



2025

Annual Report | Scandinavian Enviro Systems AB



Content

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 Annual Report shall prevail.

This Annual Report contains certain forward-looking statements that reflect Enviro's present view of future events as well as financial and operational development. Words such as "intend", "assess", "expect", "may", "plan", "believe", "estimate", and other expressions entailing indications or predictions of future development or trends, not based on historical facts, constitute forward-looking statements.

Forward-looking statements are inherently associated with both known and unknown risks and uncertainties as it depends on future events and circumstances. A forward-looking statement is not a guarantee of future results or development, and actual outcomes may differ materially from those set out in the forward-looking statements.

Enviro does not undertake any obligation to publicly announce any update or change in forward-looking statements as a result of new information, future events, or similar circumstances other than as required by applicable laws and regulations.

Internal dictionary

DD	Detailed Design
ELT	End-of Life-Tyres
EoW	End-of Waste
ISCC	International Sustainability & Carbon Certification
JV	Joint Venture
rCB	recovered Carbon Black
REACH	Registration, Evaluation, Authorisation & Restriction of Chemicals
TPO	Tyre Pyrolysis Oil

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Scandinavian Enviro Systems AB

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, +46 8-528 00 399, info@fnca.se, as its Certified Advisor. www.envirosystems.se



Significant events during the year

- March 2025** Enviro's recovered carbon black played a central role when AnVa launched a climate-neutral rubber compound.
- May 2025** Enviro and Michelin entered into a unique collaboration focused on creating a circular solution for racing tires.
- May 2025** A renewed supply agreement for pyrolysis oil underlined the need and demand for Enviro's recovered raw materials.
- May 2025** Infiniteria has entered additional delivery agreements regarding recovered carbon black from Uddevalla – 100 percent of the carbon black production at Uddevalla 1 is thereby fully booked.
- June 2025** The Board of Directors of Enviro has resolved on a partially guaranteed preferential rights issue. The outcome of the rights issue is that the Company was provided with proceeds of MSEK 240.0 before transaction costs. The CEO and CFO of the Company have subscribed for nearly 13 million shares in total in the preferential rights issue.

- June 2025** During the Annual General Meeting in Enviro a partly new Board of Directors was elected, consisting of:
- Ewa Björling (newly elected), who was also appointed Chair of the Board
 - Fabien Gaboriaud (re-elected)
 - Magnus Jakobson (newly elected)
 - Peter Möller (re-elected)
 - Björn Olausson (re-elected)
 - Helene Svahn (newly elected)
- June 2025** Enviro reached a new milestone for the Uddevalla plant and was provided approximately MSEK 11.7 million in a milestone payment.
- September 2025** All equipment for the main process has now been delivered and installed in Uddevalla.
- November 2025** Enviro provided a status update regarding the timeline for the pyrolysis plant in Uddevalla.
- December 2025** Enviro carried out an impairment of intangible and financial fixed assets amounting to approximately SEK 265 million.

Significant events after year end

- January 2026** Enviro announced leadership transition, appointing Fredrik Aaben as CEO and Maria Ljungstrand as CFO.
- February 2026** Enviro received a request for arbitration.
- February 2026** Enviro applied for and was granted company reorganization and provided an update regarding expected liquidity.
- February 2026** The expected timeline communicated by the Company in November regarding the Uddevalla facility will not be achieved. At present, it is not possible to communicate a new timeline.
- March 2026** A member of Enviro's Board of Directors resigned at their own request.
- March 2026** Enviro applied for and was granted bankruptcy for the subsidiary Tyre Recycling in Sweden AB.
- March 2026** Enviro signed a letter of intent regarding the licensing of technology for the construction of a pyrolysis plant in North America.
- March 2026** Enviro terminated agreements relating to the Infiniteria joint venture collaboration as part of the ongoing company reorganization process.
- April 2026** Enviro's representatives step down from the Board of Directors of the joint venture company Infiniteria.
- April 2026** Infiniteria disputed the termination of the joint venture agreements and announced claims for damages.
- April/May 2026** Infiniteria requested that the company reorganization be terminated. After Enviro submitted its statement regarding the request, the district court ruled that the restructuring would continue.
- May 2026** Enviro submitted an environmental permit application and secured an option regarding a property for the first wholly owned full-scale Nordic pyrolysis plant.
- May 2026** Enviro entered into an equity-related financing arrangement with Alumni Capital Limited for up to SEK 50 million.
- May 2026** Enviro signed a letter of intent regarding the licensing of technology for the construction of pyrolysis plants in Brazil.
- May 2026** Enviro applied for an extension of the corporate restructuring and provided an update on expected liquid funds.

A word from the CEO

Our customers consistently confirm the performance of our products.

Dear Shareholders,

On a global level, 2025 was an eventful year, marked by rapid shifts driven by geopolitical uncertainty and trade policy tensions. It was also the year in which the Swedish krona reversed its weakening trend and began to appreciate against both the US dollar and the Euro. In such an environment, the strategic clarity and flexibility of investors, companies and policymakers are put to the test.

At the same time, the strong trend of globalisation has begun to contract in favour of increased local autonomy, an area where Enviro's world-leading technology plays an enabling role.

Looking back, for Enviro 2025 was largely focused on the execution of the Uddevalla project, the first full-scale plant based on our proprietary technology. During the year, groundworks and civil construction were completed, and the main civil contractor demobilised in the fourth quarter. The office building was finalised and handed over to Infiniteria, whose organisation has been operating on site since the spring.

Over the summer and autumn, Enviro's engineering team continued to work intensively on the further development and documentation of the facility and Enviro's blueprint. Installation work in the process hall progressed

throughout the year, and a substantial portion of the production equipment is now in place, for example, all reactors have been delivered and installed. Although certain commissioning activities commenced during the second half of the year, significant installation work remained at year-end before full-scale commissioning can begin.

During the spring, Enviro raised additional capital, providing the company with approximately SEK 200 million after transaction costs. This strengthened Enviro's financial position and has enabled continued development of both our technology and business model. Part of the proceeds has been invested in building a service offering covering the full lifecycle of pyrolysis plants. While the ambition was to enter into a more comprehensive service agreement with Infiniteria during the fourth quarter, the parties were unable to agree on the terms.

Enviro's facility in Åsensbruk continued to produce recovered oil and recovered carbon black of leading quality throughout the year. Our customers consistently confirm the performance of our products. The facility has primarily served as an R&D and testing platform for the development of the current generation of Enviro's pyrolysis technology, a phase that has now been successfully completed.



CEO Fredrik Aaben

Arbitration proceedings initiated by Infiniteria

During 2025, Enviro conducted a strategic review. The contractual framework governing the collaboration with Infiniteria proved to be disadvantageous and burdensome for Enviro. During the autumn, we therefore sought to engage in discussions with Antin and Infiniteria with the aim of i) adjusting contractual terms to achieve a long-term sustainable structure for all parties, ii) securing compensation for variation, additional and omitted works, iii) ensuring payment in accordance with existing agreements, and iv) establishing supplementary service agreements.

Unfortunately, these efforts did not lead to an agreement and, in February 2026, Enviro instead received a request for arbitration from Infiniteria. Enviro disputes the claims in their entirety and considers them to be without merit.

The initiation of arbitration proceedings negatively affected the collaborative climate within the project. Enviro entered into corporate reorganisation in February and terminated the agreements related to Infiniteria in March 2026.

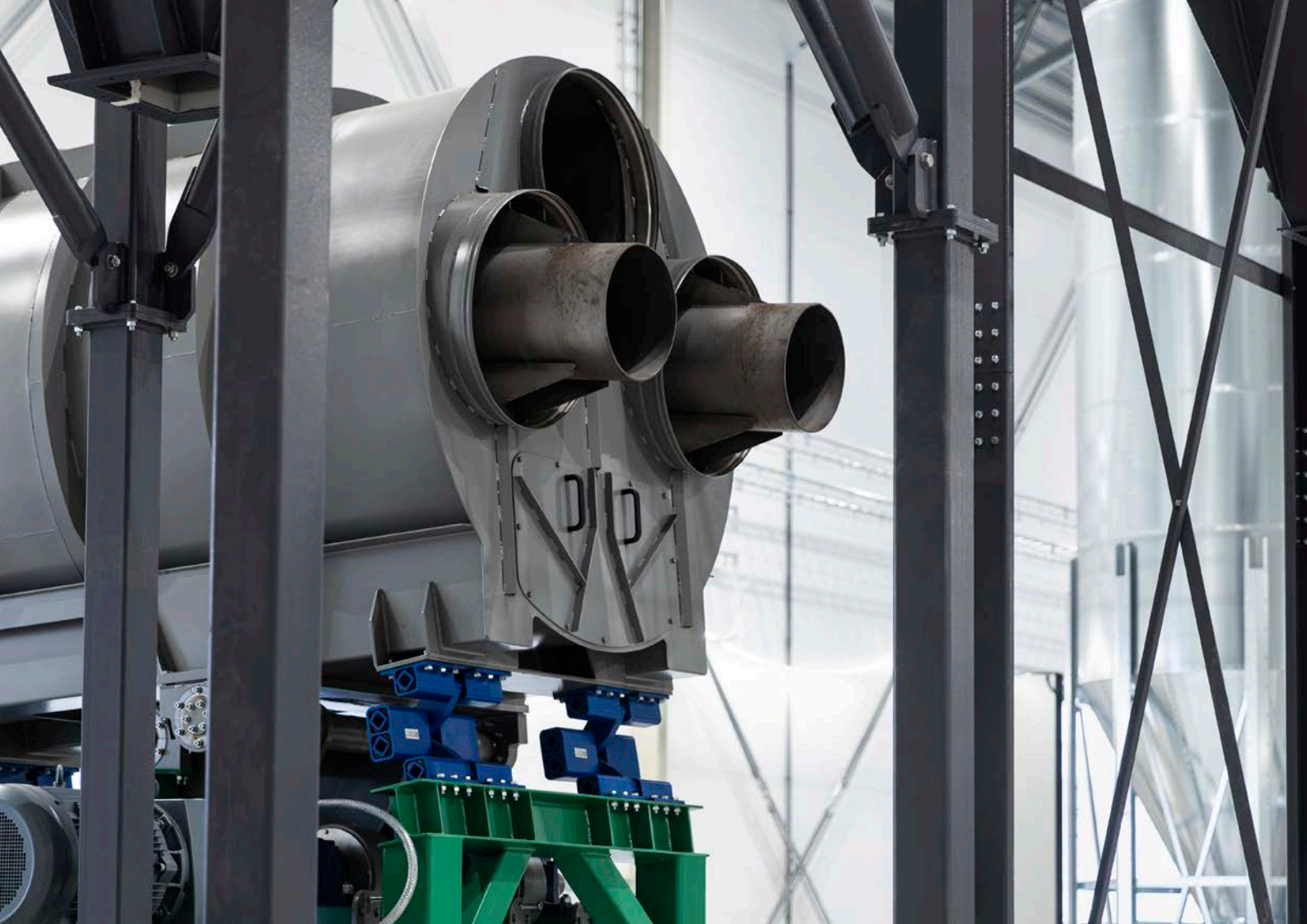
Strong interest in Enviro's world-leading technology

Interest in Enviro's technology remains strong. During the year, we engaged in initial discussions with around ten stakeholders in various parts of the world. While Europe remains an important market, the greatest global potential lies outside the continent, as only approximately 10 per cent of end-of-life tyre volumes are located in Europe.

Thank you for your commitment during the year

Lastly, I would like to extend my sincere thanks to our employees and consultants who, with strong dedication and engagement, have contributed to the continued development of Enviro's technology and the execution of the Uddevalla project.

Fredrik Aaben
CEO



The Uddevalla plant

The recycling facility in Uddevalla will be the first full-scale facility based on Enviro's proprietary and patented method for extracting valuable raw materials from end-of-life tires. The facility is being constructed within the framework of the joint venture company that Enviro formed together with Antin Infrastructure Partners in 2023 and which is supported by Michelin. The facility in Uddevalla will be the joint venture company's first facility.

Construction of the facility in Uddevalla commenced in February 2024 and continued during 2025, when all equipment for the so-called main process was also delivered and installed. The facility has been built by Enviro for Infiniteria. In March 2026, the agreements related to Infiniteria were terminated with a notice period of three months.

During the year, Infiniteria entered into additional supply agreements regarding recovered carbon black from Uddevalla. Already when construction of the facility began in February 2024, Infiniteria had signed offtake agreements for recovered raw materials with a total value of SEK 2 billion and terms ranging between 5 and 10 years.

When Uddevalla 1 operates as intended and the facility meets the requirements for PAC, Provisional Acceptance Certificate, a final investment decision regarding Uddevalla 2 is expected to be prepared and taken. Uddevalla 1 will have an annual capacity to recycle 34,500 tonnes of tires and, together with Uddevalla 2, a total recycling capacity of double that amount, i.e. nearly 70,000 tonnes of tires per year, will be achieved.



Modular recycling facilities

Enviro's recycling facilities have a modular pyrolysis process, which means that the functionality and capacity of each complete module are verified. Examples of modules are reactor and condensation modules. The modules are assembled and tested at the supplier's premises prior to delivery to site in order to shorten lead times and reduce risk during installation and commissioning. A reactor module has a capacity of nearly 7,000 tonnes of tires per year. A facility with five reactor modules there-

fore has a capacity of 34,500 tonnes of tires per year. Enviro can thereby increase the capacity of a recycling facility by installing additional reactors instead of increasing the capacity of an individual reactor. This type of scale-up entails significantly lower risk of production disruptions while also providing economies of scale from a financial perspective. The project period for constructing a facility is estimated at 18–24 months from the start of the project.

