliated companies in the approximate amount of US$592

The Company's working capital, including cash and cash equivalents, as of December 31 2022, December 31, 2021 and December 31, 2020 was US$(152), US$5,354 and US$1,027 respectively.

The decrease in the Company's working capital in Fiscal 2022 from Fiscal 2021 was mainly comprised of the use of cash and cash equivalents to fund the Company's losses from its operations and its capital investments (mainly the Flome Transaction) in Fiscal 2022.

The increase in the Company's working capital for Fiscal 2021 as compared to Fiscal 2020 was mainly comprised of the cash raised in the IPO, the Private Placement of Subscription Receipts and the Private Placement of Class A Units net of the use of cash and cash equivalents to fund the Company's losses from its operations and capital investments made in Fiscal 2021

The Company's management and Board estimate, after analyzing the finance and liquidity resources of the Company, that the Company has the financial stability to continue its operations for the next twelve months. This estimation is based on, among other things, the cash and cash equivalents balance as at December 31, 2022, the measures undertaken by the Company to save costs and reduce the number of employees and the expected use of proceeds and estimated cash flows in the near future, with each shareholder providing one third of any requested amounts and the commitment by RAM.ON finance not to demand repayment of its shareholder loan. The materialization of different risks and market instability or other uncertainties may affect the actual performance and status of the Company in the future and lead to materially different results.

Cash Flows

The Company's sources of cash include cash generated primarily from financing activities and available bank borrowings, convertible notes and other capital raising activities, as well as cash generated from our revenues. These capital sources, as well as the funds raised under the IPO and private placements and the commitment of the Company's shareholders to support its operations, provide the Company with enough working capital to meet its short-term financial commitments as they become due. See the section titled **"Liquidity and Capital Resources – Overview".**

The table below highlights the Company's cash flows for Fiscal 2022 and Fiscal 2021.

	12 months ended December 31,	
	2022	**2021**
	U.S dollars in thousands	
Net cash used for operating activities	(3,035)	(4,159)
Net cash generated from (used in) investing activities	(1,555)	(126)
Net cash provided by (used for) financing activities	(406)	8,299
Exchange rate differences on balances of cash and cash equivalents	(425)	278
Increase (decrease) in cash and cash equivalents	(5,421)	4,292
Cash and cash equivalents at the beginning of the period	5,909	1,617
Cash and cash equivalents at the end of the period	488	5,909

(* The above cash flow reflects all activities including discontinued operations.

Analysis of Cash Flows for Fiscal 2022 compared to Fiscal 2021

The Company's sources of cash include cash and cash equivalents balances at beginning of Fiscal 2022, net of cash used for financing the Company's loss from its operations, investing activities finance activities and the effect of changes in currency exchange rates on the non-U.S. dollar currency balance in Fiscal 2022.

Net cash used for operating activities of the Company amounted to US$3,035 and US$4,159 for Fiscal 2022 and Fiscal 2021, respectively. The decrease in cash used for operating activities in Fiscal 2022 compared to Fiscal 2021 was mainly due to losses from operations as described above and changes in asset and liability items.

Net cash used in investing activities of the Company amounted to US$1,555 and US$126 in Fiscal 2022 and Fiscal 2021, respectively. The increase in net cash used in investing activities was mainly due to the investment in Flome as described above. Net cash used in investing activities of the Company in Fiscal 2021 was mainly due to the investment in productions equipment.

Main cash and cash equivalents used for the Company's financing activity in Fiscal 2022 consisted mainly of the repayment of bank credits, IIA grants and lease liabilities. Main cash and cash equivalents provided by the Company's financing activity in Fiscal 2021 consisted mainly of proceeds from the issuance of Ordinary Shares and warrants (in the Company's IPO and Private Placements) in the net amount of approximately US$8,299.

Capital Resources

The Company's main capital resources are composed of cash and cash equivalents generated in previous years from the conversion of loans from shareholders and convertible notes of Clover Wolf and the IPO, which took place in 2021. Furthermore, from time to time, the Company received grants from the IIA in connection with its research and development activities. To meet future capital needs, we would need to raise additional capital through equity or debt financing or other strategic transactions as well as the commitment of the Company's shareholders to support its operations (see **"Liquidity and Capital Resources-Overview"**).

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Share Incentive Plan

The Company's share incentive plan, adopted on January 7, 2021, offers our executive officers, directors, eligible employees and non-employee consultants equity-based compensation which has historically been awarded in the form of stock options and restricted securities.

06

Related Party Transactions

Related Party Transactions

In March 2021, the Company approved the grant of warrants to each of Sullam and Tedea to purchase up to 11,943,810 Ordinary Shares immediately following closing of the IPO (the **"Founder Warrants"**). Pursuant to the Founders Warrants, each of Sullam and Tedea have the right to purchase at a price per share equal to NIS 0.01 per ordinary share: (i) 4,593,773 Ordinary Shares (the **"First Milestone Warrant Shares"**) upon the establishment of an Industrial Site within two (2) years of the Company's IPO (the **"First Milestone"**); (ii) 4,593,773 Ordinary Shares (the **"Second Milestone Warrant Shares"**) upon the establishment of an additional Industrial Site within the two (2) years of the closing of the Company's IPO (the **"Second Milestone"**); and (iii) 2,756,264 Ordinary Shares upon the Company's annual revenues exceeding US$8,000,000 for any one of the calendar years 2021, 2022 or 2023, based on the Company's annual consolidated audited financial statements, together with the Company's proportional share in the annual revenues of an Industrial Site, provided the financial results of which are not fully consolidated into the Company's consolidated audited financial statements.

On April 12 and April 13, 2022, the Company's Audit Committee (the **"Audit Committee"**) and the Board, respectively, acknowledged that the completion of the Flome Transaction would constitute the First Milestone, and approved any subsequent purchase of the First Milestone Warrants by Sullam and Tedea, following the completion of the Flome Transaction, as well as any subsequent purchase of the Second Milestone Warrant Shares upon the completion of the Second Milestone, pursuant to an arm's length transaction by the Company, if so determined by the Audit Committee and the Board. On June 8, the Annual and Special Meeting the Shareholders approved such acknowledgment. Currently, Sullam and Tedea have not exercised their First Milestone Warrant Shares.

The consolidated financial statements include obligations to RAM.ON finance, which holds approximately 19.79% of the Company's outstanding share capital, from oceansix GmbH, which the Company acquired pursuant to the oceansix Transaction, in the amount of approximately EUR 560,000 as included in oceansix GmbH's financial statements in connection with a shareholder loan, which bears no interest, for expenses incurred by oceansix GmbH in the period prior to the closing of the oceansix Transaction. RAM.ON finance will not demand repayment of this shareholder loan prior to September 1, 2024. The final recognition of these undertakings may possibly result in a different amount than those included in the financial statements following the conclusion of the internal accounting between the parties. See **"Significant Developments for the year ended December 31, 2022"**. See **"Significant Developments since" December 31, 2022"** with respect to the payments made by RAMON.finance in connection with the Shareholder Undertaking.

See **"Significant Developments for the year ended December 31, 2022"** with respect to the compensation of Mr. Arnon Eshed and options granted to Noah Hershcoviz.

Danny Haklai, provided his services as Chief Financial Officer of the Company as an independent contractor pursuant to a consulting agreement between the Company and Mordechai Haklai & Sons (1998) CPA Company, effective as of September 1, 2020. As of December, following the steps taken by the Company to cease the Israeli Facility's operation, Mr. Danny Haklai has assumed the position of the Company's bookkeeper. Following the engagement of Salvador Cabanas Lopez as CFO of the Company Group, Mr. Haklai shall no longer serve in the official capacity CFO of the Company.

Related Party Transactions

The Company's shareholders have undertaken to provide the Company with a credit facility in the amount of up to EUR 2 million as required, over the next two years commencing in September 2022, with each shareholder providing an equal amount of any requested amounts. See **"Significant Developments for the year ended December 31, 2022".**

See **"Significant Developments for the year ended December 31, 2022"** for the recent purchases of the Company's Ordinary Shares by Sullam, which holds approximately 18.87% of our outstanding share capital and RAM.ON finance, which holds approximately 19.79% of the Company's outstanding share capital.

See **"Significant Developments for the year ended December 31, 2022"** for the changes to the employment terms and RSU's of Mr. Amichai Krupik, the Company's interim CEO.

See **"Significant Developments since December 31, 2022"** for the employment of Mr. Salvador Cabañas Lopez, the Company's new CFO, commencing in May 1, 2023, and the options granted in connection therewith.

See **"Significant Developments since December 31, 2022"** for the employment of Mr. Elad Hameiri, the Company's incoming CEO and the options granted in connection therewith.

See **"Significant Developments since December 31, 2022"** with respect to the options granted to Mr. Arnon Eshed.

See **"Significant Developments since December 31, 2022"** with respect to the options granted to Mr. Maximo Buch.

See **"Significant Developments since December 31, 2022"** with respect to the services agreement between the Company and RAMON.finance.

The Company's shareholders have undertaken to provide the Company with a credit facility in the amount of up to EUR 500 thousand as required, over the next 18 months commencing on May 1, 2023, with each shareholder providing an equal amount of any requested amounts. See **"Significant Developments since December 31, 2022".**

Since the closing of oceansix Transaction, the Company has reimbursed oceansix on a back to back basis for certain services provided with respect to administrative matters in the total amount of approximately EUR 104 thousand. In addition, Cabka (a German company under common ultimate beneficial control as RAMON.finance) has reimbursed the Company for services provided by one of oceansix GmbH's employees in approximately EUR 15 thousand.

