

Scandinavian Enviro Systems AB (publ) conducts a Rights Issue of approximately MSEK 106 and a change of business description

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.

The Board of Directors in Scandinavian Enviro Systems AB (publ) ("Enviro" or "the Company") has, subject to the subsequent approval of the shareholders' meeting, resolved to issue shares and warrants (units) with preferential rights for the Company's existing shareholders ("Rights Issue"). The Offering consist of a maximum of 264,038,280 new shares and a maximum of 264,038,280 warrants.

The resolution requires approval at an Extraordinary General Meeting, which will be held on November 27, 2018. The notice of the Extraordinary General Meeting will be published in a separate press release.

Summary of the Offering

- The Board of Directors in Enviro proposes that an Extraordinary General Meeting on November 27, 2018 approves the Board's decision on the Rights Issue, which provides Enviro with up to approximately MSEK 106, before Right Issue costs. Upon full exercise of subscription of shares and warrants, the Company will be further provided at least approximately MSEK 106 and no more than MSEK 264.
- The Rights Issue is guaranteed up to 80 percent by subscription undertakings and guarantee undertakings.
- Existing shareholders are entitled to subscribe for one (1) unit for each share held on the record date of 30 November 2018, one (1) unit consisting of two (2) newly issued shares and two (2) warrants without consideration of series 2018/2019. The subscription price is SEK 0.80 per unit, corresponding to a subscription price of SEK 0.40 per share.
- The subscription price for subscription of shares and supporting warrants corresponds to 70 percent of the average volume weighted price paid for the Company's shares according to Nasdaq First North official list during the period from August 15, 2019 up and until August 29, 2019. The subscription price cannot be lower than 0.40 SEK or higher than 1.00 SEK.
- The subscription period for subscription of units will be from December 4, 2018 up and until December 18, 2018. Subscription period for subscription of shares under the warrants will be from September 2, 2019 through September 13, 2019.
- The company is carrying out the proposed capitalization in order to accelerate the commercialization of the Company, and also with the purpose to capitalize on Enviro's attractive market position in a dynamically expanding market for carbon black.
- Furthermore, the company intends to implement and adjust the business description in the Articles of Association, which implies that Enviro's business focus is clarified and broadened to include future plants in which the Company may act as owner or joint owner.

Enviro is an environmental technology company that offers profitable recycling of tyres and processed materials primarily for the rubber industry. The company sells turn-key environmental plants to industrial investors and operate their own plant for end-of-life tyres in Åsensbruk, Sweden. Enviro, headquartered in Gothenburg, was founded in 2001, has 20 employees, and is listed on the Nasdaq First North securities exchange with Mangold Fondkommission AB, tel. +46 (0)8 5030 1550, as its Certified Advisor. www.envirosystems.se

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Rationale for the Offering and use of proceeds

Enviro has developed a unique patented technology for the recycling of four valuable materials, carbon black, oil, steel and gas, from end-of-life tires. The company is experiencing a change in the market, whereby the rubber industry demands increasingly recycled materials as a result of, among other things, increased global environmental awareness and increased commodity prices for the production of the carbon black.

On this basis, the Company believes that they have the opportunity to accelerate the commercialization of their business. In addition to the proposed commercialization, it is the Board's assessment that the existing working capital is not sufficient for current needs during the coming twelve-month period. This is why the Company carries out the Rights Issue.

Enviro intends to use the total proceeds raised for the following purposes, as indicated in priority order:

- Security of working capital
- Ensure ownership interests and partial-financing of future facilities
- Provide resources to accelerate the company's commercialization phase
- Capacity-increasing investments in the plant in Åsensbruk

The Right Issue

The Board of Enviro, subject to the subsequent approval of the Extraordinary General Meeting on November 27, 2018, has resolved to issue shares and warrants (units) in accordance with the following terms:

