Enviro and Antin Infrastructure Partners to create the world's first large-scale tire recycling group, supported by Michelin

- Scandinavian Enviro Systems ("Enviro") and Antin Infrastructure Partners ("Antin") announced today to have established a joint venture ("the JV") in order to, based on Enviro's technology, create the world's first large-scale tire recycling group.
- The JV plans to establish plants across Europe with a total capacity of up to one million tons of end-of-life tires recycled annually by 2030.
- The JV partners have agreed on a plan for the financing of the new plant expansion. Antin, a leading private equity firm focused on infrastructure, will finance the initial investments. Michelin, world leader in sustainable tires, supports the JV by signing multi-year supply agreements regarding recycled materials from the first plants established. Michelin is planning to join the JV as a partner, as the future plants are built.
- Enviro has no initial ownership in the JV but has an option to acquire an ownership in the JV that will ultimately correspond to approximately 30 percent. The Board of Enviro intends to review, as soon as practically possible within the next 24 months, the long-term capital requirements of the Company to finance Enviro's ownership of the JV. Enviro will be represented in the JV's Board of Directors already from launch.
- Enviro will receive revenue through service fees as well as an asset fee, the latter which will be calculated based on the profitability of each plant, whilst having the opportunity to build long-term value through its ownership in the JV.
- The first full-scale commercial plant established by the JV will be the plant previously planned in Uddevalla, Sweden
- The JV combines Enviro's unique patented technology for extracting carbon black and pyrolysis oil from end-of-life tires with Antin's expertise in developing and scaling tomorrow's infrastructure platforms.

The volume of disposed end-of-life tires has been steadily growing to reach 3.5 million tons per year in Europe alone[1] . While growth in end-of-life tires is forecasted to further accelerate in the next decade due to consumer and regulatory trends, the recycling technology, infrastructure and processes necessary to properly dispose of them at scale have not yet been effectively implemented until now. Today's announcement to establish a sustainable solution to recycle end-of-life tires on an industrial scale marks a world first.

The JV formed between Enviro and Antin, supported by Michelin, will establish end-of-life tire recycling plants across Europe to produce sustainable raw materials, including recovered carbon black and oils to be re-used in the tire and petrochemical industries. The JV will focus on European plants that will significantly contribute to solving waste handling challenges from growing volumes of end-of-life tires,

[1] Source: European Rubber Manufacturers' organization, 2019

while at the same time increasing Europe's strategic autonomy of valuable raw materials that currently are facing growing supply constraints.

Secured multi-year supply agreement

Michelin is planning to join the JV as a partner, as the future plants are built. The JV has also secured a multi-year supply agreement with Michelin for the first plants to be established. The agreement with Michelin includes delivery of recovered carbon black and tire pyrolysis oil (TPO).

Substantial financial upside for Enviro

Enviro's ownership in the JV will ultimately correspond to approximately 30 percent, while the initial investments will be financed by Antin. The Board of Enviro intends to review Enviro's long-term capital needs and capital structure to fund Enviro's ownership of the JV as soon as practically possible over the coming 24 months. Enviro will be represented in the JV's Board of Directors already from launch.

As part of the JV, Enviro's patented technology will be licensed to the JV exclusively throughout Europe. Furthermore, Enviro will be responsible for R&D as well as act as the market-facing agent for sales. In addition, Enviro will provide certain technical services and support to the JV and its group companies. As remuneration, Enviro will receive service fees from the JV as well as an asset fee, the latter which will be calculated based on profitability of each plant. Furthermore, Enviro will have the opportunity to build long-term value through its ownership in the JV. At this early stage, it is not possible for the Company to make more detailed assumptions about the potential impact on Enviro's results and financial position.

First plant in Uddevalla

The first full-scale commercial plant will be built in Uddevalla, Sweden, with initial capacity to recycle 34,500 tons of disposed tires, equal to 40% of the annual volume of end-of-life-tires in Sweden[2]. Plant construction is scheduled to start in the first half of 2023, subject to a final investment decision by the JV, and the plant is expected to be fully operational by 2025. Following successful commissioning of the Uddevalla plant, acceleration of the European roll-out will commence.

Site selection in other European countries has been initiated to ensure a rapid roll-out, with an aim to build recycling capacity for up to approximately one million tons of end-of-life tires by 2030, corresponding to a third of all tires being disposed of in Europe each year. The establishment of individual plants is subject to various regulatory approvals.

Strong demand driven by sustainability commitments

Through the creation of the JV, the parties are responding to the increasing demand for more sustainable solutions for end-of-life tires following the industry's ambitious targets for a circular and more sustainable tire production, with industry leaders committing to using 100% sustainable materials by 2050.

By replacing virgin carbon black with Enviro's recycled carbon black, carbon emissions can be reduced by over 90%. Based on the targeted volume of 1 million tons end-of-life-tires, carbon dioxide emissions would be reduced by 670,000 tons[3]. Further, the pyrolysis oil extracted would have an energy content of 6 TWh, which can be used to replace fossil fuels, or as substitution for fossil oils for multiple purposes in non-fuel sectors.