07

The oceansix Transaction

The oceansix Transaction

On January 21, 2022, we entered into an agreement with RAM.ON finance, pursuant to which the Company has purchased oceansix GmbH, a German company focused on developing technologies and products solutions from recovered materials, from 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. In consideration for oceansix GmbH, on June 17, 2022, the closing of the said transaction, we issued at 20,295,037 Ordinary Shares, each having a par value of NIS 0.01 to RAM.ON finance. The oceansix Transaction also includes earn-out payments involving the issuance of additional Ordinary Shares to RAM.ON finance upon the achievement of certain milestones. The maximum number of Ordinary Shares to be issued to RAM.ON finance, if all milestones are satisfied, is limited to 148,166,312 Ordinary Shares.

For more on the transaction, details, see our press release dated June 17, 2022, and the Management Information Circular, filed on May 5, 2022 on SEDAR at www.sedar.com.

The consulting services provided by oceansix GmbH under the consultant agreement dated August 31, 2021, between the Company and oceansix GmbH, led the Company to enter into the share purchase agreement with Flome pursuant to which the Company completed the Flome Transaction. Due to the technical requirements for the closing of the oceansix Transaction and the business urgency with respect to the completion of the Flome Transaction, the Flome Transaction was completed prior to the closing of the oceansix Transaction. Had the Flome Transaction been successfully completed following the closing of the oceansix Transaction, the Company would have attained the first manufacturing site milestone under the oceansix Transaction, consisting of the establishment of an operational manufacturing site outside of Israel for the production of products utilizing oceansix GmbH's or the Company's technology or processes within two years of the closing of the oceansix Transaction, and been required to make the first manufacturing site contingent share issuance of 10,000,000 ordinary shares to RAM.ON finance (the **"First Manufacturing Site Contingent Share Issuance"**).

Taking into consideration the services provided by oceansix GmbH and its contribution to the completion of the Flome Transaction, and due the technical timing circumstances of the closing of the oceansix Transaction and the completion of the FlomeTransaction, following the recommendation of the Audit Committee and the Board, at the Annual and Special Meeting, the Shareholders approved the First Manufacturing Site Contingent Share Issuance to RAM.ON finance and any future manufacturing site contingent share issuances (under the oceansix Transaction) pursuant to an arm's length transaction by the Company if so determined by the Audit Committee and the Board. Subsequently, an additional 10 million Ordinary Shares were issued to RAM.ON finance.

08

Critical Accounting Judgments and Estimates

Critical Accounting Judgments and Estimates

The preparation of the Company's Annual Financial Statements in conformity with IFRS requires management to make various judgments and estimates in applying the Company's accounting policies that affect the reported amounts and disclosures made in the Company's financial statements and accompanying notes. Management continually evaluates the estimates and assumptions it uses. These judgements and estimates are based on management's historical experience, knowledge of current events and conditions and other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and assumptions described in this section depend upon subjective or complex judgement that may be uncertain and changes in these estimates and assumptions could materially impact the Company's financial statements.

Critical Accounting Judgments and Estimates

The following are the accounting policies that are subject to judgments and estimates.

Discount Rate for a Lease Liability

When the Company is unable to readily determine the discount rate implicit in a lease in order to measure the lease liability, the Company uses an incremental borrowing rate. This rate represents the rate of interest that the Company would have to pay to borrow over a similar term and with similar security, the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment. When there are no financing transactions that can serve as a basis, the Company determines the incremental borrowing rate based on its credit risk, the lease term and other economic variables deriving from the lease contract's conditions and restrictions. In certain situations, the Company is assisted by an external valuation expert in determining the incremental borrowing rate.

Grants from the Israel Innovation Authority

Government grants received from the IIA are recognized as a liability, if future economic benefits are expected from the research and development activity that will result in royalty-bearing sales. There is uncertainty regarding the estimated future cash flows used to measure the amount of the liability.

Impairment of Property, Plant and Equipment

The Company evaluates the need to record an impairment of property, plant and equipment whenever events or changes in circumstances indicate that the carrying amount is not recoverable. This requires management to estimate the recoverable amount.

The recoverable amount of the property, plant and equipment is their fair value less costs of sale based on a valuation of an appraiser. The valuation takes into consideration the mechanical condition of the assets, their level of maintenance, hours of operation and year of manufacture. The valuation measures fair value using a market approach based on current prices and other relevant information generated from recent market transactions involving comparable assets. This information is subject to change due to possible future changes in market conditions that are uncertain and difficult to estimate. These changes could have a material impact on the fair value of these assets

Lease Extension Options

In evaluating whether it is reasonably certain that the Company will exercise an option to extend a lease, the Company considers all relevant facts and circumstances that create an economic incentive for the Company to do so, such as: significant amounts invested in leasehold improvements, the significance of the underlying asset to the Company's operation and whether it is a specialized asset, the Company's past experience with similar leases, etc.

The Company reassesses the term of the lease upon the occurrence of a significant event or a significant change in circumstances that affects whether the Company is reasonably certain to exercise an option or not exercise an option previously included in the determination of the lease term, such as significant leasehold improvements that had not been anticipated on the lease commencement date, sublease of the underlying asset for a period that exceeds the end of the previously determined lease period, etc.

The fair value of Convertible Note and Warrant

The fair value of the Convertible Note and Warrant have been measured using a hybrid model combining the Option Pricing Model and an IPO scenario. The key assumptions used in the valuation include the probability of an IPO realization, the IPO price, the cost of capital, the expected volatility of the Company's equity.

The Fair Value of Assets and Liabilities of Companies Acquired (Purchase Price Allocation)

In the preparation of the consolidated Financial Statements, the Company performed valuations with respect to the allocation of the purchase price of the different assets and liabilities acquired in the oceansix Transaction and the Flome Transaction. These allocations were made based on the valuation of the assets and liabilities of oceansix GmbH as of the closing of the oceansix Transaction and Flome as of the closing of the Flome Transaction performed by an independent evaluation expert.

09

Risk Factors

Risk Factors

In the ordinary course of business, the Company is subject to a number of financial risks and business related-risks. The Company's primary risk management objective is to protect its income and cash flows and, ultimately, shareholder value. Given the nature of the Company's position in the Israeli market, ordinary course risks such as credit risk, foreign exchange risk, and interest rate risk are not material to the Company at this time. The Company has risk management strategies in place which are designed to ensure the Company's risks and the related exposures are consistent with its business objectives and risk tolerance.

Risk Related to COVID-19

The ongoing COVID-19 pandemic and measures intended to prevent its spread could have a material adverse effect on our business, results of operations, cash flows and financial condition.

Risks Related to Regulation

If we are unable to comply with regulatory requirements and industry standards, including those regarding product safety, quality, efficacy and environmental impact, we could incur significant costs and suffer reputational harm which could adversely affect results of operations.

Risks Related to Production

We operate our business in an industrial working environment that includes, inter alia, use of heavy machinery, hazardous processes and materials that may cause body injury to our employees or other third party. In the event that such damage is caused, it may have a material effect on our business.

Risks Related to Product Liability

We face the risk of exposure to product liability claims, regulatory action and litigation if our products cause loss or injury.

Risks Related to Management and Personnel

We rely on our management and need additional key personnel to grow our business, and the loss of key employees or inability to hire new key personnel could harm our business.

Risks Related to Intellectual Property

We rely on intellectual property and may not be able to protect intellectual property rights throughout the world.

Risk Factors

Risks Related to Our Status as an Israeli Company Limitations surrounding the use of Israeli government funding.	**Risk Related to Cyber Threats** Significant data breaches or other disruptions to our information technology systems could disrupt our operations, result in the loss of confidential information or personal data, and adversely impact our reputation, business or results of operations.
Risks Related to the Ownership of Our Ordinary Shares and warrants There are risks related to forward-looking information in this MD&A.	**Risk Related to Natural Disasters** Earthquakes or other catastrophic events out of our control may damage our facilities or those of our contractors and adversely affect our business, financial condition, and results of operations.
Risks Related to Exchange Rate Exchange rate fluctuations between the Canadian dollar, the U.S. dollar, Israeli Shekel, Euro and other foreign currencies may negatively affect our future revenues.	**Risk Related to General Economic Conditions** Geopolitical instability could impact world economic markets and adversely affect the Company's ability to conduct business.
Risks Related to Competition We operate in a highly competitive industry, and may not be able to maintain our operations or develop them as currently proposed if we are unable to outperform our competitors.	**Risk Related to our Clients' Financial Condition** Liquidity problems or bankruptcy of our key customers, could have an adverse effect on our business, financial condition, and results of operations.

With respect to the detailed information of the risk factors, see **"Additional Information"**

10

Adoption of Accounting Standards

Adoption of Accounting Standards

The financial statements for the year ended December 31, 2019 are the first the Company prepared in accordance with IFRS. For the periods up to and including the year ended December 31, 2018, the Company prepared its financial statements in accordance with local generally accepted accounting principles (Israeli GAAP). Accordingly, the Company has prepared financial statements that comply with IFRS applicable as at December 31, 2019, together with the comparative period data for the year ended December 31, 2018. In preparing the financial statements, the Company's opening statement of financial position was prepared as of January 1, 2018, the date of the Company's transition to IFRS. For further information see our Annual Financial Statements for the period ending December 31, 2020, and in particular, "Note 22: Reconciliation between Israeli GAAP and IFRS" thereto.