Managing parallel projects

To be able to deliver projects at the pace and to the extent planned, Enviro establishes collaborations with partners within project execution and with different types of allocation of responsibilities. The objective is for such partners to be responsible for areas that do not belong to Enviro's core process. The working method reduces the risks and capital requirements in each project while at the same time creating

room for streamlining the processes that are close to the core business and where Enviro generates the most value. The approach also means that the company going forward can move closer to serial production of the equipment for the main process and thereby further streamline the construction of the facilities as well as increase their profitability.



History



The CFC process "Carbonize by Forced Convection" is invented by Bengt Sture Ershag. The first patent is granted in year 2000.

1994

2013

Commercial plant at Åsensbruk operational, nameplate capacity of 4,000 tons of ELT per annum.



First commercial sale of rCB to AB Volvo and Volvo Cars Corporation via AnVa Polytech.

2016

2014

Listed on Nasdaq First North.

NASDAQ OMX
FIRSTNORTH



Michelin launches racing tyres for MotoE containing Enviro rCB.

2020

Michelin becomes the principal shareholder of Enviro, a position it has maintained.



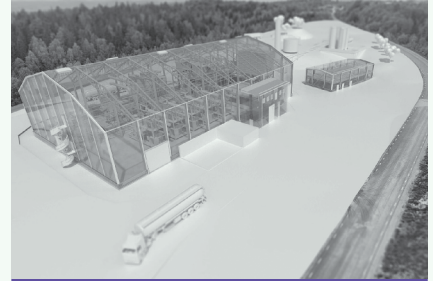


Michelin unveils car tyres approved for road use containing 45 percent sustainable materials, including Enviro rCB.



Enviro granted environmental permit, followed by construction permit, for the upcoming Uddevalla plant.

First order of Tyre Pyrolysis Oil ("TPO") from Åsensbruk to a US oil major, Preem orders for production tests, interest from multiple others.



Start of construction at Uddevalla plant in February 2024, commissioning expected in 2025.

2021

rCB and TPO from Åsensbruk plant receives ISCC sustainability certification.



2022
2023

Announcement of joint venture with Antin, supported by Michelin, realizing Enviro's vision together at industrial scale.



2024
2025

All equipment for the main process is delivered. The blueprint is further developed, as is the documentation for the plant.



International expansion plan

Enviro has continued its exploration of new markets among both investors and customers.





The formation of the joint venture company, the construction of the plant in Uddevalla and the long-term supply agreements that the joint venture company has signed with leading companies within the tire, rubber and oil industries, further confirm Enviro's leading position within the field and the company's strong opportunities for further expansion. In recent times, Enviro has initiated an exploration of new markets among both investors and customers in, among others, the USA, South America and selected parts of Asia and the Middle East. During these explorations, Enviro and its technology have been met with very great and genuine interest. Enviro continues to work with the leads that the company assesses to be the most interesting in order to further deepen the discussions regarding the opportunities for further expansion around the world.

The conditions for expansion are also very favourable outside Europe. Globally, more than one billion end-of-life tires are generated annually, a volume that is estimated to increase by between 4 and 5 percent per year. Producer

responsibility, i.e. regulations requiring manufacturers and importers of tires to take responsibility for the collection, recycling and reuse of end-of-life tires, is common in Europe but is also beginning to be implemented in other parts of the world such as North America, Australia and parts of Asia. Producer responsibility increases the need for some form of recycling method for end-of-life tires while at the same time the major global tire manufacturers have communicated ambitious targets for how they will increase the share of renewable materials in their tires. The same applies to leading players within the oil and fuel industry as well as within the chemical industry.

Enviro is one of few companies in the world that has succeeded in developing a functioning industrial method for efficient recycling of valuable raw materials included in tires, such as carbon black and oil. With the help of the raw materials that can be recovered using Enviro's method, the tire, oil and chemical industries can increase their circularity and environmental sustainability.

Market position

Interest in Enviro, our technology and our circular products is growing sharply. The reason for this is that producers within the rubber, tire, oil and chemical industries all have a clear objective of producing more climate-neutral products in the near future. In this context, both Enviro's recovered carbon black, rCB (recovered carbon black), and pyrolysis oil, TPO, play a central role.

For several producers of tires and rubber products, Enviro's rCB can replace all of the fossil-based carbon black that is used, and for others a high replacement rate can be achieved. Considering that several tire and rubber products contain approximately 30 percent fossil-based carbon black that can be replaced with Enviro's rCB, this directly has a major positive impact on the companies' opportunities to achieve climate neutrality. The ISCC certificate that Enviro has obtained for its recovered carbon black shows that the use of Enviro's rCB reduces the CO₂ footprint by more than 90 percent compared with the use of fossil-based Carbon Black.*

The TPO plays an important role in the transition of the chemical industry. Among producers of fuels, carbon black, plastics and base oils, the interest in Enviro's recovered pyrolysis oil is substantial since they can use our TPO to achieve their own targets regarding climate neutrality.

Enviro's collaboration with Michelin is also an important component in the company's positioning. In addition to being a supplier of rCB to them, we have also established mutually beneficial collaborations within both product development and industrialization and commercialization. Close collaborations with larger companies such as Michelin are important for a company like Enviro because they increase the understanding of existing value chains and also provide opportunities to influence these in order to work smarter and more efficiently.

*Source: LCA data bases for fossil products: Eco Invent & Thinkstep. The rCB emissions are calculated in accordance with GHG (Green house gas) within the ISCC certification.



The same types of collaboration models that Enviro has with Michelin are ongoing with other players both within the rubber and chemical industries. This is highly valuable for all parties involved because it increases the understanding of and the opportunity to change the value chain so that it functions better both from an operational perspective and from a climate perspective. Enviro is in the process of establishing several additional types of collaborations that the company assesses will be valuable for the future.

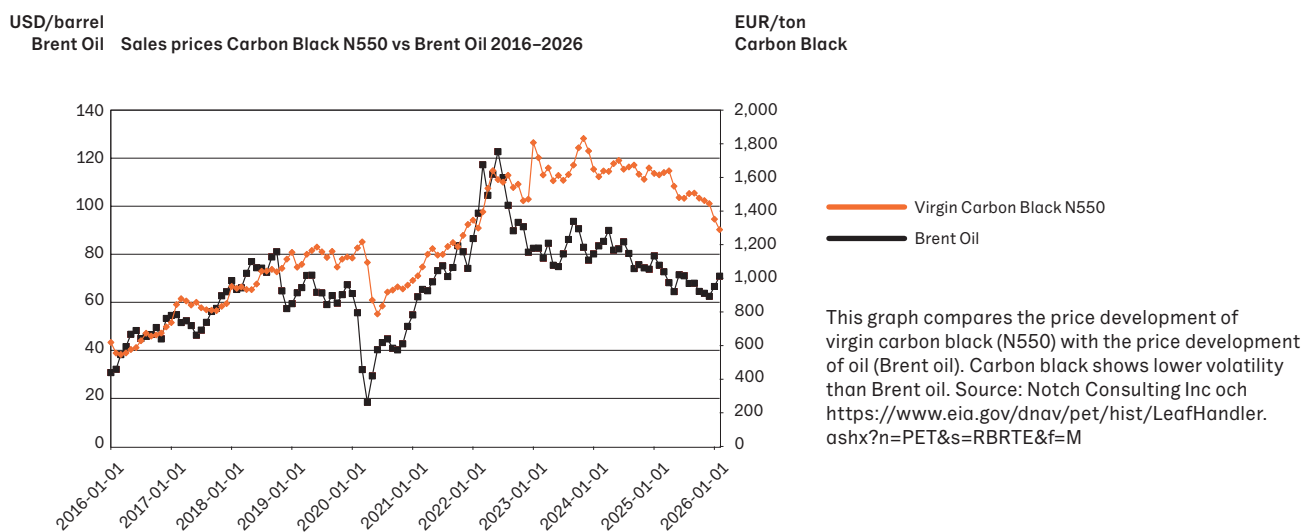
Drivers for continued development and capacity expansion

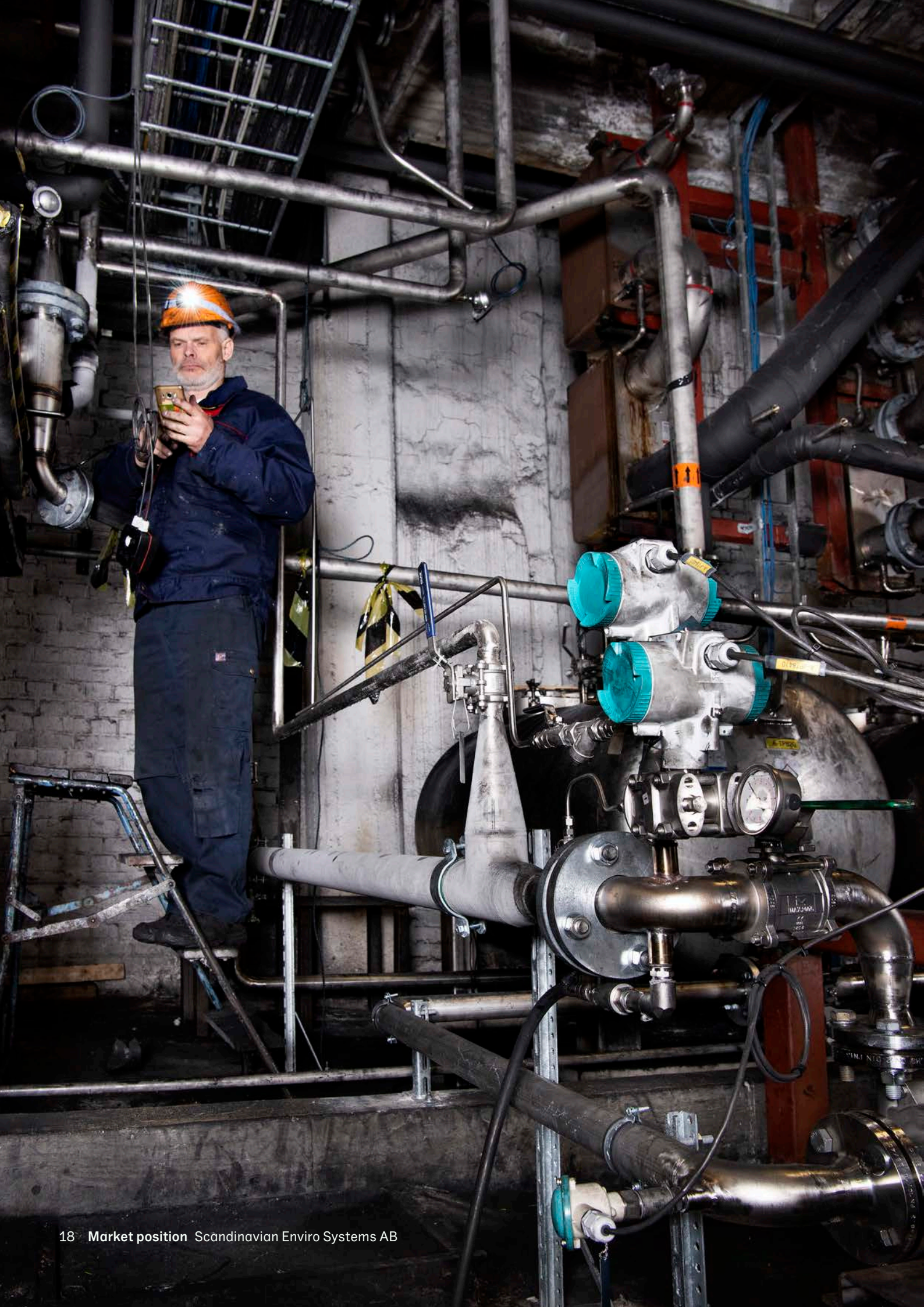
At the current stage, the most central objective for Enviro is to rapidly build capacity in order to be able to handle sufficient volumes of end-of-life tires, ELT (end-of-life tires), and to be able to produce sufficient quantities of rCB and TPO for our customers. The driving forces here relate both to the tire industry's producer responsibility, which requires a solution for handling the large waste streams of ELT, and to the requirements regarding climate neutrality and transition that our customers are facing and which form the basis for the legally binding agreements regarding long-term deliveries of rCB and TPO that Infiniteria, our joint venture with Antin Infrastructure Partners, has signed with several leading companies within the tire, rubber and oil industries. Through Enviro's pyrolysis technology, the company can use the waste stream of ELT to produce new raw materials for the value chain that once produced the tire that Enviro has recycled.

Development during 2025 regarding rCB and TPO

Enviro works in a focused manner to develop both our technology and our products. Through many years of deliveries to leading players within the tire and rubber industries, the company has proven that it has a very strong position and a robust and efficient technology that generates recovered raw materials of the quality requested by customers. At the same time, there are good opportunities to further develop our products in order to offer our customers the possibility to replace, to an even greater extent, the fossil-based raw materials they currently use. Parallel with the central objective of building capacity, the further development of both our rCB and our TPO is continuously ongoing. Enviro has already developed two types of rCB today, but the company assesses that in the future there will be a need for additional types of rCB and most likely also several different types of TPO. Everything is about a combination of our own development and our customers' requests.

During 2025, Enviro has also been engaged in the work of developing a digital product passport for tires. Through Michelin, Enviro is part of CIRPASS2, a grouping aimed at evaluating the introduction of a so-called Digital Product Passport, DPP. A digital product passport of the RFID type (Radio Frequency Identification) which, for each individual tire, provides central information about the composition of the tire, etc., which would facilitate the recycling of tires. Enviro is convinced that this digitalization is crucial for establishing a more circular economy linked to the tire value chain. We assess that a DPP for tires will facilitate access







for manufacturers and the recycling sector to individual data regarding tires, which would encourage increased recycling of the material and thereby support the development of more climate-adapted tires.

Enviro's recovered materials have a wide range of applications.

