Joint venture to accelerate European tire recycling plant rollout

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

The joint venture targets a 1,000,000 ton annual end-of-life tire recycling capacity by 2030 – around 30% of European supply

Offering a European supply of valuable resources, supporting strategic autonomy

Creating the world's first large-scale tire recycling group

30 March 2023

Enviro

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Enviro

Setting the stage

Michelin and Bridgestone believe the demand for recovered carbon black (rCB) to reach 1 million tons by 2030

MICHELIN BRIDGESTONE

ERJ European Rubber Journal | News | Focus | Digital Edition | Brainiac

Michelin, Bridgestone see potential for rCB demand to reach 1m tonnes by 2030

28 Nov 2022 Share:

But existing rCB specs do not allow for total substitution of virgin carbon black

Berlin – Bridgestone and Michelin believe demand for recovered carbon black (rBC) could reach 1 million tonnes by 2030 – if recycling technologies continue to develop over the coming years.

Existing capacity to produce rCB that meets tire makers' specifications was small compared to the total carbon black market, they said a joint presentation at the Smithers Recovered Carbon Black Conference, held 16-17 Nov in Berlin.

The two tire majors, which have been pushing for a global alliance to promote the use of rCB since last year, added that existing rCB specifications do not allow for "total substitution" of all grades of virgin carbon black.

Tire manufacturers with 100% sustainable materials as stated goal

MICHELIN

BRIDGESTONE

nokian TYRES

Hankook driving emotion

Continental

Source: European Rubber Journal, Nokian Tyres, Hankook Tire & Technology, Michelin, Bridgestone, Continental

Enviro

Creating the world's first large-scale tire recycling group

The world leader in tire recycling technology...

Enviro

- 20+ year track record of pyrolysis innovation and engineering
- One Sweden-based plant (Åsensbruk) with commercial deliveries to Volvo Car Corporation (via Anva) since 2016
- World-leading pyrolysis platform and modular production process
- Enviro's recovered carbon black and tire pyrolysis oil have been tested and verified by industry majors
- Extensive IP portfolio
- Leading sustainable tire manufacturer Michelin has been a principal shareholder and partner since 2020

...is forming a large-scale joint venture

- Establish the first large-scale tire recycling platform with **plants across Europe** to produce sustainable raw materials including recovered carbon black and oils to be re-used in the tire- and petrochemical industries
- Significant contribution to **solving waste handling** challenges from growing volumes of end-of-life tires, while also increasing Europe´s **strategic autonomy** of valuable raw materials currently facing growing supply constraints
- The JV targets an annual capacity of **1 million tons** of end-of-life tires ("**ELT**") by 2030 – corresponding to ~30% of tires disposed in Europe each year
- **Long and secure multi-year supply agreements** for both recycled carbon black and recycled oil
- **High margins, predictable revenues, proven technology** and strong macro trends make the JV an ideal infrastructure investment
- Clear **environmental** benefits:
  - Carbon emissions can be reduced by >90% compared to use of virgin carbon black
  - Pyrolysis oil can replace fossil fuels and fossil oils in non-fuel sectors
- Creates significant value to parent companies and customers
  - Highly **attractive financial returns** with limited equity capital requirements due to leverage potential
  - Meeting the commitments from the world's largest tire manufacturers to make the tire industry sustainable and circular

Selection of customers proving validity of technology

VOLVO | ANVA | TRELLEBORG | MICHELIN

Source: Company information

A Joint Venture with significant value creation potential

Enviro + ANTIN INFRASTRUCTURE PARTNERS + MICHELIN

- Complementing resources and capabilities
- Becoming a European major in tire recycling
- Detailed plan for European rollout in place
- Enviro: Technology required already developed
- Contribute to European strategic autonomy
- Highly profitable business model
- Long and secure multi-year supply agreements
- Becoming a key supplier in industrial sustainability

