



ASX Announcement

26 November 2024

## ENTYR ENTERS INTO NEW OFFTAKE AND TYRE SUPPLY ARRANGEMENTS

### Key Highlights:

- Entyr has entered into a supply agreement with Austek Production Pty Ltd for rCB produced at Entyr's Stapylton facility for a 5 year term up to a maximum of 80 tonnes per month and 1,000 tonnes annually at \$150.00 per tonne plus GST and up to a maximum of 2,000,000 litres in total of the tyre pyrolysis oil (**TPO**) produced at the Stapylton facility until 31 December 2025 at \$1.10 per litre plus GST (**Austek Supply**).
- On 25 November 2024 (**Effective Date**), Entyr entered into a deed of amendment of the Offtake Agreement with Trafigura dated 20 December 2023 to, among other things, carve out the Austek Supply and remove from the Offtake Agreement all supply of rCB (low and high quality) to Trafigura.
- Entyr has also contracted a supply of tyre feedstock by way of a Tyre Supply Agreement with an existing tyre supplier securing the supply of tyres for a period of 2 years commencing from the date Entyr is reinstated to trading on the ASX with locked in minimum delivery requirements through to 31 December 2025.
- Entyr achieves re accreditation as a tyre collector and recycler under the Tyre Product Stewardship Scheme.

Environmental technology company, **Entyr Limited** (Subject to Deed of Company Arrangement) (ASX: ETR) ("**Entyr**" or the "**Company**") is pleased to provide the following update to shareholders with respect to both offtake and tyre supply arrangements.

### **Austek Supply**

Entyr has entered into a supply agreement (**Austek Supply Agreement**) with Austek Production Pty Ltd ACN 633 921 570 (**Austek**) for the purchase by Austek of **TPO** and recovered carbon black (**rCB**) (together "**the Products**"). Austek is an entity within the corporate group controlled by ASX listed Maas Group Holdings Limited (ASX:MGH) that specialises in asphalt repairs, road maintenance, and rehabilitation services, including spray seal solutions.

Under the terms of the Austek Supply Agreement, Entyr has agreed to sell and Austek has agreed to purchase:

- rCB produced at Entyr's pilot plant in Stapylton during the period commencing from the date of execution (**Commencement Date**) and ending 5 years from that date for up to a maximum of 80 tonnes per month and 1,000 tonnes annually at \$150.00 per tonne plus GST; and
- up to a maximum of 2,000,000 litres of the TPO produced at Entyr's pilot plant in Stapylton from the Commencement Date until 31 December 2025, at \$1.10 per litre plus GST,

There are no conditions precedent that need to be satisfied in order for Austek to be required to acquire the Products. The Austek Supply Agreement requires the parties to meet annually to discuss in good faith revisions to the prices taking into consideration increases in CPI and general market conditions.

Austek may nominate a third party to purchase and take delivery of the Products and may do so without Entyr's consent. Austek will be liable to Entyr for any failure by its nominee to comply with the terms and conditions set out in the agreement.

In addition, Austek and Entyr agree to collaborate during the term of the Austek Supply Agreement to develop and collect a bank of technical and commercial data useful to market rCB as a premium binder/filler to the asphalt industry's governing bodies and end users of the products including asphalt and bitumen companies. Austek must provide Entyr with technical, commercial and marketing support by providing technical information and assistance with regulatory authorities, asphalt companies and local governments.

Further:

- with respect to any rCB produced at Entyr's pilot plant in Stapylton during the term of the Austek Supply Agreement that is in excess of 1,000 tonnes annually (**Excess rCB**); and
- during the period commencing from the Commencement Date and ending on the date operations and production at Entyr's pilot plant in Stapylton recommence (**Production Commencement Date**),

Entyr has provided, Reuse Resource Australia Pty Ltd (to be incorporated), a party that will be associated with Austek with a right of first refusal such that if at any time before the Production Commencement Date Entyr wishes to enter into an agreement with any third party for the sale of any Excess rCB, Entyr will provide that party with an opportunity to purchase the Excess rCB at the price at which the third party proposes to purchase the rCB.

It is presently anticipated that the Production Commencement Date will occur in April 2025.

#### **Amendment to the Trafigura Offtake Agreement**

Entyr refers to the Offtake Agreement signed with Trafigura and announced to the ASX on 20 December 2023 and 29 December 2023. As detailed in those previous announcements, pursuant to the terms of the Offtake Agreement, subject to certain conditions, Trafigura is to offtake 100% of Entyr's TPO, carbon char and recovered carbon black production (the **Trafigura Offtake Agreement**).

As a necessary precursor to entering into the Austek Supply Agreement, Entyr has entered into a deed of amendment with respect to the Trafigura Offtake Agreement (**Deed of Amendment**) such that:

- **rCB:** Recovered carbon black and carbon char (both high and low quality) are excluded completely from the Trafigura Offtake Agreement.
- **TPO:**
  - Entyr can sell to Austek the TPO produced from the Effective Date until 31 December 2025, up to a maximum of 2,000,000 litres in total during that period (**Austek Commitment**).
  - No profit share will apply with respect to the sales of TPO to Austek under the Austek Commitment.
  - From the Effective Date until 31 December 2025, Trafigura's obligation to take any TPO which is not sold pursuant to the Austek Commitment is limited to 450,000 litres, and the

initial purchase price is fixed at \$0.60 per litre, subject to adjustment on the basis of Trafigura's ultimate sale price.

The Deed of Amendment is beneficial to Entyr as it provides certainty of revenue from sale of 100% of the Company's forecast TPO production through to 31 December 2025.