With the help of its leading pyrolysis technology, Scandinavian Enviro Systems can recover valuable materials that have several interesting areas of application. The recovered carbon black has been used for nearly 10 years in the production of commercial products for the automotive industry, and the recovered oil has been used by several leading oil companies for the successful production of biofuels. Leading companies within the oil and chemical industries have also shown great interest in using Enviro's recovered products for the production of more environmentally sustainable specialty oils and specialty chemicals. Overall, completed test productions and the strong interest from various industrial players demonstrate the additional potential that exists for Enviro's recovered raw materials beyond what today's customers have already identified.

Developments in regulatory governance and standards

Enviro closely monitors the need to comply with both regulatory requirements and to obtain competitive and commercially viable certifications. In this regard, the international sustainability certification ISCC is an important instrument for Enviro both from a commercial perspective and from a sustainability perspective. There are clear links between our products' documented ability to contribute to CO2 reduction and strong price positioning in the market.

Within the regulatory area, work is ongoing within the EU to ensure sustainable and digitalized governance of waste streams, and these initiatives will benefit our value chains and de facto create better recycled new products. In order to try to influence the value chains in the right direction, Enviro always strives to be a highly active participant within the regulatory area. The company's engagement aims both to strengthen the company's commercial position and to further increase our overall contribution to climate neutrality.

Sustainability

A world without waste

Scandinavian Enviro Systems' vision "A world without waste" forms the basis of our business strategy, to be an enabler for a more sustainable world through recycling technology for valuable raw materials. Similar to many other companies, Enviro is convinced that a sustainable business and operations are built on three cornerstones:

1. Enabler for a more environmental and climate-friendly world, not only for us as a company but above all for our customers who can thus become more environmentally sustainable
2. Responsible and economically sustainable business
3. Social sustainability by focusing primarily on being a responsible employer and also a responsible societal stakeholder.

Enabler for a sustainable climate and environment

Environmentally friendly technology: Scandinavian Enviro Systems supports a circular economy through its advanced pyrolysis technology for the recovery of carbon black, oil and steel from end-of-life tires. By recycling these resources, Enviro helps to reduce the use of fossil oil.

Concurrently this reduces the amount of tire waste sent to landfill, incinerated or used in other non-circular areas.

Reduced CO₂ emissions: By replacing virgin carbon black with recovered carbon black in tire production and by exchanging fossil oil with recovered oil, Scandinavian Enviro

Systems helps to reduce CO₂ emissions. This reduces the company's climate impact and promotes in particular more sustainable production of tires and renewable oil in the industries for tire, biofuel and other plastics or chemicals production companies.

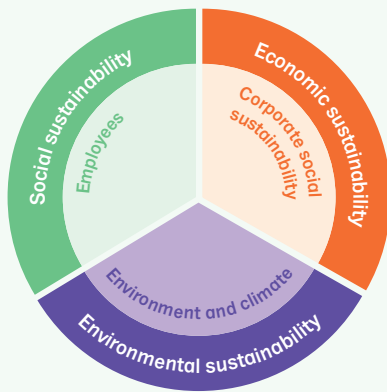
Enviro helps to combat the greenhouse effect through technology and know-how that results in raw materials that when used lead to a reduction in CO₂ emissions via rCB (recovered carbon black), renewable and recovered pyrolysis oil, TPO (Tire Pyrolysis Oil) and steel.

For recovered carbon black, the reduction in CO₂ emissions is estimated at more than 90 percent compared with the production of new carbon black based on fossil oil.

Including recovered oil and steel, the total CO₂ reduction is more than 80 percent, which means that a plant the size of that in Uddevalla (stage 1 with a recycling capacity of 34,500 metric tons of end-of-life tires) yields a total annual reduction in CO₂ emissions of more than 55,000 metric tons. With an estimated economic life span of 20 years, a plant the size of stage 1 in Uddevalla is estimated to reduce total CO₂ emissions by approximately 1.1 million metric tons over the life of the investment.*

Recycling plants based on Enviro's pyrolysis technology also contribute to the European Union's strategic autonomy as it can be used locally to recover industry-critical raw materials. This makes an active contribution to reduced dependency and imports of key input goods from countries outside the EU.

*Source: Calculations made by the Company.



Areas of focus in Enviro's sustainability initiatives. In pace with the realization of Enviro's expansion plan, the need for focus and clarity in its sustainability initiatives is increasing in importance.

Sustainable verification through certification: Through quality-assured certifications, such as ISCC EU for TPO, ISCC+ for TPO and carbon black, REACH and End-of-Waste (EoW), we ensure and guarantee compliance with international practices and legislation. Through solid in-house knowledge and expertise as well as close collaboration with external analytics companies, we ensure independent and standardized processes for follow-up of our own sustainability impact and reliability in monitoring how we contribute to reducing CO2 emissions. This also applies to knowledge of and ensuring compliance with required environmental permits that follow Swedish and international legislation and requirements.

The electricity consumption per ton of recycled ELT at the Company's facility in Åsensbruk has decreased significantly during the year. The Company has established an action plan aimed at further improving energy and resource efficiency.

Responsible and economically sustainable business

Sustainable business relationships: Enviro's business model aims to establish long-term and sustainable business relationships with partners and customers. In 2023, Enviro signed an agreement with Antin Infrastructure Partners to form the world's first large-scale tire recycling company in the form of a joint venture. The joint venture is supported by Enviro's majority owner, Michelin, and aims

to establish recycling plants throughout Europe based on Enviro's patented pyrolysis technology. The partnership has resulted in long-term and legally binding supply contracts for recovered materials between the joint venture and leading manufacturers in the tire, rubber and oil industries, including Michelin, Preem, Nokian Tyres and H&R Group. The joint venture has exclusive rights to Enviro's technology, in terms of used tires, throughout Europe, which has strengthened the partnership between customers who often operate across the entire continent. By focusing on mutual product benefits and development, the products are continuously developed to enable greater circularity in the markets where these customers operate.

Our stakeholders and shareholders share our vision and interest in long-term and circular investments for a more sustainable world and that meet requirements in the EU Taxonomy.

High profitability: Our technology enables healthy profitability and a fast payback for plant investments. This ensures financial resources for a rapid expansion of recycling capacity, which enables a rapid transition for industry to a market driven by circularity.

Social sustainability—responsible employer and societal stakeholder

Safe work environment: Scandinavian Enviro Systems' prioritizes a safe and healthy work environment for its employees. By following strict safety recommendations and continually improving workplace conditions, the company strives to create a safe and positive work environment for all employees.

A good employer: We can achieve our targets and our vision through the steadfast passion, knowledge and loyalty of our employees. Enviro has a relatively young, well-educated and above all an engineering-driven organization. Throughout 2025, the organization and business operations underwent substantial changes, a transformation that is expected to continue over the next few years.

This sustainability report reflects Scandinavian Enviro Systems' commitment to integrate sustainability principles in all aspects of its operations to foster a more sustainable and responsible future for humanity and society as a whole. Enviro's plan is to produce a more robust sustainability report in the next Annual Report.



Sustainability data 2025

Recycling rate of input materials

Of the input materials processed at Åsensbruk, 93 percent material recycling was achieved in accordance with the waste hierarchy and in line with the results of the previous year.

Climate impact from own production

Our production is energy-intensive and requires us to continuously work on improving energy efficiency in our production processes in order to reduce energy demand. Through a circular process in our production operations, we reuse energy from the process itself for heating.

Our operations are regulated and reviewed annually through an environmental report.

Green electricity

Green electricity is a prioritized choice for our energy supply and electricity use to the extent that it is available in the market.

Biodiversity

Enviro's direct and indirect impact on biodiversity and on the ecosystem was limited in 2025. Our operations are subject to strict regulation under Swedish environmental requirements.

Our impact and how we make a difference

Through Enviro's recycling technology, the scalability of our business and collaboration with important partners, we can contribute to the UN's 2030 Agenda in the following goals:

Goal 7. Affordable and clean energy

The pyrolysis oil extracted using Enviro's technology has a high renewable biogenic content due to the amount of natural rubber present in the tires we recycle.

Goal 8. Decent work and economic growth

Enviro's circular technology and capacity creates jobs in the future in the circular economy.

Goal 9. Industry, innovation and infrastructure

Enviro's technology is highly developed and can be used for most waste streams, such as end-of-life tires, rubber waste, composite materials, etc.

Goal 11. Sustainable cities and communities

Through its technology, Enviro contributes to increased use of more sustainable raw materials, which in turn can contribute to more sustainable cities and communities.

Goal 12. Responsible consumption and production

Enviro's technology and capacity build-up support increased producer responsibility and sustainable production, which also lead to more sustainable consumption.

Goal 13. Climate action

The use of recovered carbon black leads to significantly lower CO2 emissions than the use of virgin carbon black, as indicated in life cycle assessments. The use of recovered oil leads to significantly lower CO2 emissions than the use of fossil-based equivalents.

Goal 14. Life below water

Enviro's circular solutions contribute to the collection and recycling of waste, which reduces the use of fossil resources and thus also reduces impact on life both on land below the water.

Goal 15. Life on land

Enviro's circular solutions contribute to the collection and recycling of waste, which reduces the use of fossil resources and thus also reduces impact on life both on land below the water.

Goal 17. Partnerships for the goals

Through Enviro's responsibility and partnership with major international players, we share a common goal and responsibility for fulfilling the goals of 2030 Agenda.

Zero tolerance for harassment and discrimination

Enviro has zero tolerance for harassment and discrimination. No cases were reported in 2025 arising from harassment or discrimination.

Whistleblower function

Enviro does not yet have a formal whistleblower function in place.

Internal governance documents

Code of Conduct
Anti-Corruption policy
GDPR policy
Privacy policy

Quality and environmental management certifications (ISO certification)

Enviro's production unit in Åsensbruk is certified according to ISO 14001.
Enviro's production unit in Åsensbruk is certified according to ISO 9001.

Anti-corruption

No corruption cases were reported. In 2025, Enviro was not involved in any legal dispute or subject to damages.



The plant in Åsensbruk*

Enviro has operated a recycling plant in Åsensbruk in Mellerud Municipality, Västra Götaland, Sweden, for the past twelve years.

During the past year, Åsensbruk achieved significant progress together with strategic partners regarding the implementation of various pioneering tests.

In March, the company announced that Enviro's recovered carbon black had been used by the Swedish rubber and plastics manufacturer AnVa to develop climarub, one of the world's first completely climate-neutral rubber compounds, which is part of the objective to phase out fossil-based solutions within the automotive industry.

In May, Enviro announced that tests had been carried out in collaboration with Michelin in which Enviro can reuse valuable raw materials from Michelin's racing tires, such as carbon black and oil.

Enviro has noted that the interest in both Enviro's recovered carbon black and its recovered oil continues to be very strong. During recent years, deliveries have, among other things, been made to a leading oil company.

In other respects, much of the focus during the year was directed towards continuing to increase the availability of the facility, as well as efficiency improvements and work environment measures.

*After the end of the year, the parent company applied for and was granted the bankruptcy of Tyre Recycling in Sweden AB.

It is a plant operated with the following main purposes:

1. To produce and sell recovered materials from the plant.
2. To demonstrate that the company's technology works.
3. To conduct pyrolysis tests of various types of tires, different rubber and where appropriate, different material, such as carbon fiber.

Corporate Governance

Basis

Good corporate governance, risk management and internal control are central features of successful operations and crucial in maintaining confidence among the company's stakeholders. The aim of corporate governance is to ensure that the company is managed on behalf of the shareholders in as efficiently a manner as possible.

Corporate Governance structure

The corporate bodies that govern the company are the general meeting, the Board of Directors, the Chief Executive Officer (CEO) and the auditor. The general shareholders' meeting (the Annual General Meeting) is held annually within six months of the end of the financial year. The company's financial year is 1 January–31 December. The Annual General Meeting is to appoint the Board of Directors and auditor.

The Board of Directors appoints the CEO. The auditor reviews the annual report and the administration by the Board of Directors and the CEO. The tasks of the Nomination Committee are established by the Annual General Meeting and comprise proposing members of the Board of Directors, the chairman and auditor for election at the Annual General Meeting as well as remuneration of these.

Annual General Meeting

The Annual General Meeting is the company's highest decision-making body and the forum at which the shareholders' rights are exercised. At the Annual General Meeting, resolutions are made on the proposals from the Nomination Committee, the Board of Directors and the shareholders, as well as any other decisions included in the current articles of association or legislation. Resolutions include (i) adoption of the income statement and balance sheet, (ii) appropriation of the company's profit or loss, and (iii) the election of the Board of Directors and auditor and determination of their fees. The meeting resolves the discharge from responsibility of the Board members and the CEO. According to the company's articles of association, the Board of Directors of the company is to comprise not fewer than three and not more than ten members without deputies.

Shareholders

Information on the company's shares and shareholders is presented on pages 28–29.

Nomination committee

The Annual General Meeting adopts the principles governing the appointment of the Nomination Committee. According to the most recent resolution by the Annual General Meeting, the current Nomination Committee has been appointed, in summary, in accordance with the following principles:

The Nomination Committee shall comprise three members. These three members shall be appointed by the three shareholders in the Company controlling the largest number of votes based on ownership statistics as of the last banking day in August of the year in which the members are to be appointed, whereby each shareholder appoints one member to the Nomination Committee. The Chairman of the Board shall be co-opted to the work of the Nomination Committee without being a member of the Committee.

The Chairman of the Nomination Committee shall be the member who, at the time of the constitution of the Nomination Committee, represents the shareholder controlling the largest number of votes, unless the Nomination Committee unanimously decides otherwise. In the event of an equal number of votes within the Nomination Committee, the Chairman shall have the casting vote.

For the appointment of the Nomination Committee until the end of the next Annual General Meeting, the Chairman of the Board shall contact the largest shareholders by voting rights in accordance with the above in order to appoint three members to the Nomination Committee.

The Company shall announce the composition of the Nomination Committee through a press release on the Company's website as soon as the representatives have been appointed, but no later than six months prior to the Annual General Meeting.

