

# Enviro announces further details of partnership agreements with Michelin

*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 (publ) (“Enviro” or “The Company”) will publish the notification of the Extraordinary General Meeting that is to be held to approve the three definitive agreements that form the basis of the strategic partnership with Michelin.**

**The notification contains more detailed information on the agreements regarding, for example, guarantee commitments and Michelin’s right to use Enviro’s pyrolysis technology, which Enviro wants to bring to the attention of shareholders and the capital market through this press release.**

## Guarantee commitments

Enviro and Michelin have signed a shareholder agreement that regulates the ownership and establishment of a shared plant for the material recycling of end-of-life vehicle tyres. The shared plant, which will be based on Enviro’s patented pyrolysis technology, will be located in Chile and will have an annual recycling capacity of 25,000-30,000 tons.

After receiving the approval of the Meeting, the parties intend to form a joint venture, which will own the facility. This joint venture will be 10 percent owned by Enviro and 90 percent owned by Michelin. Michelin will appoint the Board members of the company, but Enviro is entitled to appoint an observer, who will participate in meetings and receive the same information as the Board members.

Enviro’s ownership share enables a less comprehensive guarantee commitment in relation to the goods, services and rights that Enviro is providing than was the case in earlier arrangements. The guarantee risk is up to MSEK 300 lower than the demands made of Enviro in earlier negotiations with other parties. Due to its partnership with Michelin, Enviro has secured significant loan financing through the joint venture, which also requires no form of financial guarantee from Enviro.

Michelin’s obligations under the agreement include responsibility for detailed project design, construction, and deployment of the plant, and ensuring that the materials recycled in the plant are sold in the market and thereby generate revenue for the joint venture. Under the agreement, Michelin also has an obligation to ensure that the jointly owned plant in Chile has access to mining tyres for recycling.

Enviro’s acquisition of shares and injection of other funds to the joint venture is estimated to amount to a total capital contribution for Enviro of approximately MSEK 20.

## License agreement on the right to use Enviro’s pyrolysis technology

Enviro and Michelin have also signed a licensing agreement that regulates the right to use Enviro’s patented pyrolysis technology and compensation for such use. The license agreement extends through 2035 and entitles Michelin, in addition to the joint plant in Chile, to establish its own recycling plants based on Enviro’s technology in selected countries and to sell recycled products globally. On establishing further such plants, Michelin shall compensate Enviro with a

**Enviro is a company developing, building and operating industrial plants for material recovery from End of Life Tyres (ELT).** The company has developed a process, based on a patented technology, where gas generated in the process is heating the tyres in absence of oxygen. This enables the materials in the tyres to decompose and be recovered instead of incinerated. Thus, a sustainable recovery of the resources Carbon black, Oil, Steel and Gas is obtained. The products are used in new products, replacing fossil resources to help the customers reach their sustainability targets. Enviro was founded in 2001, has its head office in Gothenburg and runs its own plant for ELT tyres in Åsensbruk, Sweden. The company is listed on the Nasdaq First North Growth Market with Mangold Fondkommission AB, tel. +46 (0)8 5030 1550, [ca@mangold.se](mailto:ca@mangold.se), as its Certified Advisor. [www.envirosystems.se](http://www.envirosystems.se)

predetermined, fixed non-recurring amount and percentage-based, and under certain conditions variable, royalties, in line with the market and based on the plant's sales. Enviro retains the right to establish recycling plants in cooperation with other parties, but Michelin has a time-limited exclusivity to Enviro's pyrolysis technology in Chile and in respect of mining tyres globally.

### **Information on the Extraordinary General Meeting**

As announced earlier by the company, the signed, definitive agreements that form the basis of the strategic partnership with Michelin require the approval of an Extraordinary General Meeting before they can enter into force. The following applies:

- Notification of the upcoming Extraordinary General Meeting (EGM), which does not include the proposed amendment to the company's Articles of Association, will be published two to six weeks prior to the EGM in accordance with Chapter 7 of the Swedish Companies Act.
- In accordance with the Swedish Act (2021:198) on temporary exceptions to facilitate the execution of general meetings, the EGM will be held without physical attendance, with shareholders exercising their voting rights by postal ballot.
- The notification will be published in the form of a regulatory press release.
- An advertisement relating to the notification of the EGM will also appear in Dagens Industri (DI) and Post och Inrikes Tidningar (PoIT) two to six weeks prior to the Meeting.
- A virtual information meeting will be held prior to the Meeting to enable participants to ask questions. Please note that these questions must be submitted in advance. The date of this Meeting and more detailed information on how participants are to proceed in order to participate and ask questions, will be published in the notification.

#### **For further information, please contact:**

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