

FORM 51-102F3
MATERIAL CHANGE REPORT

1. Name and Address of Company

K.B. Recycling Industries Ltd. (the "Company")
3rd Ha-Avoda Street
Beit She'an, Israel 1171703

2. Date of Material Change

August 30, 2022

3. News Release

A news release relating to the material change described herein was distributed by the Company on August 30, 2022 through the facilities of Stockwatch and a copy was subsequently filed on SEDAR.

4. Summary of Material Change

On August 30, 2022, the Company announced that it has decided to take steps to move its production activities from Israel to Europe.

5. Full Description of Material Change

On August 30, 2022, the Company announced that it has decided to take steps to move its production activities from Israel to Europe.

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

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

6. Reliance on subsection 7.1(2) of National Instrument 51-102

Not applicable.

7. Omitted Information

Not applicable.

8. **Executive Officer**

For further information, please contact:

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9. **Date of Report**

September 7, 2022