Source: Company information

Ideal partners for European expansion

ANTIN
INFRASTRUCTURE PARTNERS

EUR 31bn
AUM as of 31 Dec 2022

5
Currently managed funds

190+
Professionals

- Multinational pure-play private equity firm with focus on European and North American infrastructure
- Antin will invest in and support the JV through its NextGen platform: infrastructure of tomorrow, proven but not yet widely adopted – the "infrastructure of tomorrow"
- Extensive track record of identifying, developing and scaling infrastructure, creating value for stakeholders while delivering superior risk adjusted returns to investors
- Investment themes underpinned by long-term megatrends
- Emphasis on resilient business models and robust downside protection
- Antin has chosen Enviro as its partner following a thorough technical due diligence
- The JV is aligned with strategic focus areas and corresponding sector expertise

JV in line with scope of Antin

- Energy & Environment
- Transport
- Telecom
- Social

MICHELIN
A BETTER WAY FORWARD

123
Production sites

125,000
Employees globally

100%
Sustainable materials by 2050

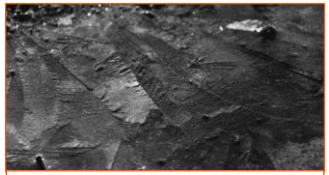
- Largest tire manufacturer in the world, established partner and principal shareholder of Enviro
- Leading market position and a long history developing the industry through innovation management
- In October 2022, Michelin unveiled the world's first road tire cars which contains 45% renewable materials, including rCB from Enviro – with identical performance levels to common tires
- Michelin's participation is a significant step in its ambition to achieve a circular and more sustainable tire production
- Targets 40% sustainable materials in produced tires by 2030, 100% by 2050

Michelin is firmly committed to leading the transition to a circular economy

4R CIRCULAR ECONOMY
REDUCE
REUSE
RECYCLE
RENEWABLE

Source: Company information

Enviro's foundational milestones to create the first large-scale tire recycling group in the world



2013 – First commercial sale of rCB to Volvo Car Corporation via AnVa Polytech

2016 – Michelin launches racing tires for MotoE containing Enviro rCB

2020 – Michelin unveils car tires approved for road use containing 45% sustainable materials, including Enviro rCB

2020 – Enviro granted environmental permit, followed by construction permit, for the upcoming Uddevalla plant

2021 – Start of construction at Uddevalla plant set for 1H 2023, commissioning expected to start in 2024

2013 – Commercial plant at Åsensbruk operational, nameplate capacity of 4,000 tons of ELT per annum

2016 – Michelin becomes the principal shareholder of Enviro, a position it has maintained

MICHELIN

2020 – rCB and TPO from Åsensbruk plant receives ISCC sustainability certification

ISCC
International Sustainability & Carbon Certification

2021 – First order of TPO from Åsensbruk to a US oil major, Preem orders for production tests, interest from multiple others

2022 – Announcement of joint venture with Antin, supported by Michelin, realizing Enviro's vision together at industrial scale

ANTIN
INFRASTRUCTURE PARTNERS
MICHELIN

Source: Company information

Enviro

Key investment highlights

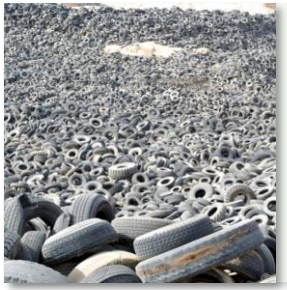
1. Technology proven in commercial application at plant since 2016 with world-leading technology and modular production process
2. Massive market potential with around 3.5 million tons of end-of-life tires annually in Europe alone, and with strong underlying growth
3. European rollout of recycling plants with capacity for 1 million tons of ELTs through fully financed joint venture with infrastructure private equity firm Antin
4. Long term multi-year supply agreements secured with Michelin and in advanced stage of negotiations with key industry players for TPO and carbon black
5. Contributing to European strategic autonomy of key raw materials within industry and energy
6. High margin business model turning waste to high value material – significant financial upside and capital limited equity capital requirements from potential leverage

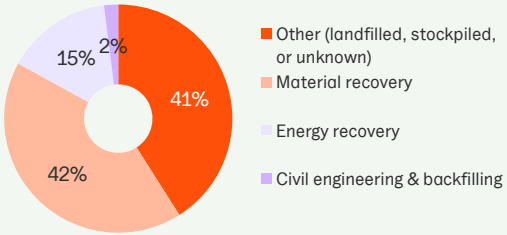
Source: Company information

Enviro

Large environmental issue set to be countered by Enviro's technology

Overview of global ELT recovery[1]





