

Favourable conditions for tyre recovery with Enviro's technology in the UK

- feasibility study foresees large demand for recovered pyrolysis oil

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.

There are favourable opportunities to establish a commercially successful recycling plant based on Enviro's technology in the UK. This was the conclusion of a feasibility study that commenced in November 2020 and has now been completed. According to the study, the favourable conditions derive primarily from the large domestic demand for recovered oil for the production of renewable vehicle fuel.

The feasibility study was conducted by Enviro's representative in the UK market, 2G BioPOWER, but also involved an international oil company with operations in the UK, and the engineering company OSL. The purpose of the feasibility study was to investigate the commercial and technical conditions for establishing a profitable, large-scale recycling plant based on Enviro's technology. One of the conclusions of the feasibility study is that, while local demand for recovered carbon black is more difficult to assess, the interest in recovered pyrolysis oil is already so large today that it will be possible to sell all the oil that can be produced. The reasons for this include the incentives launched by the UK government in 2018 to produce so-called development fuel, a new category of renewable vehicle fuel. After 2G BioPOWER received the Ministry of Transport's approval in 2019 to convert Enviro's pyrolysis oil into development fuel, the company has received large interest in pyrolysis oil from a major UK oil refinery.

The profitability calculations conducted in the feasibility study build on a plant comprising 20 of Enviro's reactors and that half of the supply of end-of-life tyres will be secured through imports, although UK exports of end-of-life tyres are considerable. The reason for the latter is insufficient local infrastructure currently available for the recycling of end-of-life tyres. The feasibility study also found sales of recovered carbon black would also significantly improve the profitability of a local plant.

"There are few tyre manufacturers in the UK, so the local demand for carbon black is small. However, it is easy to export recovered carbon black and since the global demand is strong, we see no problem whatsoever in also selling the carbon black. In conclusion, this means that we also foresee favourable fundamental conditions for establishing plants based on our recycling technology in the UK," says Thomas Sörensson, CEO of Enviro.

A life cycle analysis conducted by the IVL Swedish Environmental Research Institute shows that tyre production using carbon black that has been recycled using Enviro's method could lead to 79-84 per cent lower greenhouse gas emissions, compared with production using virgin carbon black. Enviro

Enviro is a company developing, building and operating industrial plants for material recovery from End of Life Tyres (ELT). The company has developed a process, based on a patented technology, where gas generated in the process is heating the tyres in absence of oxygen. This enables the materials in the tyres to decompose and be recovered instead of incinerated. Thus, a sustainable recovery of the resources Carbon black, Oil, Steel and Gas is obtained. The products are used in new products, replacing fossil resources to help the customers reach their sustainability targets. Enviro was founded in 2001, has its head office in Gothenburg and runs its own plant for ELT tyres in Åsensbruk, Sweden. The company is listed on the Nasdaq First North Growth Market with Mangold Fondkommission AB, tel. +46 (0)8 5030 1550, ca@mangold.se, as its Certified Advisor. www.envirosystems.se



has entered a strategic partnership with the French tyre manufacturer Michelin, which is Enviro's largest owner since April of last year.

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