- All existing shareholders receive one (1) unit right for each share held on the record date. One (1) unit right entitles the holder to subscribe for one (1) unit for a subscription price of 0.80 SEK.
- One (1) unit consists of two (2) newly issued shares and two (2) warrants of series 2018/2019. The Rights Issue thus issues a maximum of 264,038,280 new shares and 264,038,280 warrants. The subscription price of SEK 0.80 per unit corresponding to a subscription price of SEK 0.40 per share and two warrants without consideration of series 2018/2019. At full subscription of the Rights Issue, and exercise of warrants, the Company receives an issue of a total of approximately SEK 106 million, before Right Issue costs. As a result, the share capital may increase from SEK 5,280,765.60 to SEK 15,842,296.80, representing an increase of SEK 10,561,531.20.
- The subscription period will be from December 4, 2018 up and until December 18, 2018.

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- For existing shareholders who choose not to participate in the Rights Issue, assuming that the Rights Issue is fully subscribed, will experience a dilution amounting to 67 percent.
- The subscription period for subscription of shares based on warrants will be from September 2, 2019 up and until September 13, 2019.
- Subscription price for subscription of shares based on warrants corresponds to 70 percent of the volume weighted average price paid of the Company's shares according to Nasdaq First North official list for the period from August 15, 2019 up and until August 29, 2019. The subscription price cannot be less than SEK 0.40 or higher than SEK 1.00. At full subscription to the Rights Issue, and full exercise of the warrants, the Company can receive at least approximately MSEK 106 and no more than MSEK 264 . As a result, the share capital may increase from SEK 15,842,296.80 to SEK 26,403,828, which represents an increase of SEK 10,561,531.20.

Subscription commitments and guarantees

The Rights Issue is covered by approximately MSEK 3.1, corresponding to approximately 3.0 percent of the Rights Issue, from subscription undertakings and guarantee undertakings from Board members and management, and approximately MSEK 3.4, corresponding to 3.2 percent of the Rights Issue, and from subscription undertakings and from other shareholders approximately MSEK 77.9, corresponding to 73.8 percent of the Rights Issue from external guarantees. In total, 80 percent of the Rights Issue is comprised of subscription undertakings and guarantee undertakings. Subscription undertakings have been provided by Thomas Sörensson (CEO), Urban Folcker (CFO), Lennart Persson (Board member), Stefan Tilk (Board member, via company), Jan Bruzelius (Board member), Pegroco Invest AB and Tamt AB. The guarantee undertakings have been provided by Alf Blomqvist (Chairman of the Board, via company), Peter Möller (Board member), Urban Folcker (CFO), Olov Ershag (COO), Pegroco Invest AB, Formue Nord Market Needs A/S and Mangold Fondkommission AB. For the guarantors, a guarantee commission of ten (10) percent of the guaranteed amount is paid in cash. The guarantors may also choose to receive compensation in shares instead of cash, in which case the compensation is twelve (12) percent. No compensation is paid to the shareholders who entered into subscription undertakings.

Proposed amendments to the Articles of Association

The Board also proposes that the Extraordinary General Meeting resolves in two separate resolutions to amend the Articles of Association limits on the share capital and the number of shares by first adjusting the share capital to at least SEK 5,280,000 and no more than SEK 21,120,000 and the number of shares to at least 132,000,000 and no more than 528 000,000 in the Articles of Association and the limits of the share capital thereafter change the limits on the share capital to at least SEK 15,000,000 and not more than SEK 60,000,000 and the number of shares to at least 375,000,000 and not more than 1 500,000,000. The second resolution to amend the Articles of Association is conditional upon that the Extraordinary General Meeting resolves to issue shares and warrants (units) and that subscription and allocation of units causes changes to the Articles of Association.

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Changed business orientation

Furthermore, the Board proposes that the Extraordinary General Meeting resolves to amend section §3 of the Articles of Association with the new wording: "The company, through wholly, partly or without the company's ownership shall operate alternatively market and sell pyrolysis plants for the recovery of organic material and trade with recovered products from the plants and conduct other business activity that is compatible with the aforementioned."