Environmental problems from ELT's

Nature cannot fully decompose tires, and thus consume considerable space when landfilled or stockpiled. Furthermore, the process releases toxins and microplastics

Energy recovery through combustion and burning tires at landfills **releases harmful chemicals** such as benzene, toluene, and polycyclic aromatic hydrocarbons, harming aquatic wildlife and plants

Enviro has the solution

Uses identified – an example

Using rCB from Enviro, Michelin has produced road-approved car tires with 45% sustainable materials (53% for racing tires)

MICHELIN Enviro

Sustainable development goals

Enviro's technology is actively contributing towards 9 SDGs

Estimated annual output by 2030 from the JV's plants in Europe

~6 TWh
energy content of produced TPO

~670,000-ton
reduction in CO_2 emissions annually

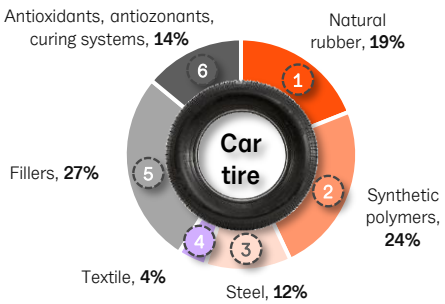
~93%
lower CO_2 emissions compared to vCB

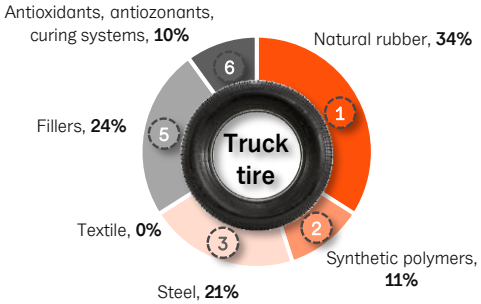
Source: Company information, Valentini & Pegoretti, 2022, National Geographic, Tire Technology International
Note: 1) Data from 2019

Enviro

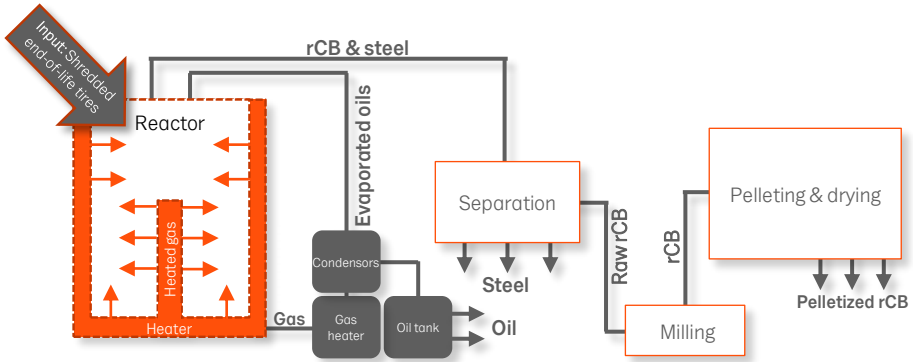
Pyrolysis – from ELTs to recovered raw materials

Tire composition



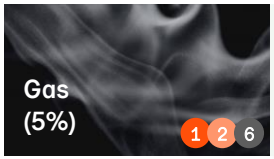


Simple overview of the pyrolysis process



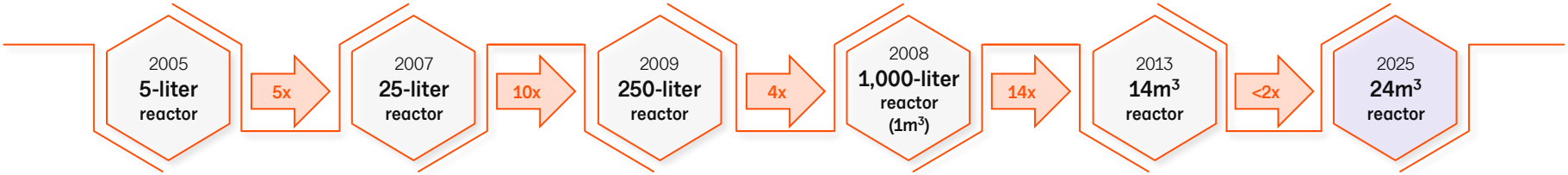
Source: Company information
Note: 1) Based on feedstock of ELT from the Nordics

