

THE SECURITIES REFERENCED HEREIN HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AND HAVE BEEN ACQUIRED FOR INVESTMENT AND NOT WITH A VIEW TO, OR IN CONNECTION WITH, THE SALE OR DISTRIBUTION THEREOF. NO SUCH SALE OR DISTRIBUTION MAY BE EFFECTED WITHOUT AN EFFECTIVE REGISTRATION STATEMENT RELATED THERETO OR AN OPINION OF COUNSEL IN A FORM SATISFACTORY TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED UNDER THE SECURITIES ACT OF 1933.

CONVERTIBLE NOTE

\$3,000,000

August 20, 2020

For value received, K.B Recycling Industries Ltd., a private company organized under the laws of the State of Israel (the “Company”), promises to pay to Clover Wolf Capital Limited Partnership (the “Holder”), by way of conversion of this Note into ordinary shares of the Company as set forth below, the principal sum of three million US dollar (\$3,000,000), (this “Note”, and the “Principal Amount”, respectively). This Note is subject to the following terms and conditions.

1. **Basic Terms.**

(a) **Events of Default.** The occurrence of any of the following shall constitute an “*Event of Default*” under this Note:

(i) **Voluntary Bankruptcy or Insolvency Proceedings.** The Company shall (i) apply for or consent to the appointment of a receiver, trustee, liquidator or custodian of itself or of all or a substantial part of its property, (ii) admit in writing its inability to pay its debts generally as they mature, (iii) make a general assignment for the benefit of its or any of its creditors, (iv) be dissolved or liquidated, (v) commence a voluntary case or other proceeding seeking liquidation or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or consent to any such relief or to the appointment of or taking possession of its property by any official in an involuntary case or other proceeding commenced against it, or (vi) take any action for the purpose of effecting any of the foregoing; or

(ii) **Involuntary Bankruptcy or Insolvency Proceedings.** Proceedings for the appointment of a receiver, trustee, liquidator or custodian of the Company, or of all or a substantial part of the property thereof, or an involuntary case or other proceedings seeking liquidation, reorganization or other relief with respect to the Company or any of its subsidiaries, if any, or the debts thereof under any bankruptcy, insolvency or other similar law now or hereafter in effect shall be commenced and an order for relief entered or such proceeding shall not be dismissed or discharged within 120 days of commencement.

(b) **Rights of Holder upon Default.** Upon the occurrence of any Event of Default hereof and at any time thereafter during the continuance of such Event of Default, Holder may, with the written consent of the Required Holders, by written notice to the Company, declare all outstanding obligations payable by the Company hereunder to be immediately due and payable without presentment, demand, protest or any other notice of any kind, all of which are hereby

expressly waived. In addition to the foregoing remedies, upon the occurrence and during the continuance of any Event of Default, Holder may, with the written consent of the Required Holders, exercise any other right power or remedy permitted to it by law.

(c) **Series of Notes.** This Note is issued as part of a series of Convertible Promissory Notes, each containing substantially identical terms and conditions. Such Convertible Promissory Notes are referred to herein as the “Notes” the holders thereof are referred to herein as the “Holders” and the Holders of at least [65%] of the aggregate unpaid Principal Amount of the Notes are referred to herein as the “Required Holders”. The Company shall maintain a ledger of all Holders.

(d) **Securities.** The Notes and the equity securities issuable upon conversion thereof are collectively referred to herein as the “Securities.”

(e) **Payment.** All cash payments shall be made in lawful money of the United States of America at such place as the Holder hereof may from time to time designate in writing to the Company. Payment shall be credited first to the Interest accrued then due and payable and the remainder shall be applied to principal. This note shall bear a flat interest rate at an annual rate of 5% only in the event of a cash payment under this note, and in no event any interest shall be accrued and converted as part of a conversion of the Principal Amount of this Note under its terms.

2. **Conversion.**

(a) **Definitions.**

(i) “Affiliate” means with respect to any specified Holder, any other individual or entity who or which, directly or indirectly, controls, is controlled by, or is under common control with such specified Holder, including, without limitation, any general partner, officer, director, member, manager or shareholder of such Holder and any venture capital fund now or hereafter existing that is controlled by one or more general partners or managing members of, or is under common investment management with, such Holder.

(ii) “Company’s IPO” means an initial public offering of the Company’s Ordinary Shares to the general public pursuant to a registration statement under the U.S Securities Act of 1933 (the “Exchange Act”), as amended or the Israeli Securities Law, 5728-1968, as amended, or under equivalent securities laws of another jurisdiction.

(iii) “Conversion Price” means a price per share (or a conversion price, with respect to conversion pursuant to an event described in paragraph (iii) of the ‘Change of Control’ definition) obtained by dividing the Valuation Cap by fully-diluted capitalization immediately prior to such conversion assuming the exercise or conversion of all convertible securities of the Company but excluding any shares issuable upon conversion of the Notes.

(iv) “Long Stop Date” means 12 months as of the date of this Note.