- **Shares:** as outlined in the earlier ASX announcements, the Trafigura Offtake Agreement term is 20 years, subject to an early termination right that applies if Trafigura does not at least offer to subscribe for a minimum of \$2,500,000 in shares in Entyr on terms to be mutually agreed within an initial 2-year period. The early termination right has now been amended such that
  - The date by which Trafigura may issue an election notice to subscribe for shares is extended to 2 years after operations and production at Entyr's Stapylton pilot plant recommences and exceeds a tyre processing run rate of 500 tonne/month.
  - The required subscription amount has been decreased from \$2.5 million to \$1.25 million of shares.

Given it is anticipated that operations and production at Entyr's Stapylton pilot plant will recommence in April 2025, it is anticipated that the 2 year period will commence from that date once Entyr has exceeded a tyre processing run rate of 500 tonne/month.

The reduction in the subscription amount from \$2.5 million to \$1.25 million was negotiated given the rCB and carbon char (both high and low quality) is now excluded completely from the Trafigura Offtake Agreement.

Save for the terms addressed in the Deed of Amendment, the terms of the Trafigura Offtake Agreement otherwise remain in full force and effect.

#### **Contracted tyre supply**

Entyr has also contracted a supply of tyre feedstock by way of a tyre supply agreement (**Tyre Supply Agreement**) with J. A. Hayes & S. T. Hayes trading as S & J Australian Scarp Tyre Disposals (**S&J**) securing the ongoing supply of tyres for a period of 2 years commencing from the date Entyr is reinstated to trading on the ASX. S&J is a tyre collection business with an established association with Entyr since June 2022. The business holds accreditations from Tyre Stewardship Australia (TSA), the Australian Tyre Recyclers Association (ATRA), and the Waste and Recycle Industry of Queensland (WRIQ).

The Tyre Supply Agreement includes detail of the type of tyres to be delivered to Entyr (given Entyr has the ability to process all tyres by type) and the minimum delivery volumes and pricing by tyre type for a period commencing from the date of reinstatement to trading on the ASX to 31 December 2025.

#### **Commercial impact of the Austek Supply Agreement, the amended Trafigura Offtake Agreement and Tyre Supply Agreement**

The estimated revenue impact of these arrangements between now and 31 December 2025 is illustrated as follows:

	Estimated Volume (tonnes)	Agreed Pricing (\$/tonne)	Revenue (\$ millions)
Tyres receivals	7,800	330	2.6
TPO - Austek	2,000	1,100	2.2
TPO - Trafigura	450	600	0.3
rCB	1,000	150	0.2
<b>Total</b>			<b>5.3</b>

The above calculation reflects the potential financial impact of the Austek Supply Agreement, the Trafigura Offtake Agreement, the Tyre Supply Agreement and contemplates a ramp-up period after Entyr's recycling process recommences. Entyr's recycling process also extracts steel. Revenues from steel sales are not included in the above table as they are not included in the above arrangements. In the event Entyr were to process lower volumes of tyres, the above revenue estimates would change accordingly. The pricing for tyre receivals reflects Entyr's shift from collecting end of use tyres externally to a gate fee structure whereby tyres are brought by suppliers to the Stapylton facility.

Entyr will recommence the process of commissioning the two TDUs at its Stapylton facility once Entyr completes its recapitalisation process and is reinstated to trading on the ASX. As such, Entyr is not presently producing any Products or receiving any revenue from the Products.

Executive Chairman, Mr Dermott McVeigh said, *"These three important agreements provide a commercial foundation for Entyr when it emerges from its recapitalisation. Because of them, Entyr will enjoy security of supply of end of use tyres and the confidence that the Products created from its patented recycling technology will be sold on commercial terms. With supply and demand considerations significantly addressed, Entyr will be well-placed to continue process improvements and pursuing new markets for its Products."*

*We look forward to prosperous and mutually beneficial relationships with Austek, Trafigura and S&J."*

#### **Tyre Product Stewardship Association Accreditation**

Entyr had previously been accredited as a tyre collector and recycler under the Tyre Product Stewardship Scheme (**TSA Scheme**). Entyr has now achieved re-accreditation under the TSA Scheme (**TSA Accreditation**) under its revised operating model, which involves partnering with other TSA Accredited participants (which includes S&J) to receive end-of-life tyres and focus on tyre recycling activities.

The TSA Scheme is a voluntary, federal government-accredited initiative launched in 2014 to manage the recycling and disposal of end-of-life tyres in Australia. The TSA Scheme covers both automotive tyres (passenger, bus, and truck) and off-the-road tyres.

Participants in the TSA Scheme, including tyre importers, distributors, and various stakeholders in the tyre supply chain, aim to ensure the responsible management of end-of-life tyres through collaboration across the industry, promoting sustainable recycling and disposal practices.

TSA Accreditation reflects a commitment to the sustainable management, recycling, and productive use of end-of-life tyres.

TSA Accreditation offers several business and environmental benefits, including:

- Enabling tyre installers to influence where waste tyres are sent by selecting a TSA Accredited recycler/collector.

- Reducing environmental risks associated with illegal dumping and stockpiling, while promoting responsible management of end-of-life tyres.
- Attracting ethically conscious consumers who prioritise sustainable sourcing and disposal practices for the products they buy.

Entyr will continue to keep the market informed of further developments.

Authorised and approved by the Board of Entyr Limited (Subject to Deed of Company Arrangement).

—ENDS—

**About Entyr Limited (Subject to Deed of Company Arrangement)**

*Entyr Limited (Subject to Deed of Company Arrangement) (Entyr) (ASX: ETR) is a revolutionary tyre processing company that applies unique, next-generation thermal desorption technology to cleanly convert tyres into valuable sustainable products including waste to energy opportunities.*

*Entyr's technology is a significant advancement on other methods of processing waste tyres due to low emissions, no hazardous by-products and requires no chemical intervention. It is the only process that meets the standard emissions criteria set by the Australian regulators for this type of technology.*