

## **Business Update and Changes to Board**

**Munich, January 31, 2019** – Pyrolyx AG (**Pyrolyx** or the **Company**) continues to make progress on the construction of its plant in Indiana, USA, and remains confident that the plant will achieve its scheduled fully operational completion date of 30 June 2019. Pyrolyx USA has secured additional debt funding of US\$4.5 million to complete the first plant and to facilitate the acceleration of the construction of the second plant on the same property. Engineering design and environmental permitting for the second plant has already commenced. The loan is secured, interest bearing and has 10 year warrants over 32 shares (0.8% of issued capital) in Pyrolyx USA Inc at an exercise price of US\$11,010.50 per share.

Pyrolyx USA is vertically integrating by entering into an agreement with J&R Recycling to purchase its assets for US\$4.5 million, subject to a number of conditions precedent. The purchase is expected to close in August 2019. J&R Recycling is the supplier of waste tyres to the Indiana plant and the asset purchase is deemed beneficial for the following reasons. First, the purchase secures the supply of waste tyres to both plants 1 and 2 on the Terre Haute, Indiana property. Second, offering waste tyre generators, such as the major retail chains or tyre manufacturers, a ‘cradle to grave’ approach fortifies Pyrolyx’s marketing strategy, allowing it to access proprietary supply sources and further increases the barriers to entry to as yet undetermined potential competitors of recovered carbon black manufacturers. Third, the asset purchase is potentially financially lucrative, being priced conservatively and being earnings accretive immediately.

The market for carbon black remains strong, reflected by robust prices and demand outstripping supply. Increased costs of Pyrolyx’s competitors, being traditional carbon black manufacturers, that are required to satisfy increasingly stringent environmental regulations, are either passed onto their customers or affect their margins. Pyrolyx’s process, being essentially a closed end sustainable system, by its design, has a cost advantage in environmental compliance over those competitors.

As previously announced, the restructuring of the German operations continues to better align the Company’s focus on the US market. The Company remains in discussions with its workers at its research and design facility in Stegelitz, Germany, and hopes to make an announcement shortly. The Company has closed its Munich headquarters and many of the global administrative functions have been transferred to Pyrolyx’s US based personnel.

The Supervisory Board has been supplemented with the appointment of Bill Best and Stephen Roberts. Bill Best has over 30 years of experience in investment banking and stockbroking. Mr Best was co-head of Macquarie Equity Capital markets (ECM) at Macquarie Group Limited, an international investment bank listed on the Australian Stock Exchange (ASX). Mr Best joined Macquarie Bank in 1988 and grew the ECM business to occupy first or second position in the capital raising league tables in Australia for many years. Mr Best was a key player in the initial Public Offerings (IPOs) of numerous public company entities in Australia and offshore, especially in the listed infrastructure space.

Stephen Roberts is an experienced company director and Chairman or Director of a number of listed and private commercial enterprises as well as large not for profit organisations. Mr Roberts most recently was Regional Chief Executive Officer of Mercer Investments Asia Pacific and Chief Executive

Officer of Russell Investments, Australasia. Throughout his career, he has been the principal advising highly regarded and large investment, superannuation and financial service companies. Mr Roberts has advised many companies on corporate governance as well as implementing proper corporate governance in his various roles including Chairman and as a member of the Audit, Risk, Finance and Remunerations Committees of many large Australian corporations.

**ENDS**

**About the Pyrolyx Group**

Pyrolyx AG (ARBN: 618 212 267) is the world leader in the extraction of rCB (recovered carbon black) from end-of-life tyres. rCB is used to manufacture new tyres as well as in the plastic, technical, rubber and masterbatch industries.

Shares in the Company (WKN A2E4L4) are listed on the stock exchanges in Frankfurt and Dusseldorf as well as on m:access (Munich Stock Exchange) and also traded on the electronic trading system Xetra and the ASX (Australian Stock Exchange) under the ticker PLX (ASX: PLX). For more information, please visit [www.pyrolyx.com](http://www.pyrolyx.com).