(v) “Ordinary Shares” means ordinary shares of the Company par value

NIS 1.00 each.

- (vi) “Share Capital” means the share capital of the Company.
- (vii) “Valuation Cap” means US\$ 10,000,000

(b) **Mandatory Conversion upon Company IPO.** Outstanding Principal Amount shall be automatically converted into equity securities immediate prior to the closing of the Company’s IPO.

(c) **Terms of Conversion.** If there is a Company IPO on or before the Long Stop Date, the Company will automatically issue to the Holder a number of Ordinary Shares equal to the Principal Amount divided by the Conversion Price.

(d) **Documents.** The issuance of shares upon such conversion of this Note, irrespectively the reason for conversion, shall be upon the terms and subject to the conditions applicable to all other shareholders of the Company. In connection with such conversion of this Note, the Holder hereby agrees to execute and deliver to the Company all documents reasonably required by the Company and its counsel including a lock-up agreement in connection with the Company’s IPO.

(e) **Post-Long Stop Date Conversion.**

(i) If the Company’s IPO has not been consummated on or before the Long Stop Date, the Required Holders may elect, and such election shall apply to all of the Holders, to (i) convert the Principal Amount under the Note into the Company’s most senior class of shares at the date of such conversion at a price per share equal to the price per share obtained by dividing USD 10,000,000 by the Company’s fully-diluted capitalization immediately prior to such conversion assuming the exercise or conversion of all convertible securities of the Company but excluding any shares issuable upon conversion of the Notes or (ii) require the Company to pay the Principal Amount and any accrued and unpaid Interest (minus any tax withholding obligations, if applicable) then outstanding, within 30 days.

(ii) The issuance of shares upon conversion under section 2(e)(i)(i) above shall be upon the terms and subject to the conditions applicable to the Company’s most senior class of shares at the date of such conversion, and the Company’s Articles of Association and other corporate governing documents.

3. **Change of Control.** If, prior to the occurrence of a conversion upon a Company IPO or a Post Long Stop Date Conversion, a Change of Control Event occurs, the Company will give the Holders at least fifteen (15) days prior written notice of the anticipated Change of Control Event, and the Holders will be automatically issued immediately prior to the closing of such Change of Control Event such number of the most senior class of shares of the Company then outstanding, equal to the quotient obtained by dividing the outstanding balance of the Principal Amount by the Conversion Price.

The term “Change of Control” means (i) a sale of all or substantially all of the Company’s assets other than to an Excluded Entity (as defined below), or (ii) the consummation of a transaction, or series of related transactions, for the sale of all of the Company’s then outstanding share capital, or (iii) the consummation of the merger or consolidation of the Company with or into another

entity other than an Excluded Entity. Notwithstanding the foregoing, a transaction shall not constitute a Change of Control if its purpose is to (A) change the jurisdiction of the Company's incorporation, (B) create a holding company that will be owned in substantially the same proportions by the persons who hold the Company's securities immediately before such transaction.

An "Excluded Entity" means a company or other entity of which the holders of voting rights of the Company outstanding immediately prior to such transaction are the direct or indirect holders of voting securities representing at least a majority of the votes entitled to be cast by all of such corporation's or other entity's voting securities outstanding immediately after such transaction.

4. **Mechanics and Effect of Conversion.** In connection with any conversion, or repayment of this Note, the Holder shall surrender this Note, duly endorsed, to the Company or any transfer agent of the Company, and shall execute and deliver to the Company any other documentation reasonably required by the Company in connection with such conversion (including, in the event of a conversion of this Note into share capital, the applicable executed conversion documents as reasonably required by the Company). The Company may elect not to issue or deliver the shares or other property into which this Note may convert until the Holder has surrendered this Note to the Company and delivered to the Company such documentation. Upon conversion of this Note, the Company will be forever released from all of its obligations and liabilities under this Note with regard to that portion of the Principal Amount and accrued interest being converted including without limitation the obligation to pay such portion of the Principal Amount and accrued interest.

5. **Shareholders, Officers and Directors Not Liable.** In no event shall any shareholder, officer or director of the Company be liable for any amounts due or payable pursuant to this Note.

6. **No Fractional Shares.** No fractional shares of the Company will be issued pursuant to this Security, and the number of shares to be issued shall be rounded to the nearest whole number.

7. **Loss of Note.** Upon receipt by the Company of evidence satisfactory to it of the loss, theft, destruction or mutilation of this Note or any Note exchanged for it, and indemnity satisfactory to the Company (in case of loss, theft or destruction) or surrender and cancellation of such Note (in the case of mutilation), the Company will make and deliver in lieu of such Note a new Note of like tenor.

8. **Taxes.** The Company may deduct, from any payment or in connection with a conversion of the Principal Amount, cash or shares representing the amount of withholding taxes as and if required under applicable law. Notwithstanding the aforesaid, any taxes, levies charges and other duties or amounts that are levied or due in connection with the transactions contemplated

under this Note, the conversion of the Principal Amount or the issuance of shares to the Holders upon conversion event, shall be borne solely by such Holder.

