Press Release
05 November 2026 10:26:00 CET

Scandinavian Enviro Systems enters into a conditional service agreement worth USD 2 million and takes the next step towards a tyre pyrolysis plant in North America based on Enviro's technology

Scandinavian Enviro Systems AB (publ) ("Enviro" or the "Company") has today entered into a conditional service agreement (the "Service Agreement") with an international operator providing transport services to the energy sector (the "Customer"). The Service Agreement is based on the letter of intent that Enviro and the Customer entered into on 17 March 2026 and represents the next step towards the establishment of a tyre pyrolysis plant in North America that, using Enviro's technology, is intended to recycle up to 50,000 tonnes of end-of-life tyres per year. Under the Service Agreement, Enviro is to produce the technical documentation required for the plant's permit applications and draw up an initial design for the entire plant (the "Services"). For the Services, Enviro will receive a fixed fee totalling USD 2,000,000 (approximately SEK 19.5 million).

Enviro's provision of the Services is conditional upon the Customer making a final decision to proceed with the project. Such a decision, in turn, is conditional upon the Customer having secured a site for the plant and entered into binding agreements with buyers of the plant's two main products, oil and carbon black, covering at least 75 per cent of the expected production of each product.

Background

On 17 March 2026, Enviro announced that the Company had signed a letter of intent to explore the possibilities of building a plant for the recycling of end-of-life tyres in North America based on Enviro's technology. The parties have since continued their commercial discussions and Enviro has, among other things, presented previous projects in Sweden, provided input for the Customer's calculations and assisted with contacts with potential buyers of the plant's products. Through the Service Agreement, the parties are now taking the next step, whereby the plant will be designed and the permitting process prepared.

The Service Agreement is an important step in Enviro's strategy to establish plants based on the Company's technology internationally. If the project proceeds, Enviro will receive revenue during the development phase, and the design of the plant may form the technical basis for a future licence agreement between the parties.

"This is an important step towards establishing Enviro's technology in North America. Together with the Customer, we are now moving from a letter of intent to a binding conditional agreement, and we look forward to designing the plant as soon as the project is ready to proceed," says Fredrik Aaben, CEO of Enviro.

Main terms of the Service Agreement

The Service Agreement covers two main deliverables. Firstly, Enviro is to produce the technical documentation required by the Customer to apply for environmental, planning and fire safety permits. Secondly, Enviro is to produce an initial design of the entire plant, including drawings, equipment lists, calculations and technical specifications. This design will then form the basis for the more detailed engineering work prior to an investment decision. For a period of twelve months following the delivery of the permit documentation, Enviro shall also provide technical support during the permit application process. The Service Agreement does not grant any right to use Enviro's technology to construct or operate the plant; such a right requires a separate licence agreement.

Enviro's provision of the Services shall only commence once the Customer has taken a decision to proceed with the project. Such a decision requires the Customer to have secured a site for the plant. The Customer must also have entered into binding agreements with buyers covering at least 75 per cent of the expected production of each of the main products, namely oil and carbon black. If the Customer has not decided to proceed by 31 December 2027 at the latest, or decides not to proceed, the Service Agreement shall terminate.

Compensation

Enviro shall receive a fixed fee for the Services totalling USD 2,000,000, of which USD 500,000 relates to the permit application and USD 1,500,000 to the design of the plant. Of this fee, USD 450,000 shall be paid once the Customer has decided to proceed. The remaining amount shall be paid in instalments as Enviro delivers various parts of the Services. Enviro is entitled to compensation regardless of whether the permits are granted or whether the plant is ultimately built. Any additional work and technical support beyond that included in the fixed fee shall be invoiced on an ongoing basis.

Timeline

According to the Service Agreement's timetable, the assignment is expected to be completed approximately seven months after the Customer has decided to proceed, with the permit application documentation expected to be ready after approximately five months. If the Customer terminates the assignment, which may be done with 30 days' notice, Enviro is entitled to compensation for work carried out and for costs that Enviro has already incurred.

For further information, please contact:
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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 contributes to enhanced environmental and economic sustainability using a patented technology for the recovery of valuable raw materials from scrapped and end-of-life products, including tires. The production of new tires using carbon black recovered with Enviro's technology reduces carbon dioxide emissions by up to 93 percent compared to virgin carbon black. Enviro has its head office in Gothenburg. Enviro was founded in 2001 and is listed on Nasdaq First North Growth Market with FNCA Sweden AB, info@fnca.se, as its Certified Advisor. www.envirosystems.se

This information is information that Scandinavian Enviro Systems AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, at 2026-11-05 10:26 CET.