

Enviro develops financing solutions for plants based on international corporate bonds

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.

Scandinavian Enviro Systems is developing a public, international corporate bond to finance the company's ownership of forthcoming recycling plants for end-of-life vehicle tyres. The work to develop the bond is being carried out in collaboration with the London-based finance financial adviser, Zenziec Partners.

The bond solution is expected to be able to finance an amount in the approximate range of MUSD 35-45 regarding the potential recovery plant project in Buffalo, New York. Details and conditions will be made public when all final conditions are finally negotiated.

As previously communicated, Enviro recently signed two term sheets with the American TreadCraft Carbon LLC regarding both the establishment of a tyre recycling facility as well as the terms for license revenue giving the right to use Enviro's technology in Buffalo, New York State. The signed term sheet attests to the Parties' agreement to the main and central conditions for a facility business, licenses, including construction cost, scope of delivery, payment and delivery terms, etc. The Parties are now negotiating the final terms and conditions for a complete facility. These negotiations are conditional on financing.

"After having evaluated a range of types of financing solutions, we are focusing on this kind of bond arrangement", says Thomas Sörensson, CEO of Enviro. "This bond concept could also be used to finance the previously communicated projects in Denmark and Texas."

Zenziec Partners, in the capacity as financial adviser is assisting Enviro in developing the bond arrangement, sees good business opportunities for the Enviro technology.

"Enviro is in possession of technology that has reached technical maturity and has proven the business benefits it is able to produce with well-known end customers such as Volvo Cars, Trelleborg and Elastomerics", says Robert Ainscow, Head of Capital Markets at Zenziec. "They have attained a leading position in a growth sector within green technology and resource management, and are adding significant value to underlying industries such as the tyre industry by offering a sustainable alternative to virgin carbon black."

The background to this project is a restructuring of the strategy that Enviro has implemented over the past year, which means that the company is actively working towards becoming a part-owner of plants for the recycling of end-of-life vehicle tyres. Plants based on Enviro's world-leading tyre recycling technology generate revenue streams through a recycling of strategic and finite resources such as carbon black, steel and oil. Carbon black is a key component in the manufacture of tyres and other rubber components, whilst steel and oil may be sold for use in other industrial processes.

Significant environmental benefits

The recycling of old rubber tyres using Enviro's world-leading technology offers significant environmental benefits in the form of reduced carbon dioxide emissions and reduced use of strategic and finite resources. A life cycle analysis conducted by IVL Swedish Environmental Research Institute shows that rubber production

with carbon black that has been recycled using the Enviro methodology leads to 79-84 percent lower emissions of the greenhouse gas, carbon dioxide compared with the production and use of virgin carbon black.

"Global interest in sustainability and recycling is steadily increasing and so is the interest in our plants", says Thomas Sörensson, Enviro CEO.

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