

## Enviro signs term sheet with TreadCraft Carbon LLC regarding plant for extraction of carbon black, oil and steel from end-of-life vehicle tyres

*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 AB (publ) has signed a term sheet with TreadCraft Carbon LLC, Buffalo, NY, USA, on the key parts of an agreement to establish a jointly owned plant for the recovery of used vehicle tyres based on Enviro's leading technology. This means that the two parties have now agreed on the main conditions for a plant deal. A final agreement is expected to be finalized during the second half of 2019 and would entail the sale of a recycling plant, worth approximately between EUR 25 and 30 million, as well as license revenue and future profits.

**“We altered our strategy a year ago and have since focused on plant projects where we can share future revenue by being part-owners. With this agreement, we have passed an important milestone, as it both confirms Enviro's new strategy and constitutes the first plant outside Sweden where we become one of the owners,”** says Thomas Sörensson, Enviro CEO.

In the signed term sheet, the parties agree on key terms such as the scope of delivery, construction cost, payment and delivery terms, guarantees, contractual penalties, applicable law and more. Based on the agreement, the parties shall now negotiate the terms of a complete and definitive construction agreement regarding a recycling plant on South Park Avenue, Buffalo, NY, USA. This in addition to other agreements, including the terms of a joint venture and the licensing agreement. These negotiations are all conditional on financing, a process that is also ongoing. TreadCraft Carbon LLC is a subsidiary to TreadCraft Ltd., Dunneville, Ontario, Canada.

Other projects that have been evaluated are still relevant, as the increasing market interest in recovered carbon black, rCB, and bio-oil will require additional plants for recovering end-of-life vehicle tyres.

Enviro owns and operates a plant for recovering end-of-life vehicle tyres in Åsensbruk, Sweden. The plant has a capacity of 6000 tonnes of tyres per year. The carbon black from the plant is used, among other things, to produce rubber components for the automotive industry and end customers include Volvo Cars, Trelleborg Wheel Systems and Elastomeric.

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Enviro develops, builds, and operates plants for recycling valuable resources from end-of-life tyres in the international market. The company has developed a process based on patented technology in which tyres are heated in an acid-free environment, which allows various tyre materials to be recycled without incineration. This achieves an environmentally friendly extraction where gas is used to operate the plant and the valuable resources of carbon black, oil, and steel are sold in the market. The material is used in new products, which helps customers meet sustainability targets and reduces the need for fossil resources. Enviro was founded in 2001. Its headquarters are located in Gothenburg and it operates a plant for the recycling of end-of-life tyres in Åsensbruk, Sweden. The company is listed for trade in Nasdaq First North with Mangold Fondkommission, 08 5030 1550, [ca@mangold.se](mailto:ca@mangold.se) as its Certified Adviser. [www.envirosystems.se](http://www.envirosystems.se)

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