Ahead of the 2026 Annual General Meeting, the Nomination Committee consists of the following persons:

Nomination Committee 2026

Fabien Gaboriaud	Chairman of the Nomination Committee, appointed by Michelin
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Monica Åsmyr	Representing Robur Fonder
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Karin Eliasson	Representing Handelsbanken Fonder
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The composition was communicated through a press release and on the company's website on October 31, 2025.

Board of Directors and management model

The Board of Directors has the ultimate responsibility for the company's organisation and administration. The Board currently comprises five members, of whom one woman and four men. The Board has no deputies.

The work of the Board of Directors is governed by the Swedish Companies Act, the articles of association and the work instruction adopted by the company's Board of Directors. The company's work instruction stipulates, for example, the distribution of responsibility between the Board of Directors and the CEO.

Active board work

The company's Nomination Committee has deliberately chosen to recruit persons to the Board of Directors who can take an active and operational role in contributing to the development of the company strategically and in business terms. A small company like Enviro, which has a technology with major commercial potential, but is still at an early phase, has an extensive need to become associated with leading and decisive competence. At the same time, a small company that is in such a phase usually has neither the size nor the resources required to attract and recruit key competencies in all areas and for all positions of importance. Accordingly, Enviro's owners have chosen to also try to gain these competences and this experience through the Board of Directors. The persons who are on the Board of Enviro have thus also been recruited on these premises and with the clear understanding that a Board position at Enviro requires a commitment that is different to and greater than a Board assignment in a smaller listed company would usually require. This means that, in addition to participating in scheduled and extra Board meetings, a member of Enviro's Board of Directors is expected to continuously participate actively in negotiations, agreement discussions and various forms of evaluations. It is also important that board members have the best interests of the company at heart, regardless of any potential conflicts of interest.

At its meetings, the Board of Directors also discusses the company's future development, quarterly reports, budgets, financing and conducts the customary follow-up of the strategic and operating activities of the company. The Board also evaluates the company's financial reporting on a quarterly basis and places demands on its content and structure to ensure a high level of quality. Each year, the company's auditor participates in the meeting at which the Annual Report is approved. The company's CEO is co-opted and participates continuously in the Board's meetings, with the same applying to the company's CFO, who is also secretary at the Board meetings.

All Board decisions are based on extensive decision documentation and are concluded following discussions led by the Chairman of the Board. The Board of Directors' work is evaluated annually under the leadership of the Chairman of the Board. The result of the evaluation is presented to the Board and discussed afterwards, with the aim of optimising the Board's work. The work of the Chairman is evaluated by the Board in the absence of the Chairman. The conclusions from the evaluations and discussions are conveyed to the Nomination Committee.

Fees

The table pertains to the Board members elected at the 2025 Annual General Meeting.

Name	Born	Elected year	Roll in board	Decided fee
Ewa Björling	1961	2025	Chairman	500 000
Fabien Gaboriaud	1972	2023	Member	200 000*
Magnus Jakobson	1976	2025	Member	200 000
Peter Möller	1952	2017	Member	200 000
Björn Olausson	1964	2019	Member	200 000

In addition, Helene Svahn was elected at the 2025 Annual General Meeting, but subsequently chose to resign at her own request in March 2026.

*Has declined his fee in line with Michelin's policy on Board fees for its employees who have Board positions in wholly or partly owned companies.

The Board has a mandate to pay fees to individual Board members on market remuneration terms for work that is not normally included in a Board assignment.

Board committees

The Board has not appointed any committees.

CEO

The CEO is responsible for the company's operating activities in accordance with the adopted strategy and the Board's instruction. The CEO reports continuously to the Board on the development of operations.

Auditor

The auditor reviews the annual report, the accounts and the administration by the Board of Directors and the CEO, and reports to the Annual General Meeting. At the Annual General Meeting in 2025, the audit firm Öhrlings PricewaterhouseCoopers AB was re-elected, now with authorized auditor Johan Brobäck as the responsible. During 2025, he was the lead auditor for Plasman Europe, Consensus Asset Management, Getinge Treasury, and Stena Asset Management. No deputy auditors were elected.

Governance documents and internal control

The company has established control systems and conducts transparent operations. The current governance documents are reviewed continuously. In addition, the Board continuously evaluates the financial statements obtained in conjunction with the Board meetings.

The Enviro share

Scandinavian Enviro Systems AB's shares are listed for trading on Nasdaq First North Growth Market under the ticker SES.

Trading and number of shares

Scandinavian Enviro Systems AB's shares are listed for trading on Nasdaq First North Growth Market under the ticker SES. FNCA is the Certified Adviser of the company. The total number of shares as of December 31, 2025 was 1,095,772,213 (806,615,589). Each share entitles the holder to one vote at the general meeting. The shares are denominated in SEK and each share has a nominal value of SEK 0.04 (0.04). All shares are freely transferable.

Share price trend and market capitalization

As of December 31, 2025, the last price paid for the share was SEK 0.808 (SEK 1.79) and the market capitalization was SEK 885.4 million (SEK 1,442.2 million). The share price decreased by 38.6 percent during 2025. During the year, approximately 1,919 million shares (412 million) were traded, corresponding to approximately 199 (51) percent of the average number of shares during the year.

Capital contribution

In May, a rights issue was carried out through which Enviro received SEK 240 million before transaction costs.

Enviro's owners

As of December 31, 2025, Enviro had 23,062 (20,911) shareholders. Enviro's largest owner was Michelin Ventures S.A.S. Other major owners, in descending order, were Försäkringsbolaget Avanza Pension, Handelsbanken Fonder, Swedbank Robur Fonder, Nordnet Pensionsförsäkring AB, and Lannebo Kapitalförvaltning.



Share holders list per Dec 30, 2025

Total number of shares	1,095,772,213	
Number of shareholders	23,062	
Share owner	Number of shares	Owner share %
Michelin Ventures S.A.S	151,071,913	13.8%
Försäkringsbolaget Avanza Pension	76,950,490	7.0%
Handelsbanken Fonder	47,645,851	4.3%
Swedbank Robur Fonder	36,111,108	3.3%
Nordnet Pensionsförsäkring AB	23,420,020	2.1%
Lannebo Kapitalförvaltning	20,394,379	1.9%
Dina Persson	12,301,525	1.1%
CICERO Fonder	11,502,352	1.0%
Coeli Asset Management	11,018,230	1.0%
JULA Holding AB	8,195,555	0.7%
Other share holders	697,160,790	63.6%
Total	1,095,772,213	100%

Source: Euroclear Sweden AB and information available to the company.

Year	Event	Change number of shares	Total number of shares	Nominal share value, SEK	Changes in share capital, SEK	Share capital, SEK
	Opening balance amount 2015		21,158,235	0.04		846,329
2015	Share rights issue	25,389,882	46,548,117	0.04	1,015,595	1,861,925
2016	Share rights issue	69,822,174	116,370,291	0.04	2,792,887	4,654,812
2018	Directed offset issues	15,648,849	132,019,140	0.04	625,954	5,280,766
2018–19	Share rights issue	211,230,624	343,249,764	0.04	8,449,225	13,729,991
2019	Warrants TO2	121,411,128	464,660,892	0.04	4,856,445	18,586,436
2020	Directed share issue	116,165,223	580,826,115	0.04	4,646,609	23,233,045
2021	Directed share issue	10,000,000	590,826,115	0.04	400,000	23,633,045
2021	Directed share issue	65,789,474	656,615,589	0.04	2,631,579	26,264,624
2023	Riktad emission	150,000,000	806,615,589	0.04	6,000,000	32,264,624
2025	Share rights issue	289,156,624	1,095,772,213	0.04	11,566,265	43,830,889

Board of Directors and Auditor

Board of Directors



Ewa Björling (born 1961)
Chairman of the Board since 2025

Ewa Björling is a professional board member of Nynas AB and Xolaris AB. She is also active in another field as Chair of the PAR Foundation (Prevention of Antibiotic Resistance). Among her previous board assignments, she has served as a board member of Essity (publ), BioGaia (publ) and BioArctic (publ). In addition, she is engaged in various advisory networks relating to international affairs. Ewa Björling served as Sweden's Minister for Trade for seven years (2007–2014) and as Minister for Nordic Cooperation (2010–2014) in the Swedish Government. She was also a Member of Parliament between 2002 and 2014 and served as a member of the Parliamentary Committee on Foreign Affairs. Prior to this, she worked as Associate Professor and PhD at Karolinska Institutet in Stockholm, where she taught medicine and led her own research group in virology. Shareholding, including close related parties: 61,397. Independent in relation to the company and its major shareholders.



Fabien Gaboriaud (born 1972)
Board member since 2023

PhD in Material Science. Fabien is Senior Vice President of the operational direction for Solutions for Materials Circularity of the Michelin Group. Previously, Fabien has worked during his entire career in R & D (material) of which 13 years as researcher at CNRS at Nancy University and 14 years with R & D within the Michelin Group at various positions such as Material Research Director, with the responsibility to develop disruptive material for tyre applications. Shareholding including close related parties: 2,652 shares. Proposed by Michelin, a major shareholder of the company.



Björn Olausson (born 1964)
Board member since 2019

Market economist from IHM Business School. Senior Advisor and former CEO of Scandian AB. Former CEO of Elof Hansson International, Chairman of the Board at Björkemar Construction & Consulting (BCC), and former Area Vice President Sales Asia & Pacific at Metso Fiber and Metso Power. Shareholding including close related parties: 342,245 shares. Independent in relation to the company and its larger shareholders.



Magnus Jakobson (born 1976)
Member of the Board since 2025

During the past decade, Magnus has held several senior positions within Kinnevik, including Capital Markets Director and Investment Director. Kinnevik is a leading growth investor in technology-driven companies within health-care, software and climate. During his time at Kinnevik, Magnus has served on the boards of several portfolio companies, including Agreena and Oda. Before joining Kinnevik in 2015, Magnus was Executive Director in the M&A team at JP Morgan in London. Magnus holds a Master's degree from Columbia University in New York. Shareholding, including related parties: 0. Independent in relation to the company and its major shareholders.



Peter Möller (born 1952)
Board member since 2017

M.Sc. from Chalmers University of Technology and B.Sc. in Finance & Administrations from Uppsala University. Peter has a background that includes such posts as CEO and COO within the SAS Group, CEO of Atlas Copco Tool Division and COO of SAAB Auto mobil. Shareholding including close related parties: 401,025 shares. Independent in relation to the company and its larger share holders.

Auditor



Johan Brobäck (född 1985)

Johan Brobäck is a partner at PwC and an authorized auditor with approximately 15 years of experience working with companies in various industries, as well as international groups and publicly listed companies. Examples of companies Johan works with include Plasman Europe, Consensus Asset Management, Getinge Treasury, and Stena Asset Management. Direct and indirect shareholding: 0.

Group Management

Group Management



Fredrik Aaben (born 1983)
CEO since 2026, previously CFO since 2024.

Master of Science in Engineering from Chalmers University of Technology. Most recently, Fredrik came from Volvo Cars, where he held a managerial position with global responsibility for Corporate Finance. During his seven years at Volvo Cars, Fredrik also worked with Corporate Strategy and Corporate Governance. Fredrik has a background as Group Business Controller at Stena AB and has also worked as a management and strategy consultant focusing on M&A, market strategy, organizational development and strategic cost-saving programs. Member of the Board of Directors of the subsidiaries SES IP AB and BSIP AB. Shareholding including close related parties: 3,993,716.



Maria Ljungstrand (born 1992)
CFO since 2026 (employed by the company since 2024)

Master's degree in Business Administration (Accounting) from the University of Gothenburg, with many years of experience from roles within business control and commercial finance. Previous experience includes, among other positions, Head of Group Business Control at the company as well as finance roles at Danone AB and Mondelēz International Inc. Shareholding including close related parties: 1,591,219.



Fredrik Olofsson (born 1971)
Sales manager since 2017

M.Sc. in Engineering from Chalmers University of Technology. Fredrik has a background that includes the posts of Sales Manager and Quality and IT Manager at Ulinco AB. Shareholding including close related parties: 275,043 shares.



Anders Rothelius (born 1981)
Chief Platform Officer since 2024

Master of Science in Mechanical Engineering, KTH Royal Institute of Technology. His career began as a process engineer working as a consultant for clients primarily within the pulp and paper industry, and since 2011 he has been employed by Valmet AB. There, he has held roles such as Lead Process Engineer, Product Sales Manager and Senior Manager Technology within the Evaporation/Bio business area. Shareholding, including related parties: 72,400.