9. **Miscellaneous.**

(a) **Governing Law.** The validity, interpretation, construction and performance of this Agreement, and all acts and transactions pursuant hereto and the rights and obligations of the parties hereto shall be governed, construed and interpreted in accordance with the laws of the state of Israel, without giving effect to principles of conflicts of law. Any dispute arising under or in relation to this Agreement shall be resolved exclusively in the competent court located in Tel Aviv-Jaffa, Israel and each of the parties hereby irrevocably submits to the exclusive jurisdiction of such court.

(b) **Entire Agreement.** This Note constitutes the entire agreement and understanding between the Company and the Holder relating to the subject matter herein and supersedes all prior or contemporaneous discussions, understandings and agreements, whether oral or written between them relating to the subject matter hereof.

(c) **Amendments and Waivers.** Any term of this Note may be amended only with the written consent of the Company and the Required Holders. Any amendment or waiver effected in accordance with this Section 9(c) shall be binding upon the Company, the Holder and each transferee of any Note.

(d) **Successors and Assigns.** The terms and conditions of this Note shall inure to the benefit of and be binding upon the respective successors and assigns of the Company and the Holder. Notwithstanding the foregoing, the Holder may not assign, pledge, or otherwise transfer this Note without the prior written consent of the Company, other than assignment to such Holder Affiliates. Subject to the preceding sentence, this Note may be transferred only upon surrender of the original Note for registration of transfer, duly endorsed, or accompanied by a duly executed written instrument of transfer in form satisfactory to the Company. Thereupon, a new note for the same principal amount and interest will be issued to, and registered in the name of, the transferee. Interest and principal are payable only to the registered holder of this Note.

(e) **Notices.** Any notice, demand or request required or permitted to be given under this Note shall be in writing and shall be deemed sufficient when delivered personally or by overnight courier or sent by email, or five days after having been sent, if sent by registered or certified mail, return receipt requested, postage prepaid, addressed to the party to be notified at such party's address as set forth on the signature page, as subsequently modified by written notice, or if no address is specified on the signature page, at the most recent address set forth in the Company's books and records.

(f) **Counterparts.** This Note may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original, and all of which together shall constitute one and the same instrument. Execution of a facsimile, electronic or scanned copy will have the same force and effect as execution of an original, and a facsimile, electronic or scanned signature will be deemed an original and valid signature.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed this Convertible Promissory Note as of the date first set forth above.

THE COMPANY:

K.B RECYCLYNG INDUSTRIES LTD.

By: (signed) "Boaz Gorfung"
(Signature)

Name: Boaz Gorfung

Title: Director

AGREED TO AND ACCEPTED:

THE HOLDER:

Clover Wolf Capital Limited Partnership

By: (signed) "Adi Wolf"
(Signature) 540285749

Name: Adi Clover Wolf Capital - Limited Partnership

Title: CEO

Address: Boodenhimer 24, Tel Aviv 6200838

Email: Adi.BZwolf@gmail.com

K.B RECYCLING INDUSTRIES LTD.

CONVERTIBLE NOTE PURCHASE AGREEMENT

This Convertible Note Purchase Agreement (this "Agreement") is made as of August 20, 2020 by and between K.B Recycling Industries Ltd., a limited partnership organized under the laws of the State of Israel (the "Company"), and each of the purchasers listed on Exhibit A attached to this Agreement (each a "Purchaser" and together the "Purchasers").

RECITALS

WHEREAS, the Company desires to issue and sell and each Purchaser desires to purchase, an unsecured convertible note in substantially the form attached to this Agreement as Exhibit B (the "Note"), in an aggregate principal amount of up to US\$ 5,000,000 which shall be convertible on the terms stated therein into equity securities of the Company. The Notes and the equity securities issuable upon conversion thereof (and the securities issuable upon conversion of such equity securities) are collectively referred to herein as the "Securities."

Capitalized terms not otherwise defined herein have the meaning given them in the Note

AGREEMENT

The parties hereby agree as follows:

1. **Purchase and Sale of Notes.**

(a) **Sale and Issuance of Notes.** Subject to the terms and conditions of this Agreement, each Purchaser agrees to purchase at Closing (as defined below) and the Company agrees to sell and issue to each Purchaser a Note in the principal amount set forth opposite such Purchaser's name on Exhibit A. The purchase price of each Note shall be equal to 100% of the principal amount of such Note. The Company's agreements with each of the Purchasers are separate agreements, and the sales of the Notes to each of the Purchasers are separate sales.