Outputs from the pyrolysis process[1]

Product	Commentary
 Tire pyrolysis oil (50%)	The polymers coupled with vulcanization chemicals and the largest proportion of the textiles are transformed into oil, where natural rubber is the main component that builds up the bio content in the oil
 Recovered carbon black (30%)	Fillers (mainly carbon black and silica) along with some of the vulcanization chemicals (zinc and sulfur) builds up the recovered carbon black
 Steel (15%)	Steel is separated from the raw rCB and compacted into transportable bales
 Gas (5%)	Origin from polymers and vulcanization chemicals

Sophisticated pyrolysis technology with history of capacity increases

Successful historical stepwise scaling of reactor size indicating limited technical risk in final scale-up



The reactors at Uddevalla will be 24m³ (annual capacity of ~ 6,900 tons of ELT), the smallest relative reactor size increase to date
5 modular lines with reactors equaling a total annual capacity of 34,500 tons

Batch technology ensures customer-tailored output quality

- Enviro's proprietary batch technology allows production of rCB and TPO of desired quality, yielding a truly wide range of use cases
- By running batches, inputs (i.e., qualities of ELTs used) can be matched to customer preferences
- Excellent controllability of the pyrolysis process through the use of batches, allowing for optimal output quality
- Due to the batch process, quality of rCB and TPO matches that of fossil alternatives

Select advantages of technology yielding high-quality rCB and TPO

- Pressurized closed system prevents formation of explosive atmosphere
- Fixed bed minimizes the amount of dust in condensers and final oil product
- Reduced carbon dust in gas and oil
- Low levels of amorphous carbon due to batch process and even hot gas distribution over reactor bed
- Electrified heating results in low CO_2 footprint of rCB and TPO

Source: Company information

Enviro

Validated technology and position

Michelin as owner and partner

- Michelin has been Enviro's principal owner since 2020
- Michelin launched racing tires for MotoE with Enviro inside 2020
- Michelin has successfully produced road approved tires with 45% sustainable materials (and 54% for racing tires), including rCB from Enviro
- Michelin is represented on Enviro's board of directors

Certified sustainable solution

- ISCC is a global sustainability certification system for industrial sites and processes
- Enviro's rCB from Åsensbruk was the first recovered carbon black to receive ISCC-Plus certification
- Compliant with ISCC EU + RED II for refined oil
- Compliant with ISCC PLUS for circular and bio-circular pyrolysis oil and carbon black

Proven commercial viability

- Commercial deliveries from Åsensbruk since 2016
- Capacity for 4,000 tons of ELTs p.a., verifying viability of production at scale
- Åsensbruk has delivered rCB and TPO to industry majors such as Trelleborg, Preem, Michelin and a US oil major
- High-quality rCB and TPO capable of partially or completely replacing virgin alternatives

Proven technology to produce high-quality outputs

Batch-based production allows for a highly controlled process and output quality, ensuring the consistency required for industrial applications

High purity and consistent characteristics of rCB makes it useable as substitute for virgin carbon black

Performance and consistency of Enviro's TPO makes it viable for more demanding applications, e.g., fuels – a crucial competitive advantage

Renewable TPO (~50% of TPO) compliant with EU RED II directive, allowing fuel producers to substitute common oil in wide range of end products

Source: Company information

End-of-life tire (ELT) market overview

Introduction to the ELT market

The ELT market encompasses the handling of **disposed tires**. Method varies greatly between regions and existing infrastructure – from energy recovery and refurbishing to landfills

Tires consist of materials that are not degradable by nature and create immense **waste problems if not recovered**. Tires also contain **valuable materials,** or components thereof, such as carbon black, pyrolysis oil and steel

95% of European ELT volumes are collected and used for energy or material recovery (~50% cement kilns), partly recycled (granulation accounts ~38%) or used as mix with other material or landfill