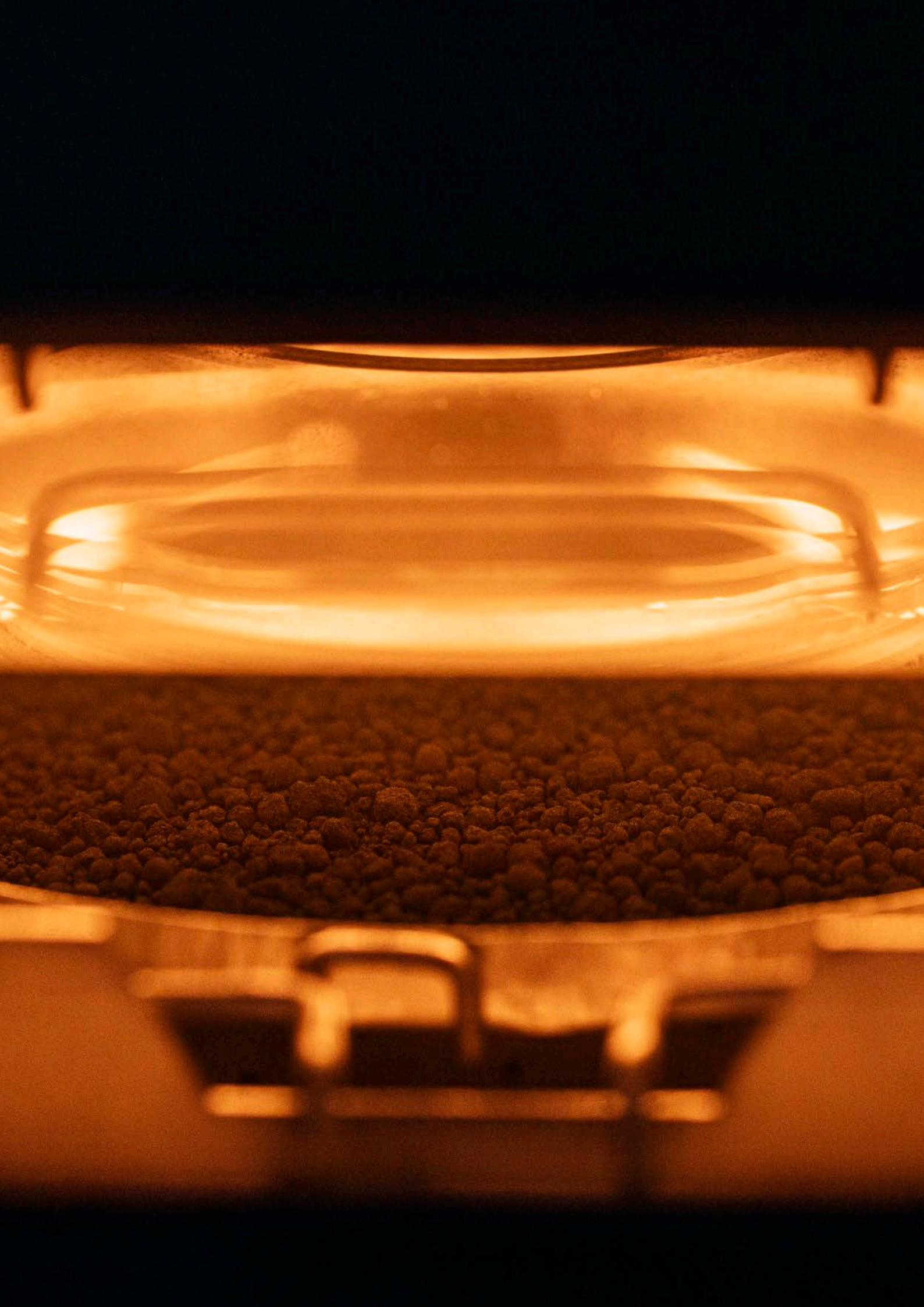
Maria Tellblom (born 1973)
R&D Manager since 2023
(has worked for the company since 2015)

Tech Lic and M. Sc. in Chemical Technology at Chalmers University of Technology. Maria has a background from the medical and nuclear industry and has worked with product and process development as well as verification and validation. Shareholding including close related parties: 474,908 shares.



Josefin Wallman (born 1975)
Program Manager since 2023

M.Sc. in Chemistry from the Lund University, faculty of engineering. Josefin has a background which includes positions as Project Manager at Valmet AB and General Manager Project Execution at Elof Hansson International AB. Shareholding including close related parties: 463,432 shares.



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Director's Report

Information about the business

The Board of Directors and the CEO of Scandinavian Enviro Systems AB (publ), Gothenburg, 556605-6726, hereby submits the annual report and consolidated financial statements for 2025.

The company's operations

Business concept

End-of-life passenger car tires constitute a major global environmental problem. The company has developed a unique technology for the recycling of end-of-life tires through pyrolysis, a process of heating in an oxygen-deficient environment that allows a material to disintegrate without incineration. The valuable materials recovered through the process using this unique technology are carbon black, oil, steel and gas.

Enviro's business concept is to develop, construct and operate recycling plants through wholly or partly owned operations. The company has its own recycling plant in Åsensbruk, Dalsland, which functions as a production plant, but also as a test and demonstration facility. After the end of the year, Enviro applied for bankruptcy for the subsidiary Tyre Recycling in Sweden AB, which owns the facility.

Enviro's business model, which was modified in connection with the application for corporate restructuring in March 2026, is based on the following decisive assumptions and circumstances.

A. Construction of factories and production of recovered products in wholly owned factories

The primary pillar of the Company's future operations is to construct and operate wholly owned factories based on the Company's technology. This model means that the Company can fully benefit from the value creation throughout the entire value chain, from raw material to finished product, and thereby create stable and long-term cash flows.

The Company has held discussions with industrial players regarding long-term supply agreements concerning recovered oil and carbon black from future plants. The interest in entering into extensive commercial agreements is significant.

The Company has also engaged in discussions with financiers regarding the financing of future factories through both debt and equity solutions. The interest in financing projects based on the Company's technology is substantial, particularly in light of the strong demand for sustainable raw materials and the regulatory drivers supporting circular business models.

B. Sale of licenses and services covering the entire lifecycle of pyrolysis plants based on the Company's technology

In addition to wholly owned factories, the Company intends to commercialize its technology through licensing as well as the sale of services covering the entire lifecycle of pyrolysis plants, including design, technical support, start-up, optimization and continuous development.

The Company continuously receives inquiries from parties in various parts of the world regarding the possibility of licensing the Company's technology. The extensive technical development work carried out over more than 30 years, together with more than a decade of verified operations and sales to leading industrial companies, constitutes a strong commercial foundation.

In addition, the technology's documented environmental benefits and attractive financial profile contribute to the significant market interest.

The licensing and services business is expected to generate both initial one-off revenues and recurring revenues from the commencement of the permitting process and throughout the full lifespan of the plants, thereby contributing to stable cash flows and risk diversification.

C. Sale of research and development projects

The Company's technology has been developed over more than three decades and is world-leading within its field. In order to maintain and strengthen this technological advantage, continuous further development is required.

The need for continued development work is driven, among other things, by:

- Changes in the chemical composition of waste streams;
- Stricter regulatory requirements; and
- Increased and changing customer specifications regarding performance and sustainability.

The Company possesses unique expertise and experience that are crucial both for the Company's own competitiveness and for customers' product development. For many years, the Company has conducted research and development work in close collaboration with globally leading industrial companies.

The demand for this type of qualified development services is significant.

The business

Enviro develops, constructs and operates plants for the material recovery of valuable resources from end-of-life tires in an international market. The company has developed a technology based on a patented technology, where heated tire material in an oxygen-poor environment enables the material to be recovered without incineration. As a result, environmentally friendly recycling is achieved, where the recovered gas is used to operate the plant and the valuable resources carbon black, oil and steel are sold on the market. The materials are used in new products, helping customers achieve sustainability targets while reducing the need to use fossil resources.

Enviro was founded in 2001, has its headquarters in Gothenburg and operates a plant for the recycling of end-of-life tires in Åsensbruk. After the end of the year, Enviro applied for bankruptcy for the subsidiary Tyre Recycling in Sweden AB.

The Company's shares are listed for trading on Nasdaq First North Growth Market Stockholm.

Enviro's pyrolysis technology provides a higher and more consistent quality of carbon black and oil than has previously been possible through traditional pyrolysis, which means that a larger proportion of recovered carbon black can replace virgin carbon black. In addition to a process with a lower cost level, a substantial reduction in CO₂ emissions of approximately 93 percent is also achieved compared with new production.

For carbon black, oil and steel combined, a reduction in CO₂ emissions of approximately 80 percent is achieved compared with new production.

The Company operates an industrial plant in Åsensbruk for commercial use and also offers customers the opportunity to

test the recovered products. After the end of the year, Enviro applied for and was granted bankruptcy for the subsidiary Tyre Recycling in Sweden AB. The plant has demonstrated that both the recovered carbon black and the recovered oil maintain a high and consistent commercial standard. Part of the capacity is utilized for testing new material types and for the development of the carbon black product range.

In addition to increasingly stringent restrictions and rising prices for raw materials used in the production of virgin carbon black, Enviro is experiencing a paradigm shift in the market, where increased environmental awareness is spreading globally and beginning to influence the industry.

Demand for recovered carbon black is increasing significantly, which is fully in line with the growing demand for environmentally friendly products with sustainable production methods. There is also strong interest in the recovered oil, which contains a substantial bio-based content.

Despite the increasing demand for carbon black, supply is expected to fall short of growth in the coming years due to macroeconomic drivers such as the expanding automotive industry, stricter environmental requirements and a lack of production capacity.

Group structure

The Enviro Group comprises the parent company Scandinavian Enviro Systems AB (publ), headquartered in Gothenburg, and three wholly owned Swedish subsidiaries. In addition to developing, constructing and operating plants for material recovery from end-of-life tires, the operations of the parent company include group-wide functions such as management, finance, technology and development.

After the end of the year, Enviro applied for and was granted bankruptcy for the subsidiary Tyre Recycling in Sweden AB.

The company's results and financial position

Group

Net sales amounted to SEK 31.5 million (170.8). Operating profit/loss amounted to SEK -257.3 million (49.9) and profit/loss after tax amounted to SEK -366.6 million (53.6).

The deterioration in earnings compared with the previous year is primarily explained by impairments of intangible assets amounting to SEK 155.7 million and impairments of financial assets amounting to SEK 108.7 million. In addition, revenue decreased as a result of lower income in the form of milestone payments compared with 2024 from the JV that Enviro formed together with Michelin and Antin Infrastructure Partners. These revenues were SEK 138.0 million lower than during the corresponding period in 2024.

Personnel costs were SEK 14.4 million higher than the previous year as a result of investments in strengthening the organization. Furthermore, other external costs were SEK 1.8 million lower than the previous year.

Depreciation and amortization were SEK 1.4 million higher than the previous year.

In addition to the impairment of financial assets, net financial items were negatively impacted by interest expenses that were SEK 4.3 million higher than during the corresponding period of the previous year, primarily driven by a bridge loan raised in connection with the rights issue carried out during Q2.

During Q2, the Company received approximately SEK 11.7 million for an additional achieved milestone linked to the construction of the facility in Uddevalla. As previously, half of the compensation was received in cash and half in the form of shares in Infiniteria (the JV that Enviro formed together with Antin Infrastructure Partners).

Enviro's ownership share in Infiniteria amounted to approximately 6 percent of the capital at the end of the year.

The Group's investments in fixed assets amounted to SEK 134.8 million (193.0). The investments mainly consist of i) intangible assets, primarily a Detailed Design (DD), relating to engineering hours for our technical platform (SEK 117.8 million), ii) investments in financial fixed assets (SEK 14.7 million), relating to acquisitions of shares in the joint venture company, and iii) additional investments in the facility in Åsensbruk and equipment in the parent company totaling SEK 2.3 million.

Cash flow from operating activities after investing activities during the period amounted to SEK -206.0 million (-138.8).

The total cash flow from operations was higher than the previous year, primarily due to the receipt of capital relating to the rights issue carried out during Q2. In addition, the investment level was SEK 58.2 million lower compared with the previous year. Finally, cash flow from operating activities before changes in working capital was lower in accordance with the explanation above.

Cash and cash equivalents amounted to SEK 73.5 million (75.3) at the end of the period.

The equity/assets ratio was 80 percent (87).

In April 2025, the Board of Directors resolved on a partially guaranteed rights issue. The outcome of the issue resulted in the Company receiving SEK 240.0 million before transaction costs. The number of shares in Enviro increased by 289,156,624, from 806,615,589 to 1,095,772,213, and the share capital increased by SEK 11,566,264.96, from SEK 32,264,623.56 to SEK 43,830,888.52. For existing shareholders who did not participate in the rights issue, this resulted in a dilution effect of approximately 26.4 percent.

In connection with the resolution regarding the rights issue, the Company secured a bridge loan of SEK 30 million from external investors in order to ensure sufficient liquidity until the completion of the rights issue.

During Q4, the Company carried out impairments of intangible assets amounting to SEK 155.7 million and impairments of financial assets amounting to SEK 108.7 million. The background to the decision to carry out these impairments is the increased uncertainty, the extended timeline and the elevated risk profile relating to the implementation of the project, all of which affect the assessment of future cash flows linked to these fixed assets.

Parent company

The parent company's net sales amounted to SEK 20.3 million (158.3) and profit/loss after tax amounted to SEK -365.3 million (55.9). Approximately 16 percent (2) of net sales relates to invoicing to Group companies for internal services. Investments during the period amounted to SEK 125.0 million (182.8).

The equity/assets ratio amounted to 88 percent (92) at the end of the period.

Personnel

At the end of the period, the Group had 42 (44) full-time employees.

Significant events after the end of the year:

1. In January, the Company announced that Fredrik Aaben had been appointed new CEO and that Maria Ljungstrand had been appointed new CFO.
2. In February, Enviro received a notice of arbitration from Infiniteria (the joint venture in which Antin Infrastructure Partners' NextGen fund is the majority owner and controlling shareholder), with a total claim of approximately EUR 54 million in alleged damages. Enviro considers the claims presented to be unfounded and disputes both the claims and the claimed amount in their entirety.
3. In February, Enviro applied for and was granted approval to carry out a corporate restructuring. The decision to apply for corporate restructuring is primarily due to liquidity shortages resulting from unfavorable and burdensome contractual terms linked to the joint venture company Infiniteria, cost burdens arising from disagreements concerning Enviro's work in the previously mentioned facility project in Uddevalla, and ongoing arbitration proceedings that have complicated the possibilities of securing additional financing. The ultimate objective is to be able to propose a financed restructuring plan.
4. In March, Enviro applied for and was granted bankruptcy for the subsidiary Tyre Recycling in Sweden AB. The subsidiary's recycling facility in Åsensbruk has played an important role in validating Enviro's technology and the products produced using it. This task is now considered completed and, since the operations at the facility have not been profitable, the Board of Directors has decided to apply for bankruptcy for the subsidiary operating the facility. The bankruptcy is expected to affect Enviro's earnings through an impairment of approximately SEK 84 million.
5. In March, Enviro announced that a member of the Board of Directors, Helene Svahn, had resigned at her own request.
6. In March, the Company announced that Enviro had terminated agreements relating to the joint venture collaboration with Infiniteria within the framework of the ongoing corporate restructuring.
7. In April, Infiniteria disputed the termination of the joint venture agreements and announced claims for damages.
8. In April/May, Infiniteria requested that the corporate restructuring be terminated. After Enviro submitted its statement regarding the request, the district court ruled that the restructuring would continue.
9. In May, Enviro submitted an application for an environmental permit and secured an option regarding property for the first wholly owned full-scale Nordic pyrolysis facility.
10. In May, Enviro entered into an equity-related financing arrangement with Alumni Capital Limited of up to SEK 50 million.
11. In May, Enviro signed a letter of intent regarding the licensing of technology for the construction of pyrolysis plants in Brazil.
12. In May, Enviro applied for an extension of the corporate restructuring and provided an update regarding expected liquid funds.