(b) **Closing; Delivery.**

The purchase and sale of the Notes shall take place at one or more closings (each, a "Closing") to be held at such time and place as the Company and the Purchasers participating in such Closing may determine. At each Closing, the Company will deliver to each Purchaser participating in such Closing the Note to be purchased by such Purchaser, against (1) payment to the Company of the corresponding purchase price set forth on Exhibit A hereto (the "Purchase Price") by way of immediately available wire transfer to the Company's bank account (the details of which to be provided to the Purchaser by the Company), and (2) delivery of counterpart signature pages to this Agreement and the Note.

2. **Shareholders Agreements.** Each Purchaser understands and agrees that the Securities issued upon conversion of the Notes shall be subject to the provisions of the Articles of Association of the Company.

3. **Warrant.** In addition to the Note, the Company shall grant each Holder a warrant in substantially the form attached hereto as **Exhibit C**, to purchase, at the Holder's discretion Ordinary Shares in the amount equal to 50% of the total principal amount underlying such Holder's Notes. The per share exercise price for each share underlying the warrant shall be equal to 1.75 multiplied by the Conversion Price. The warrant shall be exercisable for a period of 5 years commencing at the closing of the Company's IPO.

4. **Representations and Warranties of the Company.** The Company hereby represents and warrants to each Purchaser that:

(a) **Organization.** The Company is a company duly organized and is not in a status of a '*violating company*' under the laws of its incorporation, and has all requisite corporate power and authority to carry on its business as now conducted. The Company is duly qualified to transact business and is in good standing in each jurisdiction in which the failure to so qualify would have a material adverse effect on its business or properties.

(b) **Authorization.** All corporate action on the part of the Company, its officers, directors and shareholders necessary for the authorization, execution and delivery of this Agreement and the authorization, sale, issuance and delivery of the Notes, and the performance of all obligations of the Company hereunder has been taken or will be taken prior to the Closing. This Agreement and the Notes, when executed and delivered by the Company, shall constitute valid and legally binding obligations of the Company, enforceable against the Company in accordance with their respective terms except as limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance, and other laws of general application affecting enforcement of creditors' rights generally, and as limited by laws relating to the availability of specific performance, injunctive relief, or other equitable remedies.

(c) **Compliance with Other Instruments.** Neither the authorization, execution and delivery of this Agreement, nor the issuance and delivery of the Notes, will constitute or result in a material default or violation of any law or regulation applicable to the Company or any material term or provision of the Company's current Certificate of Incorporation or Bylaws or any material agreement or instrument by which it is bound or to which its properties or assets are subject.

(d) **Valid Issuance of Securities.** The Securities to be issued, sold and delivered upon conversion of the Notes will be duly and validly issued, fully paid and non-assessable and, based in part upon the representations and warranties of the Purchasers in this Agreement, will be issued in compliance with all applicable securities laws.

(e) **Use of Proceeds.** The Company shall use the proceeds received from the Purchasers for working capital purposes, general corporate purposes, and potential acquisitions.

5. **Representations and Warranties of the Purchasers.** In connection with the transactions provided for herein, each Purchaser hereby represents and warrants to the Company that:

(a) **Authorization.** This Agreement constitutes such Purchaser's valid and legally binding obligation, enforceable in accordance with its terms, except as may be limited by

(i) applicable bankruptcy, insolvency, reorganization, or similar laws relating to or affecting the enforcement of creditors' rights and (ii) laws relating to the availability of specific performance, injunctive relief or other equitable remedies. Each Purchaser represents that it has full power and authority to enter into this Agreement.

(b) **Accredited Investor.** Each Purchaser is an "accredited investor" within the meaning of Rule 501 of Regulation D promulgated under the Act, as presently in effect, or an investor listed in the First Addendum to the Israeli Securities Law, 5728-1968, as applicable. If the Purchaser is not a United States person or an Israeli person, the Purchaser hereby represents that it has satisfied itself as to the full observance of the laws of its jurisdiction in connection with any invitation to purchase the Notes.

(c) **Investment Experience.** Each Purchaser is an investor in securities of companies in the development stage and acknowledges that it is able to fend for itself, can bear the economic risk of its investment and has such knowledge and experience in financial or business matters that it is capable of evaluating the merits and risks of the investment in the Securities. If other than an individual, each Purchaser also represents it has not been organized solely for the purpose of acquiring the Securities. The Purchaser also agrees that the Securities issued under this agreement may be, at the time of issuance, subject to "market standoff" provisions and other transfer restrictions.

6. **Conditions of the Purchasers' Obligations at Each Closing.** The obligations of each Purchaser to the Company under this Agreement are subject to the fulfillment, on or before each Closing, of each of the following conditions, unless otherwise waived:

(a) **Representations and Warranties.** The representations and warranties of the Company contained in Section 3 shall be true on and as of each Closing with the same effect as though such representations and warranties had been made on and as of the date of the relevant Closing.

(b) **Qualifications.** All authorizations, approvals or permits, if any, of any governmental authority that are required in connection with the lawful issuance and sale of the Securities pursuant to this Agreement shall be obtained and effective as of the relevant Closing.