Through the process of recycling tires, valuable components such as **carbon black, pyrolysis oil** and **steel** can be recovered

Industry players have called for access to sustainable raw materials, supporting **demand for a more sustainable solution** to better capture the resources from End-of-life tires

Considerable European ELT volumes

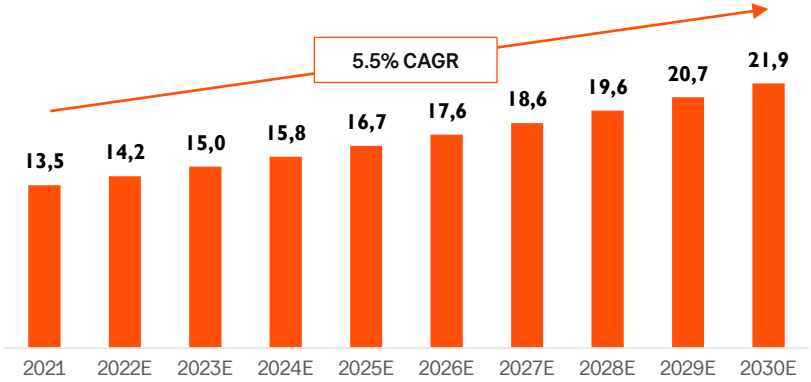
Country	ELT volume (Metric tons, 2019)
UK	452,659
Germany	434,000
Italy	384,000
France	320,018
Poland	268,500
Spain	238,080
Turkey	227,509
Sweden	93,532
Czech Republic	93,037
The Netherlands	87,746
Belgium	81,325
Austria	74,000
Portugal	72,421
Norway	66,620
Finland	61,060
Romania	51,413
Serbia	50,000
Denmark	49,900
Switzerland	47,200
Greece	45,200
Hungary	44,000
Others	207,833
Total	3,450,053

Source: Company information, ETRMA, National Geographic

Enviro

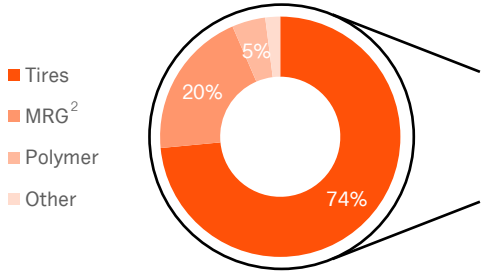
The carbon black market offers an attractive position for Enviro

Global market for carbon black, USDbn



- Carbon black is a globally traded commodity with a wide range of applications including tires, plastics, coatings and more
- Carbon black is produced through incomplete combustion of coal, petroleum or other carbons
- Prices tend to correlate with global oil prices, though with lower volatility
- Global carbon black prices have increased US core inflation significantly and consistently since the year 2000
- Highly consolidated market, with the 10 largest producers representing ~70% of the global market share

Global carbon black demand by application[1]



Enviro targets all applications

Carbon black market drivers

New applications and technologies leading to increasing number of uses in industries such as tires, rubbers, plastics, inks and coatings, batteries, construction, metallurgy etc.

Growing vehicles production and sales numbers globally is a major market driver. Beyond tires, the material is also used in sealing systems, anti-vibration parts and other rubber-based components

As emission regulations become stricter, carbon black improves performance and durability for rubber and plastic products, supporting demand for carbon black in general and rCB in particular

Source: Company information, Strategic Market Research, Bera et al. 2018., The Federal Reserve, MarketResearch, Smithers Rapra
Note: 1) 2018, 2) Mechanical rubber goods

Enviro

Tire pyrolysis oil as a valid complement replacement and replacement to fossil alternatives

Introduction to Enviro's recycled oil

- Tire pyrolysis oil ("**TPO**") is the largest output by volume from Enviro's pyrolysis technology
- Enviro's TPO is of high quality and has been successfully tested by Enviro's customers within the petrochemical industry
- Enviro TPO can be refined together with other raw materials for production of biofuels in established processes, creating an attractive opportunity for petrochemical customers
- Just like fossil oil, TPO can be used to produce a number of materials beyond fuels

Considerable interest from industry players

Commercial[1]