Future outlook and financing

In February 2026, the Company applied for and was granted corporate restructuring. The background to the need for restructuring can be summarized as follows:

- A: The agreement package regarding the joint venture company contains commercially and financially unsustainable terms for the Company;
- B: Attempts to renegotiate the terms of the agreement have been unsuccessful;
- C: Disagreements regarding the handling of amendment, addition and termination work within the factory project have resulted in significant cost burdens for the Company;
- D: The joint venture company has initiated arbitration proceedings against the Company, which has significantly hampered the possibilities of securing further financing;
- E: The facility in Åsensbruk has not been profitable and has not generated sufficient cash flows.

During the first three-month period of the reconstruction, Enviro has implemented a number of measures with the aim of stabilizing the operations and strengthening the financial conditions. The capital-consuming operations of the subsidiary in Åsensbruk have been declared bankrupt. Furthermore, the Company has terminated the agreements with Infiniteria. However, in light of the provisions of the Corporate Restructuring Act, a notice period of three months applies, which means that the agreements expire in June 2026. In parallel, Enviro has continued to work on realizing the Company's business plan, which includes the establishment of its own full-scale plants and the generation of future revenues through service and licensing transactions. The Company has continued the negotiations that follow from the declaration of intent announced on March 17 2026 regarding the licensing of technology for the construction of a pyrolysis plant in North America. The discussions have developed further during the reconstruction period. On May 26 2026 Enviro also announced that the Company had entered into a letter of intent with an unnamed party regarding the establishment of a pilot plant and several full-scale pyrolysis plants for tire recycling in Brazil. In addition, Enviro has submitted an application for an environmental permit and secured an option on a property for the Company's first wholly owned Nordic full-scale pyrolysis plant.

The Company has simultaneously conducted negotiations with potential investors with the aim of securing both short-term and long-term financing. The discussions have resulted in financing for the reconstruction period being secured through a share-based financing solution with Alumni Capital Limited of up to SEK 50 million. As compensation, Alumni Capital Limited will receive shares worth SEK four million and 25 million warrants. Taking into account the capital that is estimated to be able to be added within the framework of the financing solution, the Company assesses that existing liquidity is sufficient to finance the operations until the end of 2026. The assessment assumes, in accordance with the agreed financing solution, that the reconstruction progresses according to plan and that a reconstruction plan is presented and becomes legally binding. The Company further assesses that there are reasonable conditions to secure the required capital also in the longer term, provided that the ongoing reconstruction can be successfully carried out. The assessment is based on the strength of the Company's business plan, the documented high demand for the Company's products, and an industrially verified and scalable technology platform.

During the period, Enviro also received a request for arbitration from Infiniteria, which affects the Company's ability to attract additional capital and thus constitutes an uncertainty factor. However, Enviro believes that the claims made are unfounded and disputes both the liability issue and the claimed amount in its entirety. In light of the Company's assessment of the legal position in the case, the potential impact from the arbitration is deemed to be manageable.

The corporate restructuring runs at three-month intervals and on 26 May 2026 the Company submitted an application for an extension of the restructuring. At the time of the submission of this annual report, the district court had not yet made a decision on the issue of an extension. Against this background, the Company assesses that there is a material uncertainty regarding the Company's ability to continue operating in accordance with K3 paragraph 2.2, as continued operations are dependent on the successful completion of the corporate restructuring.

Multi-year comparison

The Group's economic development in summary.

	2025	2024	2023	2022	2021
Net turnover, kSEK	31,534	170,755	13,939	7,976	7,592
EBITDA, kSEK	-239,701	66,183	-78,145	-69,753	-43,453
Equity ratio, %	80.3	87.1	87.5	84.0	93.5
Operating margin, %	Neg	29,2	Neg	Neg	Neg
Return on capital employed, %	-82.3	15,1	-36,1	-44,2	-30,4
Interest-bearing liabilities, kSEK	3,576	4,392	5,208	6,024	777
Earnings per share before dilution, SEK	-0.38	0.07	-0.12	-0.13	-0.10

Definitions of key performance indicators are presented in Note 1

Businesses obligated to obtain permits or report according to the environmental code

The company's subsidiary Tyre Recycling in Sweden AB operates a business obligated to obtain a permit/report according to the environmental code. The obligation to report/obtain a permit is for an environmental permit to operate the plant in Åsensbruk. The businesses obligated to report/obtain a permit corresponds to 100 % of the group's net revenue. In June 2022 the subsidiary Tyre Recycling in Uddevalla AB was granted an environmental permit for the planned recycling plant in Uddevalla.

Proposed disposition of profit

Unrestricted equity according to the balance sheet:

	Tkr
Share premium reserve (including capital addition via incentive programs)	1,014,172
Carried forward	-524,275
Profit/loss for the year	-365,273
	124,624

The Board of Directors proposes that the unrestricted equity of kSEK 124,624 be carried forward.

Consolidated Income Statement

kSEK	Note	2025	2024
Operating revenue			
Net turnover	3	31,534	170,755
Changes in inventories of products in progress, finished goods and work in progress on behalf of others		734	71
Other operating revenue	4	213	-
Total operating revenue		32,481	170,825
Operating expenses			
Raw materials and consumables		-9,019	-9,777
Other external costs	5,6	-46,943	-48,700
Personnel costs	7	-60,555	-46,166
Write-downs of intangible fixed assets	16	-155,664	-
Depreciation of tangible and intangible fixed assets	8,9,10,11,16	-17,592	-16,250
Total operating expenses		-289,773	-120,892
Operating profit/loss		-257 292	49 933
Profit/loss from financial items			
Other interest income and similar items	12	1,694	5,203
Interest expenses and similar expenses	13	-2,302	-1,519
Impairment of shares in subsidiaries	18	-108,720	-
Total result from financial items		-109,328	3,685
Profit/loss after financial items		-366,621	53,617
Tax on profit/loss for the year	15	-	-
Result for the year		-366,621	53,617

Consolidated Balance Sheet

ASSETS KSEK	Note	Dec 31, 2025	Dec 31, 2024
Fixed assets			
Intangible fixed assets			
Capitalized expenditures for development	16	96,876	140,429
Concessions, patents, licenses and similar rights	10	524	1,893
Goodwill	8	-	-
		97,400	142,322
Tangible fixed assets			
Machinery and other technical facilities	11	70,011	81,172
Inventory, tools and installations	9	4,603	1,667
		74,614	82,839
Financial fixed assets			
Shares in other companies	18	14,389	108,427
		14,389	108,427
Total non-current assets		186,402	333,588
Current assets			
Inventories etc.			
Raw materials and consumables		46	68
Goods being manufactured		19	19
Finished products and goods for resale		1,652	851
Spare parts inventory		903	896
		2,620	1,834
Short-term receivables			
Accounts receivable		1,600	2,950
Receivables from other companies in which there is an ownership interest		6,378	20,855
Tax receivables		1,214	885
Other short-term receivables		5,194	4,726
Prepaid expenses and accrued revenue	19	4,141	4,736
		18,527	34,153
Cash on hand	20	73,492	75,306
Total current assets		94,639	111,293
Total assets		281,042	444,881

Consolidated Balance Sheet (cont.)

EQUITY AND LIABILITIES KSEK	Note	Dec 31, 2025	Dec 31, 2024
Equity	21		
Share capital		43,831	32,265
Other contributed capital		1,014,674	821,242
Other equity including profit/loss for the year		-832,718	-466,097
Total Equity		225,787	387,409
Non-current liabilities			
Other liabilities to credit institutions			
Total non-current liabilities	23, 24	2,760	3,576
Total non-current liabilities		2,760	3,576
Current liabilities			
Liabilities to credit institutions	24	816	816
Accounts payable		17,692	17,609
Other current liabilities		16,129	18,231
Accrued costs and prepaid income	22	17,858	17,239
Total current liabilities		52,495	53,895
Total equity and liabilities		281,042	444,881

Consolidated Statement of Changes in Equity

kSEK	Share capital	Other contri- buted capital	Other equity	Total Equity
Equity Dec 31, 2023	32,265	821,242	-519,714	333,792
Profit/loss for the year			53,617	53,617
Equity Dec 31, 2024	32,265	821,242	-466,097	387,409
Profit/loss for the year			-366,621	-366,621
Right issue cash	11,566	228,434		240,000
Issue cost		-35,002		-35,002
Equity Dec 31, 2025	43,831	1,014,674	-832,718	225,787

Consolidated Statement of Cash Flows

kSEK	Note	2025	2024
Operating activities			
Operating profit/loss before financial items		-257,292	49,933
Adjustment for items not included in the cash flow, etc.	25	173,256	16,250
Interest received/losses on fixed assets		1,694	5,203
Interest paid		-2,302	-1,519
		-84,645	69,868
Increase/decrease in inventories		-786	-1,202
Increase/decrease in accounts receivable		1,350	-343
Increase/decrease in other short-term receivables		14,276	-24,765
Increase/decrease in accounts payable		83	7,469
Increase/decrease in other current operating liabilities		-1,483	3,214
Cash flow from operating activities		-71,206	54,241
Investment activities			
Investments in intangible fixed assets		-117,826	-73,260
Investments in tangible fixed assets		-2,282	-11,327
Acquisition of long-term financial assets		-14,682	-108,427
Cash flow from investment activities		-134,790	-193,015
Financing activities			
New rights issue		240,000	-
Issue costs		-35,002	-
Amortization of debt		-816	-816
Cash flow from financing activities		204,182	-816
This year's cash flow		-1,814	-135,590
Cash and cash equivalents at beginning of year		75,306	214,896
Cash and cash equivalents at the end of the year	20	73,492	75,306

Statement of Income, Parent Company

kSEK	Note	2025	2024
Operating revenue			
Net turnover	3,28	20,304	158,303
Other Income	4	213	-
Total Operating income		20,517	158,303
Operating expenses			
Raw materials and consumables		-3,939	-4,619
Other external costs	5,6	-55,459	-54,662
Personnel costs	7	-43,132	-30,331
Write-downs of intangible fixed assets	16	-155,664	-
Depreciation of tangible and intangible fixed assets	9,10,16	-7,419	-7,207
Total Operating expenses		-265,613	-96,818
Operating profit/loss		-245,096	61,485
Profit/loss from financial items			
Other interest income and similar profit/loss items	13	1,641	5,042
Interest expenditures and similar profit/loss items	13,18	-109,818	-659
Total result from financial items		-108,177	4,383
Profit/loss after financial items		-353,273	65,868
Appropriations	14	-12,000	-10,008
Tax on profit/loss for the year	15	-	-
Result for the year		-365,273	55,860

Balance Sheet, Parent Company

ASSETS KSEK	Note	Dec 31, 2025	Dec 31, 2024
Non-current assets			
Intangible fixed assets			
Capitalized expenditures for development	16	96,826	140,379
Concessions, patents, licenses and similar rights	10	524	1,893
		97,350	142,272
Tangible fixed assets			
Inventory, tools and installations	9	1,762	1,270
		1,762	1,270
Financial non-current assets			
Shares in subsidiaries	17	36,891	36,891
Receivables from group companies	18	59,550	67,879
Shares in other companies		14,389	108,427
		110,829	213,197
Total non-current assets		209,940	356,739
Current assets			
Receivables			
Accounts receivable		-	-
Receivables from other companies in which there is an ownership interest		6,378	20,855
Tax receivables		1,036	811
Other short-term receivables		5,153	4,720
Prepaid expenses and accrued revenue	19	3,074	3,729
		15,641	30,115
Cash on hand	20	71,159	70,883
Total current assets		86,801	100,997
Total assets		296,741	457,737

Balance Sheet, Parent Company (cont.)

EQUIY AND LIABILITIES KSEK	Note	Dec 31, 2025	Dec 31, 2024
Equity	21		
Restricted equity			
Share capital		43,831	32,265
Restricted reserves		502	502
Reserve for development expenses		93,356	132,164
		137,689	164,931
Unrestricted equity			
Premium fund		1,014,172	820,740
Gain or loss carried forward		-524,275	-618,943
Capital addition via incentive programs		-	-
Profit/loss for the year		-365,273	55,860
		124,624	257,657
Total equity		262,314	422,588
Non-current liabilities			
Other liabilities to group companies		8	8
Total long-term liabilities		8	8
Current liabilities			
Accounts payable		14,942	13,768
Other current liabilities		5,729	8,262
Accrued costs and prepaid income	22	13,748	13,110
Total current liabilities		34,419	35,140
Total equity and liabilities		296,741	457,737

Changes in Equity, Parent Company

kSEK	Share capital*	Reserve-fund	Fund for development costs	Premium fund	Retained earnings	Result for the period	Total equity
Equity Dec 31, 2023	32,265	502	60,711	820,740	-464,416	-83,074	366,728
Balance of profits of previous year					-83,074	83,074	
Profit/Loss for the year						55,860	55,860
Reserve for additional development costs			71,453		-71,453		
Reserve for outgoing development costs							
Equity Dec 31, 2024	32,265	502	132,164	820,740	-618,943	55,860	422,588
Balance of profits of previous year					55,860	-55,860	
Profit/Loss for the year						-365,273	-365,273
Reserve for additional development costs			117,804		-117,804		
Reserve for outgoing development costs			-156,612		156,612		
New rights issue	11,566			228,434			240,000
Issue costs				-35,002			-35,002
Equity Dec 31, 2025	43,831	502	93,356	1 014,172	-524,275	-365,273	262,314

*The share capital per Dec. 31, 2025 consisted of 42,830,888.52 SEK (1,095,772,213 shares).