(c) **Waivers.** The right of first offer to participate in issuances of the Company's securities as set forth in the Company's Articles of Association or in any shareholders agreement, or under any other instrument or agreement shall have been properly waived.

7. **Conditions of the Company's Obligations at Each Closing.** The obligations of the Company to each Purchaser under this Agreement are subject to the fulfillment, on or before each Closing, of each of the following conditions, unless otherwise waived:

(a) **Qualifications.** All authorizations, approvals or permits, if any, of any governmental authority that are required in connection with the lawful issuance and sale of the Securities pursuant to this Agreement shall be obtained and effective as of the relevant Closing.

8. **Exculpation Among Purchasers.** Each Purchaser acknowledges that it is not relying upon any person, firm or corporation, other than the Company and its officers and directors,

in making its investment or decision to invest in the Company. Each Purchaser agrees that none of the other Purchasers nor the respective controlling persons, officers, directors, partners, agents, or employees of such other Purchaser shall be liable for any action heretofore or hereafter taken or omitted to be taken by any of them in connection with the Securities.

9. **Taxes.** The Company may deduct, from any payment under or in connection with a conversion of the Notes, cash or shares representing the amount of withholding taxes as and if required under applicable law. Notwithstanding the aforesaid, any taxes, levies charges and other duties or amounts that are levied or due in connection with the transactions contemplated under the Notes, the conversion of the Principal Amount therein or the issuance of shares to the Holders upon conversion of the Notes, shall be borne solely by such Holder.

10. **Miscellaneous.**

(a) **Governing Law.** The validity, interpretation, construction and performance of this Agreement, and all acts and transactions pursuant hereto and the rights and obligations of the parties hereto shall be governed, construed and interpreted in accordance with the laws of the state of Israel, without giving effect to principles of conflicts of law. Any dispute arising under or in relation to this Agreement shall be resolved exclusively in the competent court located in Tel Aviv-Jaffa, Israel and each of the parties hereby irrevocably submits to the exclusive jurisdiction of such court.

(b) **Entire Agreement.** This Agreement, and the documents referred to herein constitute the entire agreement between the parties hereto pertaining to the subject matter hereof, and any and all other written or oral agreements existing between the parties hereto are expressly canceled.

(c) **Amendments and Waivers.** Any term of this Agreement, and the Notes may be amended or waived only with the written consent of (i) the Company and (ii) the holders of at least [65%] of the aggregate unpaid principal amount of the Notes (such holders, the "Required Holders"). Any amendment or waiver effected in accordance with this Section 9(c) shall be binding upon each Purchaser and each transferee of the Securities, each future holder of all such Securities, and the Company.

(d) **Successors and Assigns.** Except as otherwise provided in this Agreement, this Agreement, and the rights and obligations of the parties hereunder, will be binding upon and inure to the benefit of their respective successors, assigns, heirs, executors, administrators and legal representatives. The Company may assign any of its rights and obligations under this Agreement. No other party to this Agreement may assign, whether voluntarily or by operation of law, any of its rights and obligations under this Agreement, except with the prior written consent of the Company.

(e) **Notices.** Any notice, demand or request required or permitted to be given under this Note shall be in writing and shall be deemed sufficient when delivered personally or by overnight courier or sent by email, or five days after having been sent, if sent by registered or certified mail, return receipt requested, postage prepaid, addressed to the party to be notified at such party's address as set forth on the signature page, as subsequently modified by written notice,

or if no address is specified on the signature page, at the most recent address set forth in the Company's books and records.

(f) **Severability.** If one or more provisions of this Agreement are held to be unenforceable under applicable law, the parties agree to renegotiate such provision in good faith. In the event that the parties cannot reach a mutually agreeable and enforceable replacement for such provision, then (i) such provision shall be excluded from this Agreement, (ii) the balance of the Agreement shall be interpreted as if such provision were so excluded and (iii) the balance of the Agreement shall be enforceable in accordance with its terms.

(g) **Construction.** This Agreement is the result of negotiations between and has been reviewed by each of the parties hereto and their respective counsel, if any; accordingly, this Agreement shall be deemed to be the product of all of the parties hereto, and no ambiguity shall be construed in favor of or against any one of the parties hereto.

(h) **Counterparts.** This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original, and all of which together shall constitute one and the same agreement. Execution of a facsimile, electronic or scanned copy will have the same force and effect as execution of an original, and a facsimile, electronic or scanned signature will be deemed an original and valid signature.

(i) **Fees and Expenses.** Each party hereto shall bear and be responsible for its own expenses in connection with the transactions contemplated under this Agreement.

[Signature Pages Follow]

IN WHITENESS THEREOF, the parties have executed this Convertible Note Purchase Agreement as of the date first written above.