MICHELIN – A BETTER WAY FORWARD

Undisclosed
US oil major

Production testing

preem

Multiple internationals within refining and chemicals

Proven and potential applications and end uses

- Base chemicals for plastic feedstock
- Base chemicals for industrial applications
- Base oils for industrial applications, such as lubrication and process oils
- Renewable content for vehicles fuel, both commercial and consumer
- Feedstock for virgin Carbon Black production

Recycled oil – key features

Valuable petrochemicals with high bio content and eligible for renewable fuel certifications and sustainability premia

- TPO can be used as a biofuel aligned with the EU Renewable Energy Directive, lowering CO_2 emissions with no considerable land use required
- The oil recovered contains about 50 percent bio-origin, making it increasingly interesting to the refinery and chemical market
- Limited market competition due to substantial entry hurdles, such as R&D investments, patents and the cost of industrialization
- The underlying demand for material circularity and reduced environmental impact drive the long-term demand for TPO

Source: Company information, Transparency Market Research
Note: 1) Including JV's signed agreements

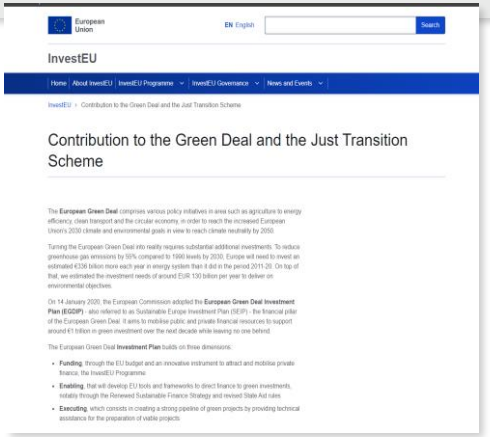
Enviro

Structural focus on access to sustainable value and supply chains

IN A WORLD FIRST, MICHELIN UNVEILS TWO TIRES APPROVED FOR ROAD USE CONTAINING 45% AND 58% OF SUSTAINABLE MATERIALS RESPECTIVELY

Two tires - one for cars and the other for buses - prefiguring the future technologies of standard Michelin tires within two to three years.

October 5 2022



Swedish Presidency of the Council of the European Union

Enviro

High-level overview of rollout steps

2022 Preparations

Administrative preparations finalized/being finalized

- JV management team appointed in May 2022
- Detailed rollout plan and site selection
- Technical due diligence
- Financial planning

2023 JV setup

Launch of JV and related processes

- JV and related entities established
- Transfer of Uddevalla project, including rights and obligations to JV
- Finalization of offtake agreements
- Construction start

2023-2024 Construction

Construction of Uddevalla plant

- Initial capacity of 34,500 tons of ELTs p.a.
- Securing new sites for coming plants
- Feedstock contracts for coming plants

2024/2025 Commissioning of Uddevalla

Process fine tuning and production

- Launch of full-scale production in Uddevalla
- Testing and fine-tuning of production processes
- First deliveries of offtakes, ambition to limit ramp-up time once construction is finished
- Following successful commissioning – acceleration of full-scale European rollout

2025+ Scale

Full scale rollout

- European rollout leveraging lessons learnt in Uddevalla
- Rapid expansion to be facilitated by modularity of plants with minimal differences between plants
- Capacity for 1 million tons of ELTs p.a. by 2030

Source: Company information

Enviro

Attractive offtake contracts to ensure stable revenue base in the JV

Take-or-pay
Stable and predictable

- Take-or-pay contracts obligate customers to either buy the agreed-on volumes or pay
- Common in the energy sector, allow for sharing of risk of investment
- Quality seal for Enviro's rCB and TPO

Fully bankable
Financial flexibility

- Predictability of revenues and take-or-pay provisions to allow the JV to obtain debt financing at favorable terms, to finance the rollout
- Reduces equity capital requirements for Enviro and its partners

Long contracts
Secure partnerships

- Contracts span several years, which adds to predictability and bankability
- Customers are large industrial players that value secure supply of input goods and materials

Large volumes
Industrial scale

- The JV's customers require large volumes of high-quality input materials, volumes to motivate large-scale production
- Contracts for significant volumes, corresponding to output volumes of several plants, have already been claimed through agreements and negotiations