Cash Flow Statement, Parent Company

kSEK	Note	2025	2024
Operating activities			
Operating profit/loss before financial items		-245,096	61,485
Adjustment for items not included in the cash flow, etc.	25	163,083	7,207
Interest received		1,641	5,042
Interest paid		-1,097	-659
		-81,470	73,075
Increase/decrease in other short-term receivables		2,473	-34,716
Increase/decrease in accounts payable		1,174	6,558
Increase/decrease in other current operating liabilities		-1,895	2,469
Cash flow from operating activities		-79,718	47,386
Investment activities			
Investments in intangible fixed assets		-117,826	-73,260
Investments in tangible fixed assets		-826	-1,095
Investments in financial fixed assets		-14,682	-108,427
Sales of financial fixed assets		-	25
Change in long-term receivables		8,329	-4,560
Cash flow from investing activities		-125,005	-187,317
Financing activities			
New rights issue		240,000	-
Issue costs		-35,002	-
Cash flow from financing activities		204,998	-
This year's cash flow		276	-139,931
Cash and cash equivalents at beginning of year		70,883	210,814
Cash and cash equivalents at the end of the year	20	71,159	70,883

Notes for Group and Parent Company

Note 1 Accounting and valuation principles

General accounting principles

Scandinavian Enviro System AB's annual accounts and consolidated accounts have been prepared in accordance with the Annual Accounts Act and the Swedish Accounting Standards Board's general advice BFNAR 2012:1 Annual accounts and consolidated accounts (K3).

The company's accounting currency is Swedish kronor (SEK).

The accounting principles are unchanged compared to the previous year.

Foreign currencies

Monetary assets and liabilities in foreign currencies are valued at the closing rate. Transactions in foreign currencies are translated at the spot rate on the transaction date.

Revenue

Goods

Sales of goods are recognized when significant risks and rewards are transferred from the seller to the buyer in accordance with the terms of sale. Sales are recognized net of VAT and discounts.

Assignments

For future fixed-price service assignments, income and expenses are reported which are attributable to a performed service assignment as revenue and costs in relation to the completion date of the assignment on the balance sheet date (percentage of completion). The completion rate of an assignment is determined by comparing costs incurred on the balance sheet date with the estimated total expenses. In cases where the outcome of an assignment can not be calculated reliably, revenue is reported only to the extent that corresponds to the resulting assignment costs likely to be received from the client. An expected loss on an assignment is immediately recognized as an expense.

For service assignments in the current account, the income attributable to a service assignment is reported as revenue as work is performed and materials are delivered or consumed.

Other types of revenue

Future royalties are normally based on the profitability generated by the plant based on the company's patent. Revenue is reported in accordance with the agreement's financial implications.

Interest income is reported in accordance with the effective interest rate method.

Income taxes

Current taxes are valued based on the tax rates and tax rules that apply on the balance sheet date. Deferred taxes are valued based on the tax rates and tax rules that are decided before the balance sheet date. Deferred tax liabilities relating to temporary differences attributable to investments in subsidiaries are not reported in the consolidated accounts as the parent company can, in any case, control the timing of reversal of the temporary differences and it is not considered likely that a reversal will take place in the foreseeable future.

Deferred tax assets relating to loss carry forwards or future tax deductions are reported to the extent that the deduction can be offset against surplus in future taxation.

Receivables and liabilities are only reported using net accounting when there is legal right to offset.

Remuneration to employees

Short-term remunerations

Short-term remunerations within the Group consist of salary, social fees, paid vacation, paid sick-leave, health care and bonus. Short-term remuneration is reported as a cost and a liability when there is a legal or informal obligation to pay out a remuneration.

Remuneration after the end of employment

The Group only has defined contribution pension plans. In defined contribution plans, the company pays defined contributions to another company and has no legal or informal obligation to pay anything further even if the other company cannot fulfill its commitment. The Group's profit is charged for costs as the employees' pension-qualifying services are performed.

Termination benefits

Termination benefits are paid when a company within the Group decides to terminate an employment before the normal termination date or when an employee accepts an offer of voluntary redundancy in exchange for such compensation. If the compensation does not provide the company with any future economic benefit, a liability and an expense are recognized when the company has a legal or constructive obligation to provide such compensation. The compensation is measured at the best estimate of the compensation that would be required to settle the obligation at the balance sheet date.

Incentive program LTIP 2021/2024 and LTIP 2021/2025

LTIP 2021/2025
2021 an incentive program was conducted to the board of directors who were then in service. Six of the board members, including the chairman, acquired warrants at market conditions for around MSEK 2.9, which also was added as a proceed to the company. As the transaction was conducted under market conditions it is evaluated as a non-benefit transaction. The warrants gave the owner the right to acquire the same number of shares at SEK 2.80 per share. The end date of the programme was March 31, 2025. The warrants were not utilized.

LTIP 2021/2024

2021 an incentive program was conducted to management team and key employees. A total of ten employees acquired warrants at market conditions for around MSEK 2,7 which also was added as a proceed to the company. As the transaction was conducted under market conditions it is evaluated as a non-benefit transaction. The warrants gave the owner the right to acquire the same number of shares at SEK 2.80 per share. The end date of the programme was September 30, 2024. In combination with this a stay on bonus was agreed upon, which implied that the employees who have acquired the warrants receive a bonus, which corresponds to the net purchase amount for the warrants after three years. The bonus was paid out as a one time remuneration in three rates (2022, 2023 and 2024). The warrants were not utilized.

Remuneration to the board and management

The chairman of the board as well as the board members receive a board fee according to a resolution made by the Annual General Meeting. The CEO does not receive a board fee.

Remuneration to the CEO and other management officers
Remuneration to the CEO and other management consist of

base salary, benefits and in some cases a stay on bonus which has been described under "Incentive program LTIP 2021/2024 and LTIP 2021/2025" as well as pension. Management is equal to the individuals who have been part of the management team during the year. The group management consisted at year end of six individuals including the CEO. One individual in the management team work on a consultancy basis, while the others in the group management are employed in Sweden.

Intangible assets

Intangible fixed assets are reported at acquisition cost less accumulated depreciation and write-downs. Depreciation is made linearly over the estimated useful life.

The activation model is applied to internally and externally generated intangible assets. The write-down period for internally generated and external intangible fixed assets amounts to ten years. In accordance with the rules in K3, a reserve for development costs has been formed corresponding to the book value of the capitalized development costs invested since 2016.

Goodwill is written off on a straight-line basis over the estimated useful life. Upon the parent company's acquisition of BSIP Innovation AB in 2013, the total right to future royalty income from plant sales transferred to Scandinavian Enviro Systems AB. The goodwill arising from the acquisition is written off over ten years. This goodwill has been fully depreciated during 2023.

Tangible fixed assets

Tangible fixed assets are reported at acquisition cost minus the write-off amount. The acquisition cost includes expenses directly attributable to the acquisition of the asset. When a component in a fixed asset is replaced, any remaining part of the old component is retired, and the acquisition cost of the new component is capitalized. Additional expenses relating to assets not divided into components are added to the acquisition cost if they are expected to provide the company with future financial benefits, insofar as the asset's performance increases in relation to the asset's value as of the acquisition date. Expenses for ongoing repairs and maintenance are reported as expenses. Realized gains and losses on disposal of fixed assets are reported as Other operating income and Other operating expenses. Property, plant and equipment are depreciated systematically over the asset's estimated useful life. When the depreciable amount of the asset is determined, the residual value of the asset will be taken into account. The Linear depreciation method is used for other types of tangible assets.

The following depreciation periods are applied:

Machinery and other technical facilities	7–30 years
Inventory, tools and installations	5–15 years

Depreciation takes place according to the component method in accordance with the rules in K3.

No borrowing costs are capitalized.

Impairment of non-financial assets

When there is an indication that an asset's value has decreased, an impairment test is performed. If the asset has a recoverable amount that is lower than the carrying amount, it is written down to the recoverable amount. When assessing impairment, the assets are grouped at the lowest levels where there are separate identifiable cash flows (cash-generating units). For

assets, other than goodwill, that have previously been written down, a review is made at each balance sheet date to determine whether a reversal should be made.

Impairment losses and reversals of impairment losses are reported in the income statement in the function in which the asset is used.

Leases

All Group leases where the company is the leaseholder are classified as operating leases (lease). The leasing fee is reported as a cost linearly over the lease period.

Financial instruments

Financial instruments recognised in the balance sheet include trade and other receivables, accounts payable and loan liabilities. The instruments are reported in the balance sheet when the company becomes a party to the contractual terms of the instrument. Financial assets are derecognised when the right to receive cash flows from the instrument has expired or has been transferred and the Group has transferred substantially all the risks and rewards of ownership. Financial liabilities are derecognised when the obligations have been settled or otherwise terminated. Financial instruments are recognised in accordance with K3 Chapter 11 (cost).

Accounts receivable and other receivables

Receivables are reported as current assets, with the exception of items with expiration dates more than 12 months after the balance sheet date, which are classified as fixed assets. Receivables are taken up to the amount that is expected to be paid after deduction of individually-assessed doubtful receivables.

Loans and accounts payable

Loans payable and accounts payables are initially recognized at acquisition cost minus a deduction for transaction costs. If the reported amount differs from the amount to be repaid at the maturity date, the difference is recognized as interest expense over the term of the loan using the instrument's effective interest rate. As a result, at the maturity date, the reported amount and the amount to be repaid correspond.

Impairment testing of financial fixed assets

At each balance sheet date, Scandinavian Enviro Systems AB (publ) assesses whether there is any indication of impairment in any of the financial fixed assets. Impairment occurs if the decline in value is deemed to be permanent. Impairment is reported in the income statement item Impairment of financial participations.

The impairment requirement is tested individually for shares and participations and other individual financial fixed assets that are material. Examples of indications of impairment need are negative economic circumstances or adverse changes in industry conditions in companies whose shares Scandinavian Enviro Systems AB (publ) invested in. Impairment of assets valued at accrued acquisition value is calculated as the difference between the asset's carrying amount and the present value of the management's best estimate of future cash flows discounted with the asset's original effective interest rate. If write-downs are made, the write-down amount is determined as the difference between the carrying amount and the higher of the fair value less costs for sale and the present value of future cash flows (based on the best estimate of management).

Inventories

Inventories are valued at the lowest of the acquisition value and net realizable value according to the income tax provisions. Cut tires and LPG storage for use in production and produced oil are considered a homogeneous product group, so collective valuation is applied to these items.

The acquisition value is determined using the first-in, first-out method (FIFO). For commodities, all expenses are directly attributable to the acquisition of the goods in the acquisition value. For goods under manufacture and finished goods, the cost includes raw materials, direct salaries and other direct manufacturing costs.

Reporting for business sectors and geographic markets

The Group's business operations relate to development of plants via full or part ownership, service sales and product sales. Erection of plants can be done virtually anywhere in the world and will generate profitability pertaining to both asset and service fees. Service, training, etc. will also be offered as a service offering to installed plants. Production and product sales of recovered carbon black, oil and steel will occur in installations operated by the company, which is currently the plant in Åsensbruk, Sweden. No division is made at this time according to geographic markets.

Consolidated financial statements

The Company prepares consolidated accounts. Companies where Enviro hold the majority of votes at the general meeting and companies in which Enviro has controlling influence through agreements are classified as subsidiaries and are consolidated in the consolidated accounts. Information concerning group companies can be found in the note concerning financial fixed assets (note 27). Subsidiaries are included in the consolidated financial statements from the date on which control is transferred to the group. They are excluded from the consolidated financial statements from the date on which control ceases.

The consolidated financial statements are prepared under the acquisition method. Identifiable assets and liabilities are measured initially at their fair values at the acquisition date. Goodwill represents the excess of the cost of an acquisition over the fair value of the identifiable net assets acquired and is initially recognised at cost.

Intercompany balances are fully eliminated.

Cash Flow Analysis

The cash flow statement is prepared according to an indirect method. The reported cash flow includes only transactions that have resulted in payments. Blocked bank funds are reported as cash. Changes in these funds therefore do not affect the cash flow statement but are reported separately in Note 26.

Reclassifications

No significant reclassifications were made during the year.

Future outlook and financing

In February 2026, the Company applied for and was granted corporate restructuring. The background to the need for restructuring can be summarized as follows:

A: The agreement package regarding the joint venture company contains commercially and financially unsustainable terms for the Company;

B: Attempts to renegotiate the terms of the agreement have been unsuccessful;

C: Disagreements regarding the handling of amendment, addition and termination work within the factory project have resulted in significant cost burdens for the Company;

D: The joint venture company has initiated arbitration proceedings against the Company, which has significantly hampered the possibilities of securing further financing;

E: The facility in Åsensbruk has not been profitable and has not generated sufficient cash flows.

During the first three-month period of the reconstruction, Enviro has implemented a number of measures with the aim of stabilizing the operations and strengthening the financial conditions. The capital-consuming operations of the subsidiary in Åsensbruk have been declared bankrupt. Furthermore, the Company has terminated the agreements with Infiniteria. However, in light of the provisions of the Corporate Restructuring Act, a notice period of three months applies, which means that the agreements expire in June 2026. In parallel, Enviro has continued to work on realizing the Company's business plan, which includes the establishment of its own full-scale facilities and the generation of future revenues through service and licensing transactions. The Company has continued the negotiations that follow from the declaration of intent announced on March 17 2026 regarding the licensing of technology for the construction of a pyrolysis plant in North America. The discussions have developed further during the reconstruction period. On May 26 2026 Enviro also announced that the Company had entered into a letter of intent with an unnamed party regarding the establishment of a pilot plant and several full-scale pyrolysis plants for tire recycling in Brazil. In addition, Enviro has submitted an application for an environmental permit and secured an option on a property for the Company's first wholly owned Nordic full-scale pyrolysis plant.