The Purchasers:

Clover Wolf Capital Limited Partnership

By: (signed) "Adi Wolf"
Adi (Signature) Clover Wolf Capital Limited Partnership

Name: Adi 540285749
ת"ד 540285749 - שירותי ייעוץ פיננסי

Title: CEO
Address: Boodenhimer 24, Tel Aviv 6200838

Email: Adi.BZwolf@gmail.com

EXHIBIT A

SCHEDULE OF PURCHASERS

Initial Closing: _____, 2020

Name	Note Principal Amount	Purchase Date
Clover Wolf Capital Limited Partnership Boodenhimer 24, Tel Aviv 6200838	US\$ 3,000,000	
Total:	\$3,000,000	

EXHIBIT B

CONVERTIBLE NOTE

THIS WARRANT AND THE SHARES ISSUABLE HEREUNDER HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “**ACT**”), OR THE SECURITIES LAWS OF ANY STATE AND, MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED UNLESS AND UNTIL REGISTERED UNDER SAID ACT AND LAWS OR, IN THE OPINION OF LEGAL COUNSEL IN FORM AND SUBSTANCE SATISFACTORY TO THE ISSUER, SUCH OFFER, SALE, PLEDGE OR OTHER TRANSFER IS EXEMPT FROM SUCH REGISTRATION.

WARRANT TO PURCHASE SHARES

THIS WARRANT CERTIFIES THAT, for good and valuable consideration, Clover Wolf Capital Limited Partnership (the “**Holder**”) is entitled to purchase up to such number of fully paid and non-assessable Ordinary Shares of K.B Recycling Industries Ltd (the “**Company**”), as further described below, at a purchase price per share equal to the Exercise Price (as defined below), subject to the provisions and upon the terms and conditions set forth in this Warrant.

Capitalized terms not otherwise defined herein have the meaning given them in the Note

1. Definitions.

Unless otherwise explicitly defined herein:

- 1.1. “**Company’s IPO**” means an initial public offering of the Company’s Ordinary Shares to the general public pursuant to a registration statement under the U.S Securities Act of 1933 (the “**Act**”), as amended or the Israeli Securities Law, 5728-1968, as amended, or under equivalent securities laws of another jurisdiction
- 1.2. “**Exercise Price**” means 1.75 multiplied by the Conversion Price.
- 1.3. “**Note**” means that certain convertible note, dated as of the date hereof, by and between the Company and the Holder, as amended from time to time.
- 1.4. “**Warrant Coverage**” means 50% of the Principal Amount extended to the Company under the Note.
- 1.5. “**Warrant Shares**” means the number of Ordinary Shares for which this Warrant is exercisable shall equal to the Warrant Coverage divided by the Exercise Price.

2. Exercise of the Warrant.

- 2.1. **Warrant Period.** This Warrant may be exercised, subject to the terms and conditions hereof, with respect to whole or part of the Warrant Shares, at one time or from time to time during the period commencing on the closing of the Company’s IPO (the “**Commencement Date**”) and shall expire at the lapse of 5 years following the Commencement Date (the “**Warrant Period**”).
- 2.2. **Warrant Exercise.** This Warrant may be exercised during the Warrant Period by (i) delivery to the Company of an exercise notice, substantially in the form attached hereto as **Exhibit A** (the “**Exercise Notice**”) together with the payment of the applicable aggregate Exercise Price.
- 2.3. **Issuance of Warrant Shares.** Upon duly executed Exercise Notice and subject to the receipt by the Company of applicable aggregate Exercise Price and the number of shares being purchased, the Company shall promptly (i) issue to the Holder the applicable number of Warrant Shares exercised by the Holder in the Exercise Notice; and (ii) cause its transfer agent to deliver the certificate representing Shares issued

upon exercise of this Warrant to a broker or other person (as directed by the Holder exercising this Warrant) within the time period required to settle any trade made by the Holder after exercise of this Warrant. Notwithstanding the aforesaid, the Company may delay the aforesaid until such time as the Holder presents to the Company a certificate of exemption from withholding taxes, which applies to the exercise of the Warrant hereunder.

- 2.4. Fractional Shares. No fractions of shares shall be issued in connection with the exercise of this Warrant, and the number of shares issued shall be rounded to the nearest whole number.
- 2.5. Additional Documents. The Holder will sign and deliver any and all documents or approvals required by law or required by the Company, to facilitate the issuance of shares upon exercise of this Warrant.
- 2.6. Loss or Destruction of Warrant. Upon receipt by the Company of evidence reasonably satisfactory to it of the loss, theft, destruction or mutilation of this Warrant, and (in the case of loss, theft or destruction) of reasonable expenses reimbursement and satisfactory indemnification, and upon surrender and cancellation of this Warrant, if mutilated, the Company will execute and deliver a new Warrant of like tenor and date.
- 2.7. Shares Fully Paid; Reservation of Shares. The Company hereby agrees that, at all times prior to the Termination of this Warrant in accordance with Section 6 below it shall maintain and reserve such number of authorized Ordinary Shares that may be issued upon the exercise of the rights represented by this Warrant and the shares issued upon the exercise of this Warrant, will, upon issuance pursuant to the terms and conditions herein, be fully paid and nonassessable, and free from all preemptive rights, liens and charges with respect to the issuance thereof.