MICHELIN

Multiyear supply agreement for first plants for rCB and TPO

+

Ongoing and advanced negotiations with other industry majors

=

Majority of supply agreements from first plants of the European rollout already claimed

Source: Company information

Enviro

The Uddevalla plant will be the steppingstone for European plant rollout

- Enviro's previously planned plant in Uddevalla will be owned by the JV and will be the first plant to be constructed and commissioned
- Detailed construction plan completed in 2022 and all permits and plans in place to start construction – modular design to be replicated at other plants
- Technology and processes to be used at Uddevalla have already been tried and tested at the Åsensbruk plant
- When the production process has been optimized, the Uddevalla plant will be used as a blueprint for the continued European rollout
- Planned initial capacity of 34,500 tons p.a., with space for twice as many reactors meaning that capacity can be doubled within the same facility
- Strategically positioned with access to Nordic feedstock and industry clusters by road, as well as port access to the rest of the world
- Construction will commence during 1H 2023 and is expected to be fully operational in 2025

Uddevalla, Sweden
Location

2024/2025
Uddevalla plant fully operational

By road from Uddevalla	By sea from Uddevalla
• Gothenburg: 84km, 1h	• Lubeck: 317NM, ~ 21h
• Oslo: 220km, 2h 40min	• Hamburg: 363NM, ~ 24h
• CPH: 400km, 4h 30min	• Rotterdam: 517NM, ~ 34h
• Stockholm: 430km, 5h	• Turku: 673NM, ~ 45h

Source: Company information

Enviro

Handpicked JV management team with invaluable experience to execute the rollout

Overview of collective experience to benefit the JV

- Renewables
- EU policy
- Joint ventures
- Engineering
- Operations management
- Oil & gas
- Finance

Selected previous experiences

BABCOCK & BROWN

eni

SOUND ENERGY PLC

Highly experienced top management with relevant background within energy and developing large scale operations to be led by CEO Stefano Medaddu

Source: Company information

Enviro

Rapid commercialization through fully financed joint venture with Antin and supported by Michelin

The JV in brief

- Enviro has formed a joint venture with Antin Infrastructure Partners, which will utilize Enviro's pyrolysis technology in a series of recycling plants across Europe
  - Michelin plans to join the JV as a partner, as future plants are built
- Construction of the first plant in Uddevalla, Sweden, is planned to start in 1H 2023 and is expected to fully operational by 2025. The aim is to reach a total capacity of **1m tons of ELTs annually by 2030**
- The JV partners have agreed on the financing of the expansion plan. Enviro´s ownership in the JV will ultimately correspond to approximately **30%**, while the initial investments will be financed by Antin
- The JV combines Enviro's unique patented technology and experience in recycling carbon black and pyrolysis oil from ELTs, with Antin's expertise in developing and scaling infrastructure platforms and Michelin's world-leading brand position in sustainable tires
- Enviro will, beyond its ownership stake, receive asset fees related to every plant's profits and cost coverage for services provided until then
- In line with Antin's other investments, the JV exhibits **infrastructure characteristics.** Long-term contracts with major customers centered around pre-determined prices and quantities will generate stable and **predictable revenues and attractive debt financing terms**
  - Michelin has already signed supply agreement agreements for rCB and TPO

