

Enviro strengthen its financial position after completing MSEK 32.5 share issue to 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 AB (publ) (Enviro) has now completed the directed share issue to Michelin that was part of the letter of intent announced on April 15 regarding a long-term strategic partnership between the two companies. Following the share issue Enviro's cash and cash equivalents amounts to approximately MSEK 75.

Michelin's investment in Enviro was made by way of a directed share issue (private placement) of a total of 116,165,223 shares at a subscription price of SEK 0.28 per share, whereby, the share capital was increased by SEK 4,646,608.92. In total, the share issue generated proceeds of approximately MSEK 32.5 before transaction costs.

Following registration of the share issue by the Swedish Companies Registration Office, the share capital amounts to SEK 23,233,044.60 and the number of shares to 580,826,115, of which 20% is held by Michelin. The issue entails a dilution effect of 20% in terms of voting rights.

The French tyre manufacturer Michelin is one of the world's leading tyre manufacturers and the strategic partnership provides Enviro with significantly improved conditions for global establishment of recycling plants based on Enviro's patented and leading technology for recycling of end-of-life tyres (ELT).

The partnership between Michelin and Enviro is currently intended to be based on four main axes:

- A Development Agreement to deploy Enviro's pyrolysis technology on a larger scale
- Michelin's stake of 20% of Enviro's capital, amounting to SEK 32,526,262.44 or the equivalent of 116,165,223 shares, making Michelin the largest shareholder in Enviro
- The common project to build a factory to industrialize the technology. The location of the plant will be confirmed at a later date
- A joint Supply Agreement between Michelin and Enviro

A final agreement for a strategic partnership following the letter of intent is, as previously communicated, expected to be completed by mid 2020.

For further information, please contact:

Thomas Sörensson, CEO Enviro, +46 (0)735-10 53 43, thomas.sorensson@envirosystems.se

Urban Folcker, CFO Enviro, +46 (0)760-00 13 11, urban.folcker@envirosystems.se

Alf Blomqvist, Chairman, Enviro, +46 733 149 700, alf@blomqvistunlimited.com

Mangold Fondkommission AB, +46 (0)8 503 01 550, ca@mangold.se, is Enviro's Certified Adviser on Nasdaq First North Growth Market, Stockholm.

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 First North Growth Market with Mangold Fondkommission AB, tel. +46 (0)8 5030 1550, ca@mangold.se, as its Certified Advisor. www.envirosystems.se

Scandinavian Enviro Systems AB
Herkulesgatan 1K
SE-417 01 Gothenburg
info@envirosystems.se
www.envirosystems.se

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