2.8. **Taxes.**

Holder shall bear full responsibility for all tax obligations and consequences relating to the transfer or exercise of this Warrant or sale of the Warrant Shares issuable upon the exercise of this Warrant.

The Company may delay its performance of its obligations hereunder until such time as the Holder presents to the Company a certificate of exemption from withholding taxes, which applies to the exercise of the Warrant hereunder.

3. **Adjustment and Notice of Certain Events.**

- 3.1. The number of Warrant Shares purchasable upon the exercise of this Warrant shall be subject to adjustment from time to time or upon exercise, as follows:
 - 3.1.1. Bonus Shares. In the event that during the Warrant Period the Company shall declare or distribute bonus shares to holders of shares of the Company, then this Warrant shall represent the right to acquire, in addition to the number of Warrant Shares indicated in the caption of this Warrant, the amount of such bonus shares that the Holder would have been entitled to receive in respect of such number of Warrant Shares had the Holder been the record holder of such Warrant Shares immediately prior to such record date.
 - 3.1.2. Consolidation and Division. In the event that during the Warrant Period the Company consolidates its share capital into shares of greater par value,

or subdivides them into shares of lesser par value, then the number of Warrant Shares to be allotted upon exercise of this Warrant after such consolidation or subdivision shall be reduced or increased accordingly, as the case may be, and the Exercise Price shall be adjusted accordingly.

3.1.3. Capital Reorganization. In the event that during the Warrant Period a reorganization of the share capital of the Company is effected (other than subdivision, combination or reclassification provided for elsewhere in this Section 3), then, as part of such reorganization, provision shall be made so that the Holder shall be entitled to purchase upon exercise of this Warrant such kind and number of shares or other securities of the Company to which the Holder would have been entitled had this Warrant been exercised prior to such reorganization.

3.1.4. If any event shall occur as to which the preceding subsections 3.1.1 through 3.1.3 are not strictly applicable but as to which the failure to make any adjustment would not fairly protect the purchase rights represented by this Warrant in accordance with the intent and principles hereof, then, in each such case, the Board of Directors of the Company shall, in good faith and in accordance with the principles set forth in subsections 3.1.1 through 3.1.3 above, determine what adjustments are necessary to preserve the purchase rights of the Holder represented by this Warrant.

3.2. Whenever an adjustment is effected hereunder, the Company shall promptly compute such adjustment and deliver to the Holder a certificate setting forth the number of Warrant Shares (or any other securities) for which this Warrant is exercisable, a brief statement of the facts requiring such adjustment and the computation thereof and when such adjustment has or will become effective.

4. **Rights of the Holder.**

4.1. Subject to Section 3 above, this Warrant shall not entitle the Holder, by virtue hereof, to any voting rights, rights to receive dividends or be deemed a holder of Ordinary Shares of the Company issuable upon the exercise hereof, nor shall anything contained herein be construed to confer upon the Holder, as such, any of the rights of a shareholder of the Company or any right to vote for the election of directors or upon any matter submitted to shareholders at any meeting thereof, or to receive dividends or subscription rights or otherwise until this Warrant shall have been exercised and the Warrant Shares purchasable upon the exercise hereof shall have become deliverable, as provided herein.

4.2. The Holder acknowledges that the Warrant Shares upon exercise thereof shall be subject to (i) such certain rights, privileges, restrictions and limitations as set forth in the Articles of Association of the Company, as shall be in effect from time to time, or (ii) "market standoff" provisions and other transfer restrictions.

5. **Representations of the Company.**

The Company represents and warrants to the Holder as follows: (i) this Warrant has been duly authorized and executed by the Company and is a valid and binding obligation of the Company enforceable in accordance with its terms; (ii) the Warrant Shares and any shares into which the Warrant Shares may be converted into have been duly authorized and reserved for issuance by the Company and, when issued in accordance with the terms hereof, will be validly issued, fully paid and non-assessable

and not subject to any preemptive rights, anti-dilution rights or any other third party rights; and (iii) the execution and delivery of this Warrant is not, and the issuance of the Warrant Shares upon exercise of this Warrant in accordance with the terms hereof will not be, inconsistent with the Company's organizational documents, do not contravene any law, governmental rule or regulation, judgment or order applicable to the Company, and do not and will not conflict with or contravene any provision of, or constitute a material default under, any indenture, mortgage, contract or other instrument of which the Company is a party or by which it is bound or require the consent or approval of, the giving of notice to, the registration with or the taking of any action in respect of or by, any government authority or agency or other person.

6. **Termination.**

Notwithstanding anything to the contrary, this Warrant and all the rights conferred hereby shall terminate and expire with no force and effect upon the earlier to occur: (i) at the aforementioned time on the last day of the Warrant Period; (ii) the exercise of the Warrant in full in accordance with its terms, and (iii) at the closing of the events described under (i) and (ii) of the Change of Control Event.