Future Accounting Standards Not Yet Adopted

The Company is not aware of new accounting standards published in Fiscal 2022 that may affect its financial reporting.
Changes in Accounting Policies In Fiscal 2022, the Company did not adopt any other standard, interpretation or amendment that has been issued but is not yet effective.

Disclosure of Outstanding Security Data

As of the date of this MD&A, the Company has 153,693,074 fully paid and non-assessable Ordinary Shares issued and outstanding. The table below sets forth the current issued and outstanding securities of the Company.

Type of Security	Number	Convertible Into # of Ordinary Shares
Ordinary Shares issued and outstanding	153,693,074	
Options	8,635,732	8,651,332
Warrants (issued and traded)	2,168,964	2,168,964
Warrants (not exercisable or held in escrow)[6]	19,293,848*	19,293,848
Restricted Share Units	2,756,264	2,756,264

*Subject to adjustments

11

Additional Information

Additional Information

Additional information relating to the Company, including its annual information form for the financial year ended December 31, 2021, is posted on SEDAR at www.sedar.com.

Additional Information

Risk Factors

In the ordinary course of business, the Company is subject to a number of financial risks and business related-risks. The Company's primary risk management objective is to protect its income and cash flows and, ultimately, shareholder value. Given the nature of the Company's position in the Israeli market, ordinary course risks such as credit risk, foreign exchange risk, and interest rate risk are not material to the Company at this time. The Company has risk management strategies in place which are designed to ensure the Company's risks and the related exposures are consistent with its business objectives and risk tolerance.

Risk Related to COVID-19

The ongoing COVID-19 pandemic and measures intended to prevent its spread could have a material adverse effect on our business, results of operations, cash flows and financial condition.

In December 2019, COVID-19 was first reported in Wuhan, China, and on March 11, 2020, the World Health Organization declared COVID-19 a pandemic. The outbreak has reached more than 160 countries and has led governments and other authorities around the world, to impose measures intended to control its spread, including restrictions on freedom of movement and business operations such as travel bans, border closings, business closures, quarantines and shelter-in-place orders.

The outbreak of COVID-19 and the restrictions imposed in an effort to prevent the spread of COVID-19, mainly the "lockdowns" introduced in Israel from mid-March until the end of May 2020 and during September 2020 until the end of 2020 had a material adverse impact on the Company's operations and caused a decrease in the Company's revenues during Fiscal 2020.

Since the end of 2020, a substantial number of Israeli residents have received vaccinations through a countrywide vaccination project, which has been credited with a reduction in the spread of COVID-19 and infection rates in Israel during Q2 2021. In parallel, the Israeli government lifted almost all lockdown restrictions and has allowed for the opening of various sectors of the Israeli economy, subject to certain restrictions. Nevertheless, the introduction of a variant strain of COVID-19 (the "Delta Variant") began to spread in Israel causing a "fourth wave" and the Israeli government responded by reinstituting certain restrictions on, among other things, gatherings and travel into Israel. At this time, as infection rates began decreasing during Q3 2021, the Israeli government has been weighing the relaxing of certain travel restrictions for vaccinated individuals.

Towards the end of Q4 2021 and the beginning of 2022, the Omicron variant of COVID-19 began to spread in Israel causing a "fifth wave" of the COVID-19 pandemic. The Israeli government again responded by reinstituting certain restrictions on, among other things, travel into Israel. As of the date of this MD&A, the Israeli government has already begun relaxing certain travel restrictions.

The COVID-19 pandemic and further measures to prevent its spread could have an additional negative impact our business in a number of ways, including, among other things, our ability to produce and operate our existing and prospective sites, ability to market and sell our products in Israel and around the world and have significant impact on our chains of supply of plastic waste, replacement parts, machinery and equipment. Following the COVID-19 outbreak, inquiries and partnerships processes have decreased materially.

The COVID-19 pandemic has also caused, and is likely to continue to cause, severe economic, market and other disruptions worldwide. We cannot assure you that conditions in the bank lending, capital and other financial markets will not continue to deteriorate as a result of the pandemic, or that our access to capital and other sources of funding will not become constrained. In addition, the deterioration of global economic conditions as a result of the pandemic may ultimately decrease environmental awareness that supports our business plan.

Risks Related to Production

We operate our business in an industrial working environment that includes, inter alia, use of heavy machinery, hazardous processes and materials that may cause body injury to our employees or other third party. In the event that such damage is caused, it may have a material effect on our business.

Our current and planned operations, including prospect production sites, include the use of potentially dangerous machinery, hazardous materials, high voltage electricity, high-pressured processes, and high temperature processes. In addition, our production environment may include high-decibel noise, extreme weather conditions, as well as other hazardous working conditions and activities. We may be required to compensate employees or third parties suffering injuries by reason of our operations and may have further civil or criminal fines or penalties imposed on us for violations of applicable safety laws or regulations.

We rely on key components to sustain our production process.

Our manufacturing systems are comprised of multiple machinery lines, some of which are operated under extreme conditions of heat, pressure, moisture and other erosive conditions. Some of our machinery has only one replacement parts supplier, in addition to long delivery schedules that range from a few weeks to a few months.

The efficient and effective maintenance of machinery are key factors in maintaining a high level of production. We cannot always foresee breakdowns and malfunctions that reduce production capacity and availability, the occurrence of which could materially adversely affect our business. In addition, our supply chains are complex and continuously exposed to a variety of internal and external risks.

Future recycled material based products will rely on the availability of post-consumed plastic waste or recycled plastic raw materials in significant quantities and in different locations in our production process, a disruption in the availability of this key component, or an increase in its cost, could adversely affect our business.

Our future recycling based operations development and growth may be highly dependent on our ability to secure unlimited quantities of plastic waste extracted and sorted out of waste streams as well as electricity, water and other utilities. Such production process consumes considerable energy, making us vulnerable to rising energy costs. Any significant interruption, price increase or negative change in the availability or economics of required materials and supplies and, in particular, the availability and price of plastic waste or recycled plastic raw materials, or rising or volatile energy costs, could adversely affect us.

In addition, our ability to compete and grow is dependent on having access, at a reasonable cost and in a timely manner, to electricity, labour, equipment and other inputs. No assurances can be given that we will be successful in maintaining our required supply of labour, equipment and other inputs.

Risk Factors

Our supply chain may rely on third parties professional service providers and external advisors for our manufacturing, research and development and distribution. There is no assurance that such third party services will be of satisfactory quality or delivered in a timely manner. Any prolonged disruption of a third-party's ability to provide its services could have an adverse effect on us. Rising costs associated with the third-party services we require to manufacture, develop or distribute our products may also adversely impact our business and our ability to operate profitably.

Global supply chain disruptions began in March 2020 after economic activity was curtailed in order to contain the outbreak of the COVID-19 pandemic. This resulted in closures of many businesses, slowdowns in manufacturing, delivery delays and partial shutdowns of national and international transportation. Amidst the global economy uncertainty and staggering economic damage caused by the pandemic, global demand for various manufacturing components and raw materials increased significantly. This situation has caused a global shortage of the components required for manufacturing, including certain production machinery, as well as delayed delivery times and dramatic increases in shipping costs. Any continued or future shortages in such components or the continued delay of delivery times and resources could have an adverse impact on our business, financial condition or results of operations.

We are subject to environmental, health and safety regulations and risks, which may subject us to liability under these regulations and risks.

Our current and planned operations are and will be, as the case may be, subject to environmental, health and safety regulation and standards in the jurisdictions in which we and any of our facilities operate. These regulations mandate, among other things, the maintenance of air, water, and soil quality standards. They also establish limitations on emissions and discharges to water, air and land, the generation, handling, transportation, storage and disposal of solid and hazardous waste, and employee health and safety.

We believe that environmental legislation is evolving in a manner that will impose strict standards and enforcement, increased fines and penalties for any non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. Changes in environmental or employee health and safety laws or more vigorous enforcement thereof could require extensive changes to our operations or give rise to material liabilities.

We may not have been, or may not be, at all times, in complete compliance with all requirements, and we may incur material costs or liabilities in connection with such requirements, or in connection with remediation at sites we own, or third-party sites where it has been alleged that we have liability, in excess of the amounts we have accrued. We may also incur unexpected interruptions to our operations, administrative injunctions requiring operation stoppages, fines and other penalties.

Failure to comply with applicable laws, regulations and other permits and licenses may result in significant fines or other enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and require us to take corrective measures including significant additional capital expenditures for installation of additional equipment. We may also be required to compensate those suffering environmental loss or damage by reason of our operations and may have civil or criminal fines or penalties imposed on us for violations of applicable environmental laws or regulations.

Manufacturing difficulties, disruptions or delays could limit supply of our products and limit our product sales.

Manufacturing recycled products that possess the same characteristics as virgin plastic products is difficult and complex. Our ability to adequately manufacture and supply our products in a timely manner is dependent on the uninterrupted and efficient operation of our facilities, which may be impacted by: (i) the availability of power; (ii) the capacity of manufacturing facilities; (iii) contamination from microorganisms, viruses, or foreign particles during the manufacturing process; (iv) compliance with regulatory requirements, including the potential shut down of our facilities by regulators for non-compliance; (v) the timing and actual number of production runs and production success rates and yields; (vi) the availability of skilled employees; (vii) updates of manufacturing specifications; (viii) contractual disputes with our suppliers and contract manufacturers; (ix) the timing and outcome of product quality testing, which may result in the write-off of failed batches; and/or (x) the breakdown, failure, substandard performance or improper installation or operation of equipment and electricity fallouts.

