

Summary of information provided by Enviro at the Capital Markets presentation

At the virtual Capital Markets presentation held by Scandinavian Enviro Systems (Enviro) today at 3:00 p.m., the company's CEO and Chairman will provide an update on the status of the company's expansion plans and how the market for the company's technology and products is developing and is expected to develop moving forward.

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.

The virtual Capital Markets presentation will be published on the company's YouTube channel at 3:00 p.m. today at <https://www.youtube.com/watch?v=ja7vi8B2C24> and comprises a recorded presentation by the company's CEO Thomas Sörensson and the company's Chairman Alf Blomqvist. The actual presentation material will also be available on the company's website.

CEO Thomas Sörensson will explain the company's expansion plans and ten-year plan extending to 2030. Thomas Sörensson states in this regard that:

- Enviro is the first company in the world to succeed in obtaining sustainability certification for recovered carbon black
- Enviro aims to achieve a gross margin for the company of 70 per cent in accordance with the investment calculation communicated earlier
- Future recycling plants will have an annual recycling capacity of between 30,000 and 120,000 tonnes of end-of-life tyres per year
- Enviro is building up processes and an organisation that will make it possible for the company to increase its overall recovery capacity by a total of 120,000 tonnes of end-of-life tyres per year, corresponding to the establishment of one new plant each quarter
- Enviro's goal is to have established 30 full-scale plants by 2030, with a total recycling capacity of more than 900,000 tonnes of end-of-life tyres per year
- Enviro has prepared a ten-year financing plan together with a global financial advisor to support the expansion. The total investment requirement during the period amounts to more than SEK 9 billion
- Enviro is aiming for an EBITDA margin of approximately 61 per cent for future recycling plants, which, according to the company's base scenario and the investment calculation communicated earlier, entails that the 30 plants will, generate total sales of approximately SEK 7 billion and an EBITDA of more than SEK 4.5 billion in 2030
- The figures for 2030 do not include the plant that Michelin is building in Chile based on Enviro's technology or any other potential plants established by Michelin during the period
- The construction of the plant in Chile is proceeding to plan
- The recently announced sustainability certification of both oil and carbon black has led to intensified discussions with customers regarding tests of material and supply contracts
- Enviro has identified more than 90 tyre plants in Europe alone. The company has a process in place for the establishment of new recycling plants in different countries that comprises key

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

aspects such as permit requirements, legislation, tax conditions and proximity to customers for carbon black and pyrolysis oil

- The investment for the new plant in Uddevalla is expected to amount to approximately MSEK 400 and the initial annual capacity at the plant will be 30,000 tonnes. In the long term, the annual capacity is expected to reach 60,000 tonnes per year. As the company's first proprietary full-scale plant, it will contribute to the development of Enviro's standardisation strategy and efficiency, as well as serving as a base for development and training for operation and maintenance
- The new plant in Uddevalla is still expected to be completed in the fourth quarter of 2023.
- The dialogue with the relevant authorities is proceeding well. Furthermore, it is expected that an application for an environmental permit for the plant in Uddevalla will be submitted in November this year and the permit process is expected to take approximately 12 months
- Enviro is endeavouring to be sole owner of future recycling plants or to be majority owner together with partners if this can offer benefits in the form of, for example, access to end-of-life tyres, to strategic sites or to industrial expertise
- Enviro has already developed a methodology for the plant in Uddevalla for the procurement of subcontractors and the actual construction, which will facilitate the continued scale-up of the company's technology and the parallel establishment of new plants
- Enviro is conducting far-reaching discussions with various stakeholders regarding agreements for deliveries of carbon black and oil from the plant in Uddevalla

Chairman Alf Blomqvist's presentation focuses on how Enviro, step by step, has conducted and achieved the strategic intermediate targets established by the company and states in this regard:

- As a result of its partnership with Michelin, Enviro will be able to construct a first full-scale recycling plant based on Enviro's leading recovery technology; will be able to increase its capacity thanks to access to Michelin's industrial expertise and experience; will improve the quality of recovered carbon black and will therefore be able to increase the demand for recovered carbon black thanks to Michelin's expertise in the area