7. **Miscellaneous.**

7.1. Entire Agreement; Amendment. This Warrant sets forth the entire understanding of the parties with respect to the subject matter hereof and supersedes all existing agreements among them concerning such subject matter. All article and section headings herein are inserted for convenience only and shall not modify or affect the construction or interpretation of any provision of this Warrant. No modification or amendment of this Warrant will be valid unless mutually agreed and executed in writing by the Company and the Holder.

7.2. Waiver. No failure or delay on the part of any of the parties in exercising any right, power or privilege hereunder and/or under any applicable laws or the exercise of such right or power in a manner inconsistent with the provisions of this Warrant or applicable law shall operate as a waiver thereof. Any waiver must be evidenced in writing signed by the party against whom the waiver is sought to be enforced.

7.3. Successors and Assigns; Assignment. Except as otherwise provided in this Warrant, this Warrant, and the rights and obligations of the parties hereunder, will be binding upon and inure to the benefit of their respective successors, assigns, heirs, executors, administrators and legal representatives. The Company may assign any of its rights and obligations under this Warrant. No other party to this Warrant may assign, whether voluntarily or by operation of law, any of its rights and obligations under this Warrant, except with the prior written consent of the Company.

7.4. Governing Law. The validity, interpretation, construction and performance of this Warrant, and all acts and transactions pursuant hereto and the rights and obligations of the parties hereto shall be governed, construed and interpreted in accordance with the laws of the state of Israel, without giving effect to principles of conflicts of law. Any dispute arising under or in relation to this Warrant shall be resolved exclusively in the competent court located in Tel Aviv-Jaffa, Israel and each of the parties hereby irrevocably submits to the exclusive jurisdiction of such court.

- 7.5. Notices. Any notice, demand or request required or permitted to be given under this Note shall be in writing and shall be deemed sufficient when delivered personally or by overnight courier or sent by email, or five days after having been sent, if sent by registered or certified mail, return receipt requested, postage prepaid, addressed to the party to be notified at such party's address as set forth on the signature page, as subsequently modified by written notice, or if no address is specified on the signature page, at the most recent address set forth in the Company's books and records.
- 7.6. Severability. If one or more provisions of this Warrant are held to be unenforceable under applicable law, the parties agree to renegotiate such provision in good faith. In the event that the parties cannot reach a mutually agreeable and enforceable replacement for such provision, then (i) such provision shall be excluded from this Warrant, (ii) the balance of the Warrant shall be interpreted as if such provision were so excluded and (iii) the balance of the Warrant shall be enforceable in accordance with its terms.
- 7.7. Construction. This Warrant is the result of negotiations between and has been reviewed by each of the parties hereto and their respective counsel, if any; accordingly, this Warrant shall be deemed to be the product of all of the parties hereto, and no ambiguity shall be construed in favor of or against any one of the parties hereto.
- 7.8. Counterparts. This Warrant may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original, and all of which together shall constitute one and the same agreement. Execution of a facsimile, electronic or scanned copy will have the same force and effect as execution of an original, and a facsimile, electronic or scanned signature will be deemed an original and valid signature.
- 7.9. Fees and Expenses. Each party hereto shall bear and be responsible for its own expenses in connection with the transactions contemplated under this Warrant.

[Signature Page to Follow]

IN WHITENESS THEREOF, the parties have executed this Warrant as of the date first written above.

THE COMPANY:

K.B. RECYCLING INDUSTRIES LTD.

By: (signed) "Boaz Gorfung"
(Signature)

Name: *Boaz Gorfung*

Title: *Director*

IN WHITENESS THEREOF, the parties have executed this Warrant as of the date first written above.

IN WHITENESS THEREOF, the parties have executed this Warrant as of the date first written above.

The Holder:

Clover Wolf Capital Limited Partnership

By: (signed) "Adi Wolf"

(Signature) 540285749
Clover Wolf Capital-Limited Partnership

Name: Adi

Title: CEO

Address: Boodenhimer 24, Tel Aviv
6200838

Email: Adi.BZwolf@gmail.com

[Signature Page to K.B Recycling Industries Ltd – NPA Warrant – August 2020]

EXHIBIT A

NOTICE OF EXERCISE

Date: _____

To: R.B Recycling Industries Ltd (the "Company")

The undersigned hereby:

- elects to purchase _____ Ordinary Shares of the Company pursuant to the terms of the attached Warrant, and tenders herewith payment of the purchase price of such shares in full, or

Please issue a certificate or certificates representing _____ shares in the name of the undersigned or instruct the Company's transfer agent to register the such shares in the name of the undersigned.

The undersigned represents that the aforesaid shares are being acquired for the account of the undersigned for investment and not with a view to, or for resale in connection with, the distribution thereof and that the undersigned has no present intention of distributing or reselling such shares, all except as in compliance with applicable securities laws.

[•]

By: _____
(Signature)

Name: [•]

Title: [•]

Address: [•]

Email: [•]