If the efficient manufacture and supply of our products is interrupted, we may experience delayed shipments, obsoleting of products, supply constraints, stock-outs, adverse event trends, contract disputes and/or recalls of our products. If we are at any time unable to provide an uninterrupted supply of our products to customers, customers may elect to use, competing products instead of our products, which could have a material adverse effect on our product sales, business, reputation and results of operations.

An inability to renew our leases, or a renewal of our leases with a higher rental rate, may disrupt our operations or increase our operating costs.

We may be unable to renew or maintain our leases on commercially acceptable terms or at all. In addition, in the event of the non-renewal of any of our leases, we may be unable to locate suitable replacement properties for our facilities or we may experience delays in relocation that could lead to a disruption in our operations.

As part of the plastic production industry we are exposed to the 'NIMBY' phenomenon that may have a material effect on our operations.

Our future operations may involve the transportation of plastic waste for recycling and/or processing. Furthermore, our facilities involve high traffic of trucks, industrial noise, malodor and other collateral hazards. Therefore, we may suffer from the phenomenon colloquially known as the 'NIMBY' (Not In My Back Yard) phenomenon. We may confront hard opposition by individuals and public officials, living, working and operating near our existing and prospective sites. In some cases, due to the production industry's negative image and perception in the public, our presence may provoke local opposition from residents and activists. Thus, the Company may be adversely affected if our projects are blocked or delayed. Furthermore, we may suffer from ongoing complaints and claims from local residents and other parties in each of our facilities. Such complaints may cause us to incur heavy expenditures to satisfy such complaints and loss from delays and the cessation of operations of such facilities.

The execution of our strategic plan is dependent on management's ability to enter into successful joint ventures and partnerships with third parties in different regions.

We aim to expand our business to different regions through the establishment of local joint ventures and partnerships with strategic partners. Our strategy aims to provide us with access to new markets, introducing multiple distribution networks, to share investment risks. In addition, collaborating with local strategic partners will give us immediate access to necessary knowledge and expertise in local laws and regulations, players relating to our business, waste market, and our products market. Failure in the execution of our plan as previously mentioned may materially impact our business and may involve significant cost may cause significant delays to our growth.

By entering into joint ventures with local partners, we will have to accept a certain level of risk, due to, inter alia, our inability to protect and keep our know-how, dependence on our partners' good will to share their knowledge and connections, potential lack of honesty by a local partner, potential gap of expectations between the partners, failure in the choose of the right partner with the expected capabilities, skills and expertise, the ability to effectively control the joint venture operations etc.

The future expansion of the Companies production capabilities may encounter difficulties

The Company may encounter unexpected issues with respect to expanding production capabilities, including difficulties in expanding its current facility, locating an appropriate site for additional facilities, constructing additional suitable facilities or obtaining necessary permits. In addition, the process may require more funds than initially expected and may take longer than anticipated. In addition, the Company may be subject to fines and penalties with respect to the grants that it has received from the IIA. See the section titled "Business Overview".

Risks Related to Management and Personnel

We rely on our management and need additional key personnel to grow our business, and the loss of key employees or inability to hire new key personnel could harm our business.

We believe our success has depended, and continues to depend, on the efforts and talents of our executives and employees. Our future success depends on our continuing ability to attract, develop, motivate and retain highly qualified and skilled employees. Qualified individuals are in high demand, and we may incur significant costs to attract and retain them. In addition, the loss of any of our senior management or key employees could have a material and adverse effect our ability to execute our business plan and strategy, and we may not be able to find adequate replacements in a timely manner, or at all. We do not maintain key person life insurance policies on any of our employees. Our production process and technology are based on several persons who hold most of the Company's accumulated experience and knowledge. If those persons are to leave, we may suffer an overwhelming loss of valued experience, skills and expertise that may jeopardise our business and growth.

In addition, we are subject to a variety of business risks generally associated with growing companies, including capacity constraints and pressure on our internal systems and controls. Our ability to manage growth effectively will require us to continue to implement and improve our operational and financial systems and to expand, train and manage our employee base. Future growth and expansion could place significant strain on our management personnel and will likely require us to recruit additional management personnel.

There can be no assurance that we will be able to manage our expanding operations (including any acquisitions) effectively, that we will be able to sustain or accelerate our growth or that such growth, if achieved, will result in profitable operations. Additionally, we cannot guarantee that we will be able to attract and retain sufficient management personnel necessary for continued growth, or that we will be able to successfully make strategic investments or acquisitions.

Our senior management team has limited experience managing a public company in Canada, and regulatory compliance may divert its attention from the day to day management of our business and will increase our expenses.

Most of individuals who now constitute our senior management team have limited experience managing a publicly-traded company and limited experience complying with the increasingly complex laws pertaining to public companies compared to senior management of other publicly-traded companies. Our senior management team may not successfully or efficiently manage our transition to being a public company subject to significant regulatory oversight and reporting obligations under Canadian securities laws. In particular, these new obligations will require substantial attention from our senior management and could divert their attention away from the day to day management of our business.

We expect to incur significant accounting, legal, insurance and other expenses as a result of being a public company, which could cause our results of operations and financial condition to suffer. Compliance with applicable securities laws in Canada and the rules of the TSXV substantially increase our expenses, including our accounting and legal costs. Furthermore, compliance with applicable securities laws and regulations makes some activities more time-consuming and costlier. Reporting obligations as a public company and our anticipated growth may place a strain on our financial and management systems, processes and controls, and on our personnel.

Furthermore, we expect that compliance with the laws, rules and regulations that public companies are subject to will make it more expensive for us to obtain director and officer liability insurance, and may require us to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. As a result, it may be more difficult for us to attract and retain qualified persons to serve on our Board of Directors or as officers.

We may face significant difficulties due to our team's lack of experience in operating manufacturing sites abroad.

Our management team may lack experience in operating manufacturing sites internationally. As a result, we may experience difficulties in overseeing the operations and marketing of our existing and future products in potential markets.

Our success depends on attracting and retaining talented people within our business. Significant shortfalls in recruitment or retention could adversely affect our ability to compete and achieve our strategic goals.

Attracting, developing, and retaining talented employees, including our engineers, experienced workforce and sales persons, is essential to the successful delivery of our products and success in the applicable market. Furthermore, as we continue to focus on innovation, our need for talented engineers and other professionals will increase. An important factor in our ability to realize our anticipated benefits from the expansion of our sites abroad is our, and our partners, ability to retain key employees at each site. The ability to attract and retain talented employees is critical in the development of new products and technologies which is a major component of our growth strategy.

Competition for employees can be intense and if we are unable to successfully integrate, motivate and reward our current employees in our company, we may not be able to retain them. If we are unable to retain these employees or attract new employees in the future, our ability to effectively compete with our competitors and to grow our business could be adversely affected.

We may become subject to liability arising from any fraudulent or illegal activity by our employees, contractors and consultants.

We are exposed to the risk that our employees, independent contractors and consultants may engage in fraudulent or other illegal activity. Misconduct by these parties could include intentional, reckless and/or negligent conduct or disclosure of unauthorized activities to us that violates: (i) government regulations; (ii) manufacturing standards; (iii) federal, Israeli and provincial healthcare fraud and abuse laws and regulations; or (iv) laws that require the true, complete and accurate reporting of financial information or data. It is not always possible for us to identify and deter misconduct by our employees and other third parties, and the precautions taken by us to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting us from governmental investigations or other actions or lawsuits stemming from a failure to be in compliance with such laws or regulations. If any such actions are instituted against us, and we are not successful in defending ourselves or asserting

asserting our rights, those actions could result in the imposition of civil, criminal and administrative penalties, damages, monetary fines or contractual damages on us, reputational harm, diminished profits and future earnings, and curtailment of our operations.

Risks Related to Regulation

If we are unable to comply with regulatory requirements and industry standards, including those regarding product safety, quality, efficacy and environmental impact, we could incur significant costs and suffer reputational harm which could adversely affect results of operations.

We plan to develop, produce and market our products in a number of jurisdictions around the world. This would make us subject to federal, regional and local legislation and regulations in each of the various countries. Our products, which among other industries, are intended for use in construction, soil stabilization, agriculture and other industrial fields, may be subject to strict quality and regulatory standards. As a result, we in turn are required to meet these strict standards which, in recent years, have become increasingly stringent and affect both existing as well as new products.

The development, manufacture and sale of our products may subject to various regulatory requirements in each of the countries in which our products may be developed, manufactured and sold. In addition, we may become subject to product safety and compliance requirements established by governments and industry-specific regulatory bodies, or contractually by our customers, including requirements concerning product safety, quality and efficacy, environmental impacts (including packaging, energy and water use and waste management) and other sustainability or similar issues.

Our products and operations will be subject to regulation by governmental agencies in each of the markets in which we operate. These agencies include, among others: (i) standardization agencies that regulate technical and mechanical requirements for products, processes and quality; (ii) environmental protection agencies that regulate our present and prospect manufacturing facilities; (iii) safety and health agencies that regulate the working and production conditions of our manufacturing sites; (iv) local and international agencies that regulate trade and customs; (v) the labor rights authorities that regulate the rights of our employees, their compensation, pension rights and working condition; and (vi) all other regulators and agencies that involve and regulate industry facilities, taxation, fair trade, intellectual property rights, social duties and local and international laws and regulations.