Alf Blomqvist, Chairman of Scandinavian Enviro Systems, commented: "I am very proud and pleased with today's announcement which represents a significant recognition of Enviro's technological and market leadership in recycling of tires. With Antin's successful track record in

[2] Source: SDAB Annual report 2020 (2021)
[3] Based on GHG (Greenhouse gas) calculations 2022 according to ISCC standard

scaling infrastructure platforms and its strong industrial understanding, and Michelin’s world-leading position in sustainable tires, we have found excellent partners to jointly accelerate our pan-European plant expansion and contribute to making the tire industry circular. We will now be able to focus on our core business and competencies such as technology and material development, optimization and quality control.”

Anand Jagannathan and Rodolphe Brumm, NextGen Partners at Antin Infrastructure Partners, commented: “Antin is very excited to partner with Enviro and Michelin to create the world’s first large scale tire recycling business. Enviro's patented pyrolysis technology and its highly experienced management team, combined with Michelin's world leading position in sustainable tires, makes this an ideal platform. Antin has always been at the forefront of identifying key areas of tomorrow’s infrastructure and we believe this JV will play a critical role in accelerating Europe’s circular economy. We look forward to working with Enviro, Michelin and the JV’s management team to quickly scale the JV to its full potential."

Maude Portigliatti, Executive Vice President, High Tech Materials – Member of the Group Executive Committee at Michelin, commented: “Today’s announcement is a significant step in our ambition to achieve a circular and more sustainable tire production. This is further proof of Michelin's ability to step up to achieve its 2050 strategic ambitions and reduce the tire's overall environmental impact by forging innovative partnerships for an ever more circular industry.”

Greenhill & Co served as financial adviser and Mannheimer Swartling served as legal counsel to Enviro. Furthermore, Enviro has recently retained Pareto Securities as co-adviser to Greenhill in relation to any equity capital market related matters.

This disclosure contains information that Enviro is obliged to make public pursuant to the EU Market Abuse Regulation (EU nr 596/2014). The information was submitted for publication, through the agency of the contact person, on 29 March 2023 at 17.46 CEST.

Webcast for investors

Enviro will hold a webcast hosted by Alf Blomqvist, Chairman of the Board, on 30 March 2023, commencing at 09.00 CEST.

Please use the following link to participate in the webcast. Via the webcast you can ask written questions.

https://ir.financialhearings.com/press-conference-march-2023

If you wish to participate via teleconference, please register on the link below. After registration you will be provided phone numbers and a conference ID to access the conference. You can ask questions verbally via the teleconference.

https://conference.financialhearings.com/teleconference/?id=5003892

For further information, please contact:
Alf Blomqvist, Chairman Enviro, +46 733 149 700, alf@blomqvistunlimited.com
Thomas Sörensson, CEO Enviro, +46 (0)735-10 53 43, thomas.sorensson@envirosystems.se

Mangold Fondkommission AB is Enviro's Certified Adviser at Nasdaq First North Growth Market Stockholm.

Scandinavian Enviro Systems AB
Frihamnen 16B, SE-417 70 Göteborg, Sweden
info@envirosystems.se www.envirosystems.se

N.B. The English text is an in-house translation of the original Swedish text. Should there be any disparities between the Swedish and the English text, the Swedish text shall prevail.

About Scandinavian Enviro Systems

Scandinavian Enviro Systems contributes to enhanced environmental and economic sustainability using a patented technology for the recovery of valuable raw materials from scrapped and end-of-life products, including tires. The production of new tires using carbon black recovered with Enviro's technology reduces carbon dioxide emissions by up to 93 per cent compared with the use of virgin carbon black. Enviro has its head office in Gothenburg and a plant for the recycling of end-of-life tires in Åsensbruk. The largest owner is the French tire manufacturer Michelin. Enviro was founded in 2001 and is listed on Nasdaq First North Growth Market. www.envirosystems.se

About Antin Infrastructure Partners

Antin Infrastructure Partners is a leading private equity firm focused on infrastructure. With over €30 billion in assets under management across its Flagship, Mid Cap and NextGen investment strategies, Antin targets investments in the energy and environment, telecom, transport and social infrastructure sectors. With offices in Paris, London, New York, Singapore and Luxembourg, Antin employs over 200 professionals dedicated to growing, improving and transforming infrastructure businesses while delivering long-term value to portfolio companies and investors. Majority owned by its partners, Antin is listed on Euronext Paris (Ticker: ANTIN – ISIN: FR0014005AL0).

About Michelin

Michelin, the leading mobility company, is dedicated to sustainably enhancing its clients' mobility; designing and distributing the most suitable tires, services, and solutions for its clients' needs; providing digital services, maps, and guides to help enrich trips and travels and make them unique experiences; and developing high-technology materials that serve a variety of industries. Headquartered in Clermont-Ferrand, France, Michelin is present in 175 countries, has 132,200 employees and operates 67 tire production facilities which together produced around 167 million tires in 2022. (www.michelin.com)