The amended wording means that Enviro's business focus is clarified and broadened to include future plants where the Company can act as owner or joint owner.

Proposal for authorization for the Board to resolve on new share issue

In addition, the Board proposes that the Extraordinary General Meeting resolves to authorize the Board to resolve on issuance of new shares, at one or more occasions, with or without deviation from shareholders' preferential rights for the period to the end of the next Annual General Meeting. Based on the authorization, the company's share capital may be increased by a maximum amount corresponding to a dilution of 20 percent of the Company's share capital.

Indicative timetable for the Rights Issue

27 November 2018	Extraordinary General Meeting.
28 November 2018	The prospectus is expected to be published.
28 November 2018	Last day of trading including the right to receive Unit Rights.
29 November 2018	First day of trading excluding the right to receive Unit Rights.
30 November 2018	The record date. Shareholders who are registered in the Euroclear Sweden AB first share register as of this day will receive Unit Rights which entitle the holder to participate in the Rights Issue.
4 December – 18 December 2018	The Subscription Period for the Offering.
4 December – 14 December 2018	Trading starts in Intermediary Shares (BTU).
4 December – 28 December 2018	Trade in BTU, preliminary period. The period may be extended or shortened, depending on the situation.
20 December 2018	The announcement of the outcome of the offering is expected to be published.

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Advisers

Mangold Fondkommission AB is acting as financial adviser to the Company in the Offering. Advokatfirman Delphi KB is acting as the legal adviser to the Company.

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This information is information that Scandinavian Enviro Systems AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 08:30 CET on October 26, 2018.

About Scandinavian Enviro Systems AB

Enviro is an environmental technology company that offers profitable recovery of tyres and processed materials primarily to the rubber industry. The company sells turn-key environmental facilities to industrial investors and also operate their own plant for end-of-service tyres in Åsensbruk, Sweden. Enviro, headquartered in Gothenburg, was founded in 2001, has 20 employees, and is listed on the Nasdaq First North securities exchange with Mangold Fondkommission AB, tel. +46 (0)8 5030 1550, as its Certified Advisor. <https://www.envirosystems.se/en/>

Important information

This press release is not an offer to subscribe for units in Enviro and investors should not subscribe or acquire any securities. Invitation to concerned persons to subscribe for units in Enviro will only be made through the prospectus that Enviro is expected to publish on November 28, 2018.

This press release shall not, directly or indirectly, be released, published or distributed in or to the United States, Australia Japan, Canada, New Zealand, Hong Kong, South Africa or other country where such action as a whole or in part is subject to legal restrictions.

Neither unit rights, units subscribed for ("BTU"), newly issued shares or warrants have been recommended or approved by any US federal or state securities authority or regulatory authority. No unit rights, BTU, newly issued shares have been registered or will be registered under the United States Securities Act of 1933, as applicable, or in accordance with applicable laws in the United States, Australia, Hong Kong, Japan, Canada, New Zealand, Switzerland, Singapore, South Africa or in any other country where the Rights Issue or distribution of the press release is in violation of applicable laws or regulations or presupposes that a further prospectus is established, registered or that any other measure is undertaken beyond that required by Swedish law.

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There is no intention to register any portion of the offer in the United States and the securities issued in the Rights Issue will not be offered to the public in the United States.

This press release may contain certain forward-looking information that reflects Enviro's current views on future events as well as financial and operational development. Words that are "intended", "come", "judged", "expected", "can", "plan", "appreciate" and other expressions that imply indications or predictions about future developments or trends, constitute forward-looking information. Forward-looking information is inherently associated with both known and unknown risks and uncertainties because it depends on future events and circumstances. Forward-looking information does not constitute a guarantee of future performance or development and actual outcomes may differ substantially from what is stated in forward-looking information. This information, the opinions and the forward-looking statements contained in this press release are valid only on this date and may be amended without notice. Enviro makes no representations about publishing updates or revisions of forward-looking information, future events or similar circumstances other than the applicable law.

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