In recent years, we are witnessing an increase in standardization, registration and reporting requirements concerning many of the above regulations in Israel and around the world.

In addition, we will be subject to various rules relating to health, work safety and the environment at the local and international levels in the various countries in which we plan to operate. Our manufacturing facilities may be subject to environmental standards relating to air emissions, sewage discharges, and the use of hazardous materials, waste disposal practices and clean-up of existing environmental contamination. In recent years, there has been a significant increase in the stringency of environmental regulation and enforcement of environmental standards, and the costs of compliance have risen significantly. We expect this trend will continue in the future.

The regulatory and standardization requirements have a material effect on our business and require significant company resources. Any change in each of them may have significant effect on our business, its structure and activity and operations and may incur significant additional costs and expenditures. If we are unable to comply with regulatory requirements and industry standards, including those regarding product safety, quality, efficacy and environmental impact, we could incur significant costs and suffer reputational harm which could adversely affect results of operations. Furthermore, gaps in our operational processes or those of our suppliers or distributors can result in products that do not meet our quality control or industry standards or fail to comply with the relevant regulatory requirements, which in turn can result in products that do not comply with applicable standards and requirements. Products that are mislabeled, contaminated or damaged could result in a regulatory non-compliance event or even a product recalls.

Any violation of any of the relevant regulations or standardization, may cause significant impacts on our business, that may include, among others, products disqualifications and returns, major law suits, civil and criminal actions against the company and its management including significant fines, delays or shut downs of facilities and activities, major damage to our reputation and brands, and business collaboration refusals.

Risks Related to Product Liability

We face the risk of exposure to product liability claims, regulatory action and litigation if our products cause loss or injury.

As a manufacturer and distributor of products designed to be used in the construction, wine, automotive, and other industries, we face a risk of exposure to product liability claims, regulatory action and litigation if our products cause, or are alleged to have caused, significant loss or injury. We may be subject to various product liability claims, including, among others, that the products produced by us caused injury or loss to our clients, include inadequate instructions for use or include inadequate installation.

If any of the products that we produce or intend to produce are recalled due to an alleged product defect or for any other reason, we could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall.

Manufacturers and distributors of products are sometimes subject to the recall or return of their products for a variety of reasons, including product defects, such as contamination, malfunctions or harmful side effects, packaging safety and inadequate or inaccurate labeling disclosure. We may lose a significant amount of sales and may not be able to replace those sales at an acceptable margin or at all. In addition, a product recall may require significant attention from our management. There can be no assurance that any quality, potency, or contamination problems will be detected in time to avoid unforeseen product recalls, regulatory action, or lawsuits. Additionally, if one of the products produced by us were subject to recall, our image and the image of that product (and other products sold by us) could be harmed. A recall for any of the foregoing reasons could lead to decreased demand for our products.

We may not be able to obtain insurance coverage for all of the risks we face, exposing us to potential uninsured liabilities.

Our current liability insurance provider renewed our product liability insurance policy in July 2020. However, there is no assurance that we will be able to obtain product liability insurance in the future on the same terms, including with the premium under our current policy, or at all. If our current insurance provider does not renew our product liability insurance policy in the future, it is uncertain at this time whether we will be able to obtain insurance coverage from other insurance providers in the future. If our insurance provider refuses to renew our insurance or our policy is terminated early and we are unable to obtain coverage from other providers, we may incur significant legal expenses and become liable for damages that are not covered by insurance, and our management could expend significant time addressing such claims. These events could have a material adverse effect on our business and the results of our operations.

Risks Related to Intellectual Property

We rely on intellectual property and may not be able to protect intellectual property rights throughout the world.

Our success is heavily dependent upon intangible property and technology that we own and/or licence from others. We rely upon copyrights, patents, trade secrets, unpatented proprietary know-how and continuing innovation to protect the intangible property, technology and information we consider important to the development and success of our business. We utilize various methods to protect our proprietary rights, including confidentiality agreements with consultants, service providers and management that contain terms and conditions prohibiting unauthorized use and disclosure of confidential information. However, despite efforts to protect intangible property rights, unauthorized parties may attempt to copy or replicate intangible property, technology or processes. Further, identifying the unauthorized use of intellectual property rights is difficult as we may be unable to effectively monitor and evaluate the products being distributed by our competitors. There can be no assurance that the steps taken by us to protect intangible property, technology and information will be adequate to prevent misappropriation or independent third-party development of our intangible property, technology or processes. To the extent that any of the above would occur, revenue could be negatively affected, and in the future, we may have to litigate to enforce our intangible property rights, which could result in substantial costs and divert management's attention and other resources.

Further, we may be unable to obtain registrations for our intellectual property rights for various reasons, including refusal by regulatory authorities to register trademarks, patents or other intellectual property protections, prior registrations of which we are not aware, or we may encounter claims from prior users of similar intellectual property in areas where we operate or intend to conduct operations. If any of our products are approved and marketed for an indication for which we do not have an issued patent, our ability to use our patents to prevent a competitor from commercializing a non-branded version of our commercial products for that non-patented indication could be significantly impaired or even lost. In addition, we cannot be certain that issued patents will be enforceable or provide adequate protection or that pending or contemplated patent applications will result in issued patents. Competitors may independently develop similar products, duplicate our products, design around our patent rights, or obtain patents and proprietary rights that block or compete with our products.

Policing the unauthorized use of our current or future intellectual property rights could be difficult, expensive, time-consuming and unpredictable, as may be enforcing these rights against unauthorized use by others. Actions taken to protect or preserve intellectual property rights may require significant financial and other resources, and filing, prosecuting, and defending patents on all of our product candidates in all jurisdictions throughout the world would be prohibitively expensive. Therefore, we have filed applications and/or obtained patents only in key markets, such as Israel, Canada, the United States and certain countries in Europe. Competitors may use our technologies in jurisdictions where we have not obtained patent protection to develop their own products and their products may compete with ours.

In addition, if competitors infringe on our intellectual property, we may have to participate in litigation, interference or other proceedings that are expensive and divert management's attention to determine the right to a patent or other intellectual property or the validity of any patent granted. In any infringement proceeding, some or all of our current or future trademarks, patents or other intellectual property rights or other proprietary know-how, or arrangements or agreements seeking to protect the same for our benefit, may be found invalid, unenforceable, anti-competitive or not infringed. An adverse result in any litigation or defence proceedings could put one or more of our current or future trademarks, patents or other intellectual property rights at risk of being invalidated or interpreted narrowly and could put existing intellectual property applications at risk of not being issued.

Risk Factors

We have entered into assignment of invention agreements with our research and development employees pursuant to which such individuals agreed to assign to us all rights to any inventions created during or as a result of their employment or engagement with us or in our field of business. A significant portion of our intellectual property has been developed by our employees in the course and as a result of their employment with us. Under the Israeli Patent Law, 5727-1967 (the **"Patent Law"**), inventions conceived by an employee during the scope of his or her employment with a company and as a result thereof are regarded as "service inventions," which belong to the employer, absent a specific agreement between the employee and employer giving the employee service invention rights. The Patent Law also provides that if there is no agreement between an employer and an employee with respect to the employee's right to receive compensation for such "service inventions," the Israeli Compensation and Royalties Committee (the **"Patent Committee"**), a body constituted under the Patent Law, shall determine whether the employee is entitled to remuneration for his or her service inventions and the scope and conditions for such remuneration. The Patent Committee (decisions of which have been upheld by the Israeli Supreme Court) has held that employees may be entitled to remuneration for their service inventions despite such employees having specifically waived any such rights to remuneration. A recent decision by the Patent Committee clarifies that the right to receive consideration for "service inventions" can be waived by the employee and that in certain circumstances; such waiver does not necessarily have to be explicit. In order to determine the scope and validity of such wavier, the Patent Committee will examine, on a case-by-case basis, the general contractual framework between the parties, using interpretation rules of the general Israeli contract laws. Further, the Patent Committee has not yet determined one specific formula for calculating this remuneration (but rather uses the criteria specified in the Patent Law). As a result of certain of the Patent Committee's decisions and uncertainty regarding how the Patent Committee reaches decisions, there is considerable uncertainty around the application of the Patent Law.

Although our employees have agreed to assign to us service invention rights and have specifically waived their right to receive any special remuneration for such assignment beyond their regular salary and benefits, we may face claims that the assignment is not enforceable or demanding remuneration in consideration for assigned inventions. As a consequence of such claims, we could be required to pay additional remuneration or royalties to current and/or former employees, or be forced to litigate such claims, which could negatively affect our business.

Risks Related to Our Status as an Israeli Company

Limitations surrounding the use of Israeli government funding

We have received funding from the Israeli government through the IIA for certain research and development activities and may receive additional grants in the future. Any Israeli government funding that we receive for research and development expenditures may limit or prohibit our ability to manufacture products and transfer know-how outside of Israel and require us to satisfy specified conditions. The terms of such grants may trigger additional payments to the IIA following our decision to manufacture products or transfer or license any related IP outside of Israel, and we may be required to pay penalties in such cases or upon sale of IP, under the Israeli Encouragement of Research, Development and Technological Innovation Law, 5744-1984, and the regulations promulgated thereunder (the **"R&D Law"**).