Key resources, know-how and reputation among founding partners

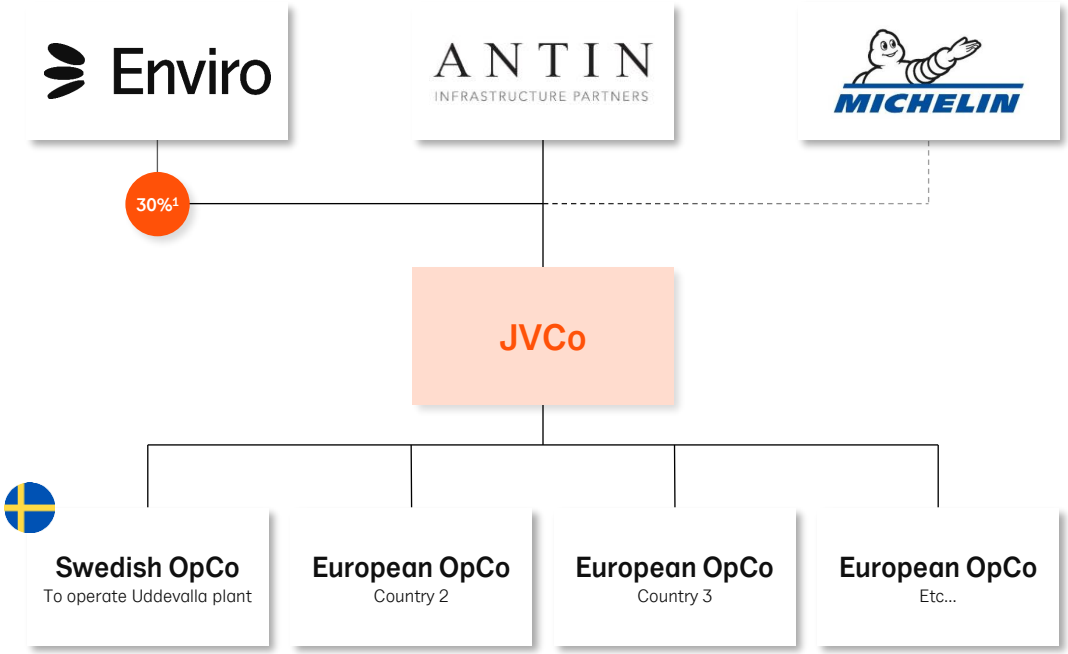
Enviro | ANTIN INFRASTRUCTURE PARTNERS | MICHELIN

- Will bring Enviro's technology and know-how to market at scale from day one
- Output already claimed for several plants ahead through multi-year supply agreements and advanced discussions
- The process has been successfully tried and tested at Enviro's existing commercial plant in Åsensbruk, Sweden
- Contributing to solving the issue of handling ELTs as well as increasing tire industry self-sufficiency in strategic raw materials
- Already conducted preparatory work to enable rapid launch and rollout
- Highly experienced JV group management team

Source: Company information

Operationally independent JV with key support from owners and partners

Simplified corporate structure



Commentary

- **Enviro** to remain technology owner and responsible for R&D as well as marketing and sales. Enviro will also provide certain services to the JV
- **Antin** to provide capital and important guidance to JV management, based on its extensive experience in developing and scaling businesses
- **Michelin** will purchase rCB and TPO – while also aiming to join the JV as an owner
- **JV** operations include:
  - Securing new sites throughout Europe
  - Plant construction
  - Secure feedstock
- **JV** plant operation has received exclusivity throughout Europe
- Enviro will be represented on the JV's board of directors from launch

Source: Company information
Note: Enviro's targeted ownership share

Substantial financial upside for Enviro

1 Service fees
JV launch

- Provides Enviro with full cost-coverage for services provided to JV and OpCo plants
- Generated in development, construction and operating of each plant as well as other advisory services
- Reduce Enviro's cost burden until plants get successfully commissioned

2 Asset fees
Scaling with JV, ~2025

- Asset fees linked to performance and profitability of each plant
- Payable as individual plants hit certain performance and profitability thresholds, progressively increasing with capacity and profitability
- Provides Enviro with a stable and predictable, long-term earnings base

3 Value creation from 30% ownership[1]
At scale

- Following successful rollout of its first plants and commercial operations, the JV will play an essential role in EU transport and energy-related infrastructure
- Highly cash generative business with strong return on equity due to favorable leverage on infrastructure
- Significant value creation for JV owners as the business matures and gets re-classified from next generation to mature **sustainable infrastructure**

Full upside participation with limited downside risk

Source: Company information
Note: Enviro's ownership in the JV will ultimately correspond to approximately 30%.

Enviro

Q&A

Joint venture to accelerate European tire recycling plant rollout

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

The joint venture targets a 1,000,000 ton annual end-of-life tire recycling capacity by 2030 – around 1/3 of European supply

Offering a European supply of valuable resources, supporting strategic autonomy

Creating the world's first large-scale tire recycling group

30 March 2023

Enviro