Regarding the global tyre industry and the market for recovered carbon black and recovered pyrolysis oil, Blomqvist said, for example:

- There are more than a billion end-of-life tyres generated globally every year and the number of end-of-life tyres is expected to grow by between 4 and 5 per cent per year
- The increase is particularly strong in developing countries, where a growing middle class are increasingly buying cars, which increases the demand for tyres, but also the volumes of end-of-life tyres
- The recycling of end-of-life tyres is increasing in the developed world, but there are currently very few, if any, circular solutions for the recovery of the valuable resources that make up a tyre.
- More than 95 per cent of all end-of-life tyres now end up as fuel and Enviro's method is one of few that address this problem
- The major tyre manufacturers understand the problem: four of the largest global tyre manufacturers (Michelin, Bridgestone, Goodyear and Continental) have all issued far-reaching promises with deadlines to enhance sustainability in their production and their tyres

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



- Michelin alone would need 220 full-scale Enviro plants to be able to replace all virgin carbon black with recovered carbon black
- The market for virgin carbon black amounts to about SEK 24 billion per year and this is increasing by 9 per cent per year – conditions that make it ripe for change, meaning the introduction of more sustainable material such as recovered carbon black
- The market for virgin carbon black is strongly consolidated and the six largest manufacturers have a market share of more than 50 per cent
- Not one of these produces recovered carbon black, although the tyre manufacturers' clear goal is to increase the sustainability of its products and reduce the use of fossil raw materials. This gap creates a nearly unlimited potential market for Enviro's recovered carbon black
- The oil, pyrolysis oil, that is recovered from end-of-life tyres largely derives from natural rubber and is attractive because of its high bio-based content
- Enviro's recovered pyrolysis oil from Åsenbruk is sustainability certified and is extremely attractive for the oil industry and the chemicals industry, since it is used to increase the sustainability of such products as vehicle and jet fuel, base oils and plastics. The oil can potentially also be used for the production of virgin carbon black, which would enhance the sustainability of virgin carbon black
- Serious talks are being held with major potential customers within the oil industry, while the chemicals industry is indicating that, for sustainability reasons, it has the objective of obtaining "as large volumes of pyrolysis oil as possible." Accordingly, demand is as good as unlimited.
- It is reasonable to assume that a leading player within recovered carbon black over time will achieve a market share of between 15 and 30 per cent and it is Enviro's ambition to take this position

Regarding the financing of the expansion and the financial investment calculation for a recycling plant of normal size, Alf Blomqvist said, for example, that:

- Enviro has brought in Pareto Securities as advisor for the capital structure and Greenhill for long-term financial planning
- The investment calculation for a normal-size recycling plant with an annual capacity of 30,000 tonnes gives an estimate of sales of approximately MSEK 240-300 per year
- The plant in the investment calculation based on an EBITDA margin of about 61 per cent, and an investment cost of a total of MSEK 400, will be repaid slightly less than three years after completion

Enviro's Capital Market presentation will be published at 3:00 p.m. today, 15 October, on the following URL: <https://www.youtube.com/watch?v=ja7vi8B2C24>

For further information, please contact:

Thomas Sörensson, CEO of Enviro, +46 (0)735-10 53 43, thomas.sorensson@envirosystems.se
Urban Folcker, Enviro CFO, +46 (0)760-00 13 11, urban.folcker@envirosystems.se
Alf Blomqvist, Chairman of the Board of Enviro, +46 (0)733 149 700, alf@blomqvistunlimited.com

Mangold Fondkommission AB, +46 (0)8 503 01 550, ca@mangold.se, is Enviro's Certified Adviser on Nasdaq First North Growth Market Stockholm.

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

Press Release
Scandinavian Enviro Systems AB (publ)
556605-6726
2021-10-15



Scandinavian Enviro Systems AB

Herkulesgatan 1K

SE-417 01 Gothenburg

info@envirosystems.se

www.envirosystems.se

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