As of the date of this MD&A, we have received a total amount of US$700,000 from the IIA, such amount has to be repaid as 1.3-3% of sales of products developed with the use of the IIA grants. As of the date of this MD&A the future possible payments under such grants are approximately US$430,000 remains outstanding on such grants. In addition to paying any royalty due, we must abide by other restrictions associated with IIA funding, that continue to apply even following repayment to the IIA.

Risk Factors

Although products based on IIA-funded technologies and know-how may be sold freely, the transfer of or grant of any right (including licenses or liens) in the underlying IIA-funded technologies and know-how is restricted. Any such transfer, license or grant of right is subject to the approval of the IIA and if the transfer, license or grant of right is made to an entity outside of Israel, then it is generally conditioned on payment of a redemption fee, which may be substantial. Any approval, if given, will generally be subject to additional financial obligations. These restrictions may impair our ability to outsource manufacturing, engage in change of control transactions or otherwise transfer or license our know-how outside of Israel by being required to obtain the approval of the IIA for certain actions and transactions and pay additional royalties, penalties and other amounts to the IIA. Such amounts may be up to six times the total of the grants actually received plus interest (minus any royalties paid). In addition, any change of control and any change of ownership of shares that would make a non-Israeli citizen or resident an "interested party" (as that term is defined in the R&D Law), requires written notice to the IIA.

If we fail to comply with the restrictions and conditions imposed in connection with IIA funding, we may be subject to the sanctions that are set forth under Israeli law, including the possible refund of any payments previously received together with interest and an adjustment based on the Israeli consumer price index, and in certain circumstances we may also be subject to criminal charges. The difficulties and cost of obtaining the approval of the IIA for the transfer or license of manufacturing rights, technology or know-how outside of Israel could prevent us from entering into strategic alliances or other transactions that provide for such a transfer or license, which in turn could adversely affect our business, results of operations and financial condition.

Regarding potential expenses in the event that the Company's will use IIA supported know-how outside of Israel in the future and the related ramifications on the IIA funding received, see the section titled **"Summary of Factors Affecting Our Results of Operations – Development Expenses."**

Your rights and responsibilities as a shareholder will be governed by Israeli law, which differs in some material respects from the rights and responsibilities of shareholders of Canadian companies.

The rights and responsibilities of the holders of our Ordinary Shares are governed by our amended and restated articles of association and by Israeli law. These rights and responsibilities differ in some material respects from the rights and responsibilities of shareholders in Canadian companies. Certain provisions in the Israeli Companies Law, 5759-1999 (the **"Companies Law"**) may be interpreted to impose additional obligations and liabilities on holders of our Ordinary Shares that are not typically imposed on shareholders of Canadian companies. For example, a shareholder of an Israeli company has a duty to act in good faith and in a customary manner in exercising its rights and performing its obligations towards the company and other shareholders, and to refrain from abusing its power in the company, including, among other things, voting at a general meeting of shareholders on matters such as amendments to a company's articles of association, increases in a company's authorized share capital, mergers and acquisitions and related party transactions requiring shareholder approval. In addition, a shareholder who is aware that it possesses the power to determine the outcome of a shareholder vote or to appoint or prevent the appointment of a director or executive officer in the company has a duty of fairness toward the company. There is limited case law available to assist us in understanding the nature of these duties or the implications of these provisions. These provisions may be interpreted to impose additional obligations and liabilities on holders of our Ordinary Shares that are not typically imposed on shareholders of Canadian corporations.

As an Israeli incorporated Company our business and operations may be adversely affected by political, economic and military conditions in Israel.

We are incorporated under Israeli law and our corporate headquarters, including our principal manufacturing and research and development facilities, are located in Israel. In addition, certain of our directors and officers are residents of Israel. Accordingly, political, economic and military conditions in the Middle East in general, and in Israel in particular, may directly affect our business, product development and results of operations, and we may be adversely affected by a significant increase in the rate of inflation or a significant downturn in economic or financial conditions in Israel.

Since the State of Israel was established in 1948, a number of armed conflicts have occurred between Israel and its neighboring countries, and there have been occurrences of terrorist violence. In recent years, hostilities between Israel and Hezbollah in Lebanon (and Syria) and Hamas in the Gaza Strip have both involved missile strikes in various parts of Israel causing disruption of economic activities. Our corporate headquarters and principal manufacturing and research and development activities are located in the range of missiles that could be fired from Lebanon, Syria or the Gaza Strip into Israel. In addition, Israel faces threats from more distant neighbors, in particular, Iran (which is believed to be an ally of Hamas in Gaza and Hezbollah in Lebanon). Any armed conflicts involving Israel or in the region or any political instability in the region, including acts of terrorism as well as cyberattacks or any other hostilities involving or threatening Israel, would likely negatively affect business conditions and could make it more difficult for us to conduct our operations in Israel, which could increase our costs and adversely affect our financial results. In addition, the political and security situation in Israel may result in parties with whom we have agreements involving performance in Israel claiming that they are not obligated to perform their commitments under those agreements pursuant to force majeure provisions in such agreements. Our commercial insurance does not cover losses that may occur as a result of an event associated with the security situation in the Middle East. Although the Israeli government is currently committed to covering the reinstatement value of direct damages that are caused by terrorist attacks or acts of war, we cannot assure you that this government coverage will be maintained, or if maintained, will be sufficient to compensate us fully for damages incurred. Any losses or damages incurred by us could have a material adverse effect on our business. Any armed conflict involving Israel could adversely affect our operations and results of operations.

Several countries, principally in the Middle East, as well as certain companies, organizations and movements, restrict their commercial activities with Israel or Israeli companies, and additional countries may impose restrictions on doing business with Israel and Israeli companies. In addition, there have been increased efforts by activists to cause companies and consumers to boycott Israeli goods based on Israeli government policies. Similarly, Israeli companies are subject to limitations while conducting business with entities from several countries. Such business restrictions and boycotts, particularly if they become more widespread, may materially and adversely impact our ability to sell our products and the expansion of our business. We could be adversely affected by the interruption or curtailment of trade between Israel and its trading partners.

Furthermore, the Israeli government has recently been pursuing legislative changes which, if adopted, will alter the current state of separation of powers among the three branches of government and, as a result, have sparked a considerable political debate. Many individuals, organizations and institutions, within and outside of Israel, have voiced concerns over the potential negative impacts of such changes and the controversy surrounding them on the business and financial environment in Israel. Such negative impacts may include, among others, a downgrade in Israel's sovereign credit rating, increased interest rates, currency fluctuations, inflation, civil unrest and volatility in securities markets, which could adversely affect the conditions in which we operate and potentially deter foreign investors and organizations from investing or transacting business in Israel. If any of the foregoing risks were to materialize, it may have an adverse effect on our business, our results of operations and our ability to raise additional funds.

Strikes and work stoppages in Israel may prevent us from continuing our production and marketing activities.

General strikes or work stoppages, including at Israeli ports, have occurred periodically or have been threatened in the past by Israeli trade unions due to labor disputes. These general strikes or work stoppages may have an adverse effect on the Israeli economy and on our business, and could have a material adverse effect on our results of operations.

Enforcing a Canadian judgment against us and our current executive officers and directors, or asserting Canadian securities law claims in Israel, may be difficult.

As a corporation incorporated in Israel, service of process upon us and upon our directors and officers and any Israeli experts, most of whom reside outside of Canada, may be difficult from within Canada. Furthermore, because a majority of our assets and most of our directors, officers and such Israeli experts are located outside of Canada, any judgment obtained in Canada against us or any of them may be difficult to collect within Canada and may not be enforced by an Israeli court.

We have been informed by our legal counsel in Israel that it may be difficult to assert Canadian securities laws claims in original actions instituted in Israel. Israeli courts may refuse to hear a claim based on an alleged violation of Canadian securities laws on the basis that Israel is not the most appropriate forum in which to bring such a claim. In addition, even if an Israeli court agrees to hear a claim, it may determine that Israeli law and not Canadian law is applicable to the claim. There is little binding case law in Israel addressing these matters. If Canadian law is found to be applicable, the content of applicable Canadian law must be proven as a fact which can be a time-consuming and costly process. Certain matters of procedure will also be governed by Israeli law. Consequently, our investors may be effectively prevented from pursuing remedies under Canadian securities laws against us or any of our non-Canadian directors and officers.

Provisions of Israeli law and tax considerations may delay, prevent or make difficult an acquisition of us, which could prevent a change of control and negatively affect the price of our Ordinary Shares.

Israeli corporate law regulates mergers and requires tender offers for acquisitions of shares above specified thresholds; requires special approvals for certain transactions involving directors, officers or significant shareholders; and regulates other matters that may be relevant to these types of transactions. These provisions of Israeli law may delay, prevent or make difficult an acquisition of us, which could prevent a change of control and therefore negatively affect the price of our Ordinary Shares. For example, under the Companies Law, upon the request of a creditor of either party to a proposed merger, the court may delay or prevent the merger if it concludes that there exists a reasonable concern that as a result of the merger the surviving company will be unable to satisfy the obligations of any of the parties to the merger.

Our Company must comply with both Canadian and Israeli tax laws, and our Subsidiaries are subject to other foreign laws and regulations, and Israeli tax considerations may make potential transactions difficult unappealing to us or to our shareholders, especially for those shareholders whose country of residence does not have a tax treaty with Israel, which exempts such shareholders from Israeli tax. With respect to mergers, Israeli tax law allows for tax deferral in certain circumstances, but makes the deferral contingent on the fulfillment of a number of conditions, including, in some cases, a holding period of two years from the date of the transaction, during which sales and dispositions of shares of the participating companies are subject to certain restrictions. Moreover, with respect to certain share swap transactions, the tax deferral is limited in time, and when such time expires, the tax becomes payable even if no disposition of the shares has occurred. In order to benefit from the tax deferral, a pre-ruling from the Israel Tax Authority might be required.

Risks Related to the Ownership of Our Ordinary Shares and warrants

There are risks related to forward-looking information in this MD&A.

The forward-looking information included in this MD&A relating to, among other things, our future results, performance, achievements, prospects, intentions or opportunities or the markets in which we operate or expect to operate is based on opinions, assumptions and estimates made by our management in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors that we believe are appropriate and reasonable in the circumstances. However, there can be no assurance that such estimates and assumptions will prove to be correct. Our actual results in the future may vary significantly from the historical and estimated results and those variations may be material. We make no representation that our actual results in the future will be the same, in whole or in part, as those described in this MD&A. See **"Forward-Looking Information".**

The Principal Shareholders hold significant voting power in the Company and the interests of the Principal Shareholders may not be the same as those of the Company's other shareholders.

Sullam, Tedea, Clover Wolf and RAM.ON finance (the **"Principal Shareholders"**) hold significant voting power in the Company, and the interests of each of the Principal Shareholders may conflict with or differ from the interests of the Company's other shareholders. Currently, the Principal Shareholders hold, in the aggregate, approximately 70.62% of the Company's issued and outstanding Ordinary Shares, or approximately 82.07% on a fully diluted basis.

Additionally, each of Principal Shareholders (and their respective affiliates) may hold or may acquire investments and assets that may compete with the Company. Accordingly, the interests of the Principal Shareholders and their respective affiliates, may not be the same as those of the Company's other shareholders, and conflicts of interest may arise from time to time that may be resolved in a manner detrimental to the Company or the Company's minority shareholders. The Principal Shareholders and their affiliates may also pursue, for their own account, acquisition opportunities that could be complementary to our business, and, as a result, those acquisition opportunities may not be available to us.

As long as the Principal Shareholders own or control a significant number of our outstanding Ordinary Shares, they will have the ability to exercise substantial control over all corporate actions requiring shareholder approval, irrespective of how our other shareholders may vote, including the election and removal of directors and the size of our Board, any amendments to our Articles of Association, or the approval of any merger, acquisition or other significant corporate transaction, including a sale of all or substantially all of our assets.

Circumstances may occur in which the interests of the Principal Shareholders and their affiliates could be in conflict with the interests of other shareholders, and the Principal Shareholders would have significant influence to cause the Company to take actions that align with its interests. In addition, this concentration of ownership could have the effect of delaying or preventing a change in control or otherwise discouraging a potential acquiror from attempting to obtain control of the Company, which could cause the market price of the Ordinary Shares to decline or prevent shareholders from realizing a premium over the market price for their Ordinary Shares.

The market price of our Ordinary Shares may be volatile, which could result in substantial losses for investors purchasing our Ordinary Shares.

Risk Factors

The price of our Ordinary Shares will fluctuate with market conditions and other factors. If a holder of Ordinary Shares sells its Ordinary Shares, the price received may be more or less than the original investment. Some of the factors that may cause the market price of our Ordinary Shares to fluctuate include:

- actual or anticipated fluctuations in our quarterly results of operations
- recommendations by securities research analysts
- changes in the economic performance or market valuations of companies in the industry in which we operate
- addition or departure of our executive officers and other key personnel
- sales or perceived sales of additional Ordinary Shares;
- significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving us or our competitors; and
- operating and share price performance of other companies that investors deem comparable to the Company or from a lack of market comparable companies

Currently, our officers, directors and Principal Shareholders (greater than 10% shareholders) collectively control, directly or indirectly, approximately 85.03% of the voting power and interests in our outstanding Ordinary Shares on a fully diluted basis. Subsequent sales of our Ordinary Shares by these shareholders, or the market perception that holders of a large number of Ordinary Shares intend to sell Ordinary Shares, could have the effect of lowering the market price of our Ordinary Shares. Further, the perceived risk associated with the possible sale of a large number of Ordinary Shares by these shareholders, or the adoption of significant short positions by hedge funds or other significant investors, could cause some of our shareholders to sell their Ordinary Shares, thus causing the market price of our Ordinary Shares to decline. In addition, actual or anticipated downward pressure on our stock price due to actual or anticipated sales of Ordinary Shares by our officers, directors or the Principal Shareholders could cause other institutions or individuals to engage in short sales of the Ordinary Shares, which may further cause the market price of our Ordinary Shares to decline.

From time to time, our directors and executive officers may sell Ordinary Shares on the open market. These sales will be publicly disclosed in filings made with securities regulators. In the future, our directors and executive officers may sell a significant number of Ordinary Shares for a variety of reasons unrelated to the performance of our business. Our shareholders may perceive these sales as a reflection on management's view of the business and result in some shareholders selling their Ordinary Shares. These sales could cause the market price of our Ordinary Shares to decline. Any decline in the market price of Ordinary Shares may also impede our ability to raise additional capital and might cause remaining holders of Ordinary Shares to lose all or part of their investment.

There are risks associated with the potential dilution of our Ordinary Shares.

We may raise additional funds in the future by issuing equity securities. Such equity securities could contain rights and preferences superior to those of the Ordinary Shares issued prior to such issuance and holders of Ordinary Shares will have no pre-emptive rights in connection with such further issues. Our board of directors (the **"Board of Directors"** or the **"Board"**) has the discretion to determine if an issuance of equity securities is warranted, the price at which such issuance is effected and the other terms of issue of any equity securities, including Ordinary Shares or equity securities convertible into Ordinary Shares. In addition, additional Ordinary Shares may be issued by us in connection with the exercise of options granted to our employees and directors. To the extent holders of our options or other convertible securities convert or exercise their securities and sell the Ordinary Shares they receive, the trading price of the Ordinary Shares may decrease due to the additional number of Ordinary Shares available in the market. Such additional equity issuances could, depending on the price at which such securities are issued, substantially dilute the interests of the holders of Ordinary Shares. In addition, we cannot predict the size of future issuances of our equity securities, including Ordinary Shares, or the effect, if any, that future issuances and sales of our equity securities, including Ordinary Shares will have on the market price of our Ordinary Shares. Sales of substantial amounts of our Ordinary Shares, or the perception that such sales could occur, may adversely affect prevailing market prices for our Ordinary Shares.

At the date of this MD&A, we have 153,693,074 Ordinary Shares outstanding. In addition, currently there are options (including restricted share units) to acquire 11,391,996 Ordinary Shares outstanding. The Ordinary Shares issuable upon the exercise of these options, will, to the extent permitted by any applicable vesting requirements, lock-up agreements and restrictions under applicable securities laws in Canada, also become eligible for sale in the public market.

Prior to the listing of our Ordinary Shares on the TSXV there had been no prior public market for our Ordinary Shares, and an active trading market may not develop.

We began listing on the TSXV in April 2021. Prior to such listing, there was no market through which our Ordinary Shares were sold and, if a market for our Ordinary Shares does not develop or is not sustained, you may not be able to resell your Ordinary Shares. This may affect the pricing of the Ordinary Shares in the secondary market, the transparency and availability of trading prices, the liquidity of the Ordinary Shares and the extent of issuer regulation. If an active and liquid trading market for the Ordinary Shares does not develop or is not maintained, investors may have difficulty selling their Ordinary Shares. There can be no assurance that there will be sufficient liquidity of the Ordinary Shares on the trading market, or that we will continue to meet the listing requirements of the TSXV or any other public listing exchange on which the Ordinary Shares may subsequently be listed.

If securities or industry analysts do not publish research or publish inaccurate or unfavourable research about us or our business, our trading price and volume could decline.

The trading market for our Ordinary Shares will depend, in part, on the research and reports that securities or industry analysts publish about us or our business. We do not currently have and may never obtain research coverage by securities and industry analysts. If no securities or industry analysts commence covering us, the trading price for our Ordinary Shares would be negatively impacted. If we obtain securities or industry analyst coverage and one or more of the analysts who cover us downgrade our Ordinary Shares or publish inaccurate or unfavourable research about our business, or more favourable relative recommendations about our competitors, our trading price may decline. If one or more of these analysts cease coverage of us or fail to publish reports on us regularly, demand for our Ordinary Shares could decrease, which could cause our trading price and volume to decline.

We may not be able or willing to pay any dividends.

No dividends on the Ordinary Shares have been paid to date and there is no assurance as to whether we will be profitable enough to pay dividends, or determine to do so even if sufficiently profitable. We anticipate that, for the foreseeable future, we will retain future earnings and other cash resources for the operation and development of our business. Payment of any future dividends will be at the discretion of the Board of Directors after considering many factors, including our earnings, operating results, financial condition, current and anticipated cash needs, and restrictions in financing agreements. Our

Board must also approve any dividends at their sole discretion. There is no assurance that future dividends will be paid, and, if dividends are paid, there is no assurance with respect to the amount of any such dividends.

We lack adequate financing.

We have limited capital and resources and there is no assurance that we will have sufficient capital to fully implement our business plan. Currently, we generate negative cash flows from our operations and we are required to fund our operations as well as our planned investments and expansion. We do not have any significant bank credit facility or other working capital credit line under which we may borrow funds for working capital, capital investments or other general corporate purposes. Should we fail in future efforts to provide adequate working capital, and other sources of finance, we will experience difficulties in all areas. This would have a material adverse effect on our business, results of operations, financial condition and prospects. With respect to the commitment of the Company's shareholders to support its operations, see the section titled "Liquidity and Capital Resources – Overview".

Management may be unable to use the proceeds of the Offering and the Private Placements effectively.

We currently intend to allocate the net proceeds received from the Offering and the Private Placements as described under the "Liquidity and Capital Resources" section of this MD&A, however, management will have discretion in the actual application of the net proceeds, and may elect to allocate the net proceeds differently from that described under "Liquidity and Capital Resources" if it believes it would be in our best interests to do so. Shareholders may not agree with the manner in which management chooses to allocate and spend the net proceeds of the Offering and the Private Placements. Any failure by management to apply these funds effectively could have a material adverse effect on our business, financial condition or results of operations, or cause the price of our Ordinary Shares to decline significantly. Additionally, we may not be successful in implementing our business strategies and plans and our actual capital expenditures and capital expenditure requirements may be materially different from expected expenditures described in this MD&A.

Risks Related to Exchange Rate

Exchange rate fluctuations between the Canadian dollar, the U.S. dollar, Israeli Shekel, Euro and other foreign currencies may negatively affect our future revenues.

We will be exposed to the financial risk related to the fluctuation of foreign exchange rates. Commencing July 2022, as a result of the Flome Transaction and the oceansix Transaction, our main operations have been maintained in Euro. Currently, we generate the majority of our revenues in Euro. The majority of our operating expenses are incurred in Europe, including executive compensation, employee salaries and payments to service providers in Europe. We also maintain expenses in U.S. dollar, Canadian dollars and NIS and are subject to fluctuations due to changes in foreign currency exchange rates, particularly changes. In addition, a portion of our financial assets and liabilities are denominated in currencies in addition to Euros. Therefore, our financial results may be affected by fluctuations in currency exchange rates. Although exposure to currency fluctuations to date has not had a material adverse effect on our business, there can be no assurance that any future hedging transactions we engage in will provide sufficient protection and that such fluctuations in the future will not have a material adverse effect on our operating results and financial condition. To date, we have not hedged our exposure to currency fluctuations.

Risk Factors

Risks Related to Competition

We operate in a highly competitive industry, and may not be able to maintain our operations or develop them as currently proposed if we are unable to outperform our competitors.

An increase in the number of companies competing in the recycling industry in general, and plastic bag and sheet recycling specifically, and the thermoforming manufacturing industry, could limit our ability to expand our operations abroad. Some competitors may have more expertise and may be able to develop higher quality equipment or products, at the same or a lower cost. There is no assurance that we will be able to compete successfully against current and future competitors. Mergers and acquisitions in the recycling and waste management industries may result in more concentrated resources among a smaller number of competitors. To remain competitive, we will require continued investment in research and development, marketing, sales and client support. We may not have sufficient resources to maintain research and development, marketing, sales and client support efforts on a competitive basis.

We may fail to develop and manufacture high quality products that compete successfully against other products or solutions

Our business development and growth are highly dependent on the development of new products that we will produce in our existing and prospect sites. Our success depends on our ability to develop more efficient production processes for existing market products to be distributed and sold around the world. Such future products need to be able to compete in high competition environments, and therefore will need to meet require regulations, high standards and quality and to maintain reasonable profits under competitive prices in order for the Company to effectively compete.

Because of the importance of developing production processes and producing new market-existing products, failure to develop and adapt new products production process or major delays in such developments and production implementation, could adversely affect our business, financial condition, and results of operations.

Our existing and prospective products are in competitive landscapes which are characterized as having strong competition and low barriers to entry.

The industrial, agricultural and construction plastic products markets are highly competitive and consist of many manufacturers, low raw materials cost, advanced production processes, worldwide production sites with no real boundaries. Some of the worldwide manufacturers are also constantly monitoring and attempting to anticipate new products demand, seeking ideas which will appeal to consumers, and introducing new products that compete with our existing and prospect products.

Competition in our business is further based, among other things, on innovation, product quality, regulatory compliance, pricing, quality of customer service, and understanding of potential customers. It is difficult for us to predict the timing, scale and success of our competitors in these areas. In particular, the discovery and development of new products, materials and solutions, protection of our know-how and development and retention of key employees are critical to our ability to effectively compete in our business. Advancement in technologies have also enhanced the ability of our competitors to develop substitutable products. Increased competition by existing or future competitors, including aggressive price competition, could result in the loss of sales, reduced pricing and margin pressure and could adversely impact our sales and profitability. New products and other solutions to our existing and prospective products, as well as higher quality, lower prices and better branding of solutions and products by our existing and future competitors, may adversely affect our business, financial condition, and results of operations.

Risk Related to Cyber Threats

Significant data breaches or other disruptions to our information technology systems could disrupt our operations, result in the loss of confidential information or personal data, and adversely impact our reputation, business or results of operations.

We rely on information technology systems, including some managed by third-party providers, to conduct business and support our business processes, including those relating to product design, product development, manufacturing, sales, order and invoice processing, production, distribution, internal communications and communications with third parties throughout the world, processing transactions, summarizing and reporting results of operations, complying with regulatory, tax or legal requirements, and collecting and storing customer, supplier, employee and other stakeholder information. Cybersecurity incidents, data breaches and operational disruptions caused by cyberattacks or cyber-intrusions are constantly evolving in nature, becoming more sophisticated and are being made by groups and individuals with a wide range of expertise and motives.

Risk Related to Natural Disasters

Earthquakes or other catastrophic events out of our control may damage our facilities or those of our contractors and adversely affect our business, financial condition, and results of operations.

A catastrophic event where we have important operations, such as an earthquake, tsunami, flood, typhoon, fire, or other natural or manmade disaster, could disrupt our operations or those of our contractors and impair production or distribution of its products, damage inventory, interrupt critical functions, or otherwise adversely affect our business, financial condition, and results of operations.

Risk Related to General Economic Conditions

Geopolitical instability could impact world economic markets and adversely affect the Company's ability to conduct business.

Geopolitical instability (including military conflict and the accompanying international responses, including economic sanctions)can be disruptiveto the worldeconomy and resultin additional volatilityin commodity markets, international trade and financial markets, which could impact the Company.

On February 24, 2022, Russia commenced a military invasion of Ukraine. In response, many jurisdictions have imposed strict sanctions against Russia and its interests, including Canada, the United States, the European Union, the United Kingdom, and others, which may impact world economic markets and have follow-on effects in particular industries. While we do not have any operations in Ukraine or Russia, our business may be impacted by the ongoing conflict between Russian and Ukraine and the related economic sanctions. The conflict and economic sanctions may also give rise to additional indirect impacts, including increased fuel prices, supply chain challenges, volatile commodity prices, logistics and transportation disruptions and heightened cybersecurity disruptions and threats. Increased fuel prices and ongoing volatility of such prices may have adverse impacts on our costs of doing business. As geopolitical conflicts occur, re-occur or escalate, they could have a material adverse effect on business, financial condition or results of operations of the Company.

Risk Related to our Clients' Financial Condition

Liquidity problems or bankruptcy of our key customers, could have an adverse effect on our business, financial condition, and results of operations.

Our sales to customers are typically made on credit without collateral. There is a risk that key customers will not pay, or that payment may be delayed because of bankruptcy, contraction of credit availability

Risk Factors

to such customers, weak sales, or other factors beyond our control, which could increase our exposure to losses from bad debts. In addition, when key customers cease doing business with us because of bankruptcy, or significantly reduce the number of orders, it can have an adverse effect on our business, financial condition, and results of operations.

The Company may not integrate successfully with oceansix GmbH and Flome.

The post completion integration of the oceansix Transaction and Flome Transaction (the "Transactions") involves the integration of companies that previously operated independently. As a result, the Transactions present challenges to our management team, including the integration of the operations, systems and personnel of the two companies, and special risks, including possible unanticipated liabilities, unanticipated costs, diversion of management's attention and the loss of key employees. The difficulties management encounters in the transition and integration process could have an adverse effect on the revenues, level of expenses and operating results of our Company following the completion of the Transactions. If actual results are less favorable than estimated, the business, results of operations, financial condition and liquidity of the Company could be materially adversely impacted.

The ability to realize the benefits of the Transactions will depend in part on successfully consolidating functions and integrating operations, procedures and personnel in a timely and efficient manner, as well as on our ability to realize the anticipated growth opportunities and synergies, efficiencies and cost savings from integrating Alkemy's, Flome's and oceansix GmbH's businesses following the Transactions.

Most operational and strategic decisions and staffing decisions have not yet been made. The performance of the Company following the Transactions could be adversely affected if Alkemy cannot retain key employees to assist in the integration and ongoing operations. As a result of these factors, it is possible that the cost reductions and synergies expected from the combinations of the Company, Flome and oceansix GmbH will not be realized.

This integration will require the dedication of substantial management effort, time and resources, which may divert management's focus and resources from other strategic opportunities following the Transactions and from operational matters during this process. The amount and timing of the synergies the Company, Flome and oceansix GmbH hope to realize may not occur as planned. In addition, the integration process may result in the disruption of ongoing business that may adversely affect the ability of the Company to achieve the anticipated benefits of the Transactions.

oceansix

meaningful solutions

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