The Company has simultaneously conducted negotiations with potential investors with the aim of securing both short-term and long-term financing. The discussions have resulted in financing for the reconstruction period being secured through a share-based financing solution with Alumni Capital Limited of up to SEK 50 million. As compensation, Alumni Capital Limited will receive shares worth SEK four million and 25 million warrants. Taking into account the capital that is estimated to be able to be added within the framework of the financing solution, the Company assesses that existing liquidity is sufficient to finance the operations until the end of 2026. The assessment assumes, in accordance with the agreed financing solution, that the reconstruction progresses according to plan and that a reconstruction plan is presented and becomes legally binding. The Company further assesses that there are reasonable conditions to secure the required capital also in the longer term, provided that the ongoing reconstruction can be successfully carried out. The assessment is based on the strength of the Company's business plan, the documented high demand for the Company's products, and an industrially verified and scalable technology platform.

During the period, Enviro also received a request for arbitration from Infiniteria, which affects the Company's ability to attract additional capital and thus constitutes an uncertainty factor. However, Enviro believes that the claims made are unfounded and disputes both the liability issue and the claimed amount in its entirety. In light of the Company's assessment

of the legal position in the case, the potential impact from the arbitration is deemed to be manageable.

The corporate restructuring runs at three-month intervals and on 26 May 2026 the Company submitted an application for an extension of the restructuring. At the time of the submission of this annual report, the district court had not yet made a decision on the issue of an extension. Against this background, the Company assesses that there is a material uncertainty regarding the Company's ability to continue operating in accordance with K3 paragraph 2.2, as continued operations are dependent on the successful completion of the corporate restructuring.

Parent Company's accounting principles

The same accounting and valuation principles are applied in the Parent Company as in the Group, except in the cases listed below.

Appropriations

Group contributions are reported as transfer to/from untaxed reserves. A group contribution to a subsidiary is reported as an expense and reduces the parent company's profit for the period.

Shares in subsidiaries

Shares in subsidiaries are reported at acquisition cost less any write-downs. Conditional shareholders' contributions are added to the acquisition value when they are submitted.

Key Definitions

EBITDA

Profit/loss before depreciations

Solidity

Shareholders' equity and untaxed reserves (less deferred tax) in relation to the balance sheet total.

Operating margin

Operating profit/loss through net sales.

Return on capital employed

Profit after financial items plus interest expenses in relation to average capital employed, where capital employed is equity and interest-bearing liabilities.

Note 2

Estimates and assessments

Scandinavian Enviro Systems AB makes estimates and judgements about the future that, from an accounting perspective, have significance for the valuation of the Group's assets. The impairment tests of assets are made on the basis of the cash flows that they are expected to generate in the future.

The valuation of the Group's intangible assets is based on the fact that the Group has four identified revenue streams: Cost reimbursement during the project phase, compensation for technology services and digital support, part ownership and royalties with an associated return. The assumptions underlying the valuation are from an expansion plan both within and outside Europe. In connection with the company's assessment of future investment needs and liquidity, the company has carried out a so-called impairment test. This is to ensure that the company's assets have the ability to generate sufficient

cash flows in the future which thus correspond to the balance sheet value as of the balance sheet date calculated with a real discount rate for future cash inflows, and to give the company a realistic picture of the company's future operations and cash flows under given conditions. Important factors included in the preparation of this calculation are, for example, the level of the real discount rate, future oil and carbon black prices, as well as raw material prices and contribution margins for recycling valuable substances. Finally, both Infiniteria's rollout of plants as well as the previously mentioned "Asset Fee" are important factors.

The test is divided into two parts, namely:

1. Shares and share-related costs relating to Infiniteria (financial fixed assets)
2. Development of a so-called Blueprint of a plant based on Enviro's technology (intangible assets)

The results of the respective impairment tests resulted in an impairment of item 1 above of SEK 109 million and item 2 above of SEK 157 million – a total impairment of intangible and financial assets totaling SEK 265 million. When carrying out the impairment tests, the Company has applied a real cost of capital of 22 percent when calculating the present value of future cash flows. The real cost of capital has been determined based on an assessment of the Company's risk profile and benchmarked against companies in the expansion and bridge financing phase. The chosen level is in the lower part of the assessed range, which reflects the risk reduction achieved through, among other things, verified technology, long-term commercial operations, industrial validation through Uddevalla phase 1, long-term customer agreements, and a standardized and scalable plant design. At the same time, the real discount rate takes into account the continued elevated level of risk associated with the Company's expansion and implementation phase, including uncertainties related to financing, rollout of facilities and future market conditions.

As a significant portion of the forecasted cash flows are expected to occur relatively far in the future, the valuation is particularly sensitive to changes in the real discount rate. This is typical for companies in an expansion phase where large investments, significant financing needs and an aggressive expansion rate precede fully developed cash flows.

For point 1 of the Company's model dealing with financial fixed assets, an increase in the real discount rate by one percentage point would result in the total impairment requirement instead amounting to SEK 116.3 million, while a decrease in the real discount rate by one percentage point would result in a total impairment requirement of SEK 99.9 million. For point 2 of the Company's model, which deals with intangible assets, an increase in the real discount rate by one percentage point would result in the value in use being less than the carrying amount of the assets in question to such an extent that, based on the model's assumptions, there would theoretically be an impairment requirement corresponding to the entire remaining carrying amount. A decrease in the discount rate by one percentage point, on the other hand, would mean that no impairment requirement exists.

The subsidiary Tyre Recycling in Sweden AB will receive an annual marketing and sales contribution from the parent company of SEK 25.0 million from 2016. This contribution is intended to cover the additional charges arising from the parent company's activities for the outlicensing of the Company's

technology. An impairment test, where this contribution is included, has been carried out and results in positive future cash flows.

The valuation of the company's facility in Åsensbruk is based on the fact that it was put into commercial operation in 2016 and that the products produced can be sold. The valuation includes a large number of estimates, the most important of which concern the facility's capacity, capacity utilization and its rate of return.

A prerequisite for the company's sales plans to be realized is also that all the products produced in the process achieve continued market acceptance among customers. Until the customer tests that are carried out have resulted in such acceptance, there is uncertainty in the assessment.

Note 3 Net sales distributed operation areas

	Group		Parent Company	
	2025	2024	2025	2024
Net sales are distributed by operational areas according to the following:				
Product sales	14,399	15,629	-	-
Service revenues	17,134	155,125	20,304	158,303
Total	31,534	170,755	20,304	158,303

Note 4 Other operating revenues

	Group		Parent Company	
	2025	2024	2025	2024
Contributions from projects	-	-	-	-
Other contributions and revenues	213	-	213	-
Total	213	-	213	-

Note 5 Remuneration to the auditors

	Group		Parent Company	
	2025	2024	2025	2024
PwC				
Audit assignment	-920	-791	-920	-791
Tax services	-55	-52	-55	-52
Other services	-	-143	-	-143
Total	-975	-986	-975	-986

Note 6 Operational leasing agreements

	Group		Parent Company	
	2025	2024	2025	2024
Future minimum lease fees, to be paid for non-terminable lease agreements:				
To become due within one year	-4,133	-3,432	-1,446	-870
To be due later, but within five years	-2,562	-5,124	-	-
	-6,695	-8,556	-1,446	-870
Leasing payments expensed during the period	-4,514	-5,025	-1,815	-2,356

The operating lease for rented plants/premises is contained in the corporate accounting. The lease agreement for the Swedish plant runs through Dec 31, 2027. The lease agreement for the office at Frihamnen, Gothenburg, runs until May 31, 2028. The lease agreement for the additional office building in Frihamnen, Gothenburg, runs until Nov 30, 2026. However, this lease was terminated as of March 31, 2025, in accordance with an agreement between the landlord and the Company.

Note 7 Salaries, other compensation and social costs

	Group		Parent Company	
	2025	2024	2025	2024
Average number of employees				
Women	8	4	6	2
Men	29	29	14	14
Total	37	33	20	16
Salaries, compensation, social costs and pension costs				
Salaries and other compensation	41,766	34,091	29,603	22,830
Social payments	14,054	10,607	10,278	7,185
Pension costs	4,862	3,431	4,506	3,212
Total	60,702	48,130	44,386	33,226

Board of directors, CEO and Management				
Salaries and other compensation	14,554	9,384	14,554	9,384
Pension costs	2,294	1,841	2,294	1,841
Other employees				
Salaries and other compensation	27,232	24,707	15,049	13,446
Pension costs	2,568	1,371	2,212	1,371

Out of the group's and parent company's pension costs, SEK 2,294 thousand (SEK 1,841 thousand) applies to the company's management, concerning 6 (6) individuals.

Out of the Group's corporate salary costs, which include board remuneration reported as other costs, SEK 2,021 thousand (SEK 2,397 thousand) applies to the company's board of directors, concerning 6 (5) (after the AGM 2025) individuals.

Compensation has been provided to the following individuals: Fredrik Emilson, CEO from 2024-02-01, SEK 4,980 thousand (2,763 thousand) as well as pension of SEK 1,090 thousand (594 thousand).

Ewa Björling, chairman of the board since 2025-06-10, SEK 279 thousand (SEK 0 thousand)

Alf Blomqvist, former chairman of the board, SEK 837 thousand (SEK 1,877 thousand). Out of the compensation of SEK 837 thousand, SEK 400 thousand consists of the board fee as decided by the AGM and the remaining part of the amount, SEK 437 thousand, consists of a compensation according to an agreement with the board.

Fabien Gaboriaud, board member, SEK 0 thousand (SEK 0 thousand)

Magnus Jakobson, board member since 2025-06-10, SEK 112 thousand (0 thousand)

Nina Macpherson, board member, resigned 2025-06-10, SEK 89 thousand (SEK 173 thousand)

Peter Möller, board member, SEK 200 thousand (SEK 173 thousand)

Björn Olausson, board member, SEK 200 thousand (SEK 173 thousand)

Other management SEK 7,745 thousand (SEK 3,848 thousand) as well as pension of SEK 1,204 thousand (SEK 869 thousand), concerning 5 (5) individuals.

Severance pay agreement

An agreement has been reached with the CEO for six months severance pay, in the event that termination is initiated by the company.

Transactions with closely related parties

In the parent company, for 2025 consultancy fees to P 30 Ltd, (Peter Möller, board member), of MSEK 0.1 (MSEK 1.1) have been included. In addition to that consultancy fees to Blomqvist Unlimited AB (Alf Blomqvist, former chairman of the board) of MSEK 0.6 (MSEK 1.4) have been included. Further, consultancy fees to Ullr AB (Ewa Björling, chairman of the board) of MSEK 0.3 (MSEK 0) have been included. These transactions are evaluated by the company to be according to market conditions.

Board directors and senior executives

	Group		Parent Company	
	2025	2024	2025	2024
Number of board directors on balance sheet day				
Women	2	1	2	1
Men	4	4	4	4
Total	6	5	6	5
Number of chief executives and other senior executives				
Women	2	2	2	2
Men	4	4	4	4
Total	6	6	6	6

Of the management group's 6 (6) individuals, 1 (2) individuals work as consultants. Their costs are not included in the reported salary costs, but are found in the capitalized project costs or in other external expenses.

Note 8 Goodwill

	Koncernen	
	2025	2024
Opening acquisition cost	12,191	12,191
This year's changes	-	-
Closing accumulated acquisition costs	12,191	12,191
Opening depreciation	-12,191	-12,191
This year's changes		
-Depreciation	-	-
Closing accumulated depreciation	-12,191	-12,191
Closing residual value according to plan	-	-

Note 9
Inventory, tools and installations

	Group		Parent Com- pany	
	2025	2024	2025	2024
Opening acquisition cost	2,159	889	1,624	529
This year's changes				
-Purchases	3,369	1,270	826	1,095
-Sales	-	-	-	-
Closing accumulated acquisition costs	5,528	2,159	2,450	1,624
Opening depreciation	-492	-332	-353	-254
This year's changes				
-Depreciation	-433	-161	-335	-99
-Refund in connection with divestment	-	-	-	-
Closing accumulated depreciation	-925	-492	-688	-353
Closing residual value according to plan	4,603	1,667	1,762	1,270

Note 10
Concessions, patents, licenses and similar rights

	Group		Parent Company	
	2025	2024	2025	2024
Opening acquisition cost	8,738	8,720	8,738	8,720
This year capitalized Purchases	21	18	21	18
Sales and disposals	-	-	-	-
Closing accumulated acquisition costs	8,760	8,738	8,760	8,738
Opening depreciation	-6,846	-6,272	-6,846	-6,272
Sales and disposals	-	-	-	-
Write-down	-841	-	-841	-
Depreciation for the year	-550	-573	-550	-573
Closing accumulated depreciation	-8,236	-6,846	-8,236	-6,846
Closing residual value according to plan	524	1,893	524	1,893

Note 11
Machinery and other technical facilities

	Group	
	2025	2024
Opening acquisition cost	133,935	122,395
This year's changes		
Purchasing	6,449	10,057
Spare Parts*	17	1,483
Sales and disposals	-7,553	-
Closing accumulated acquisition costs	132,849	133,935
Opening depreciation	-52,763	-43,781
Refund in connection with divestment	-	-
This years depreciation	-10,075	-8,982
Closing accumulated depreciation	-62,838	-52,763
Closing residual value according to plan	70,011	81,172

Note 12
Other interest income and similar profit/loss items

	Group		Parent Company	
	2025	2024	2025	2024
Interest revenues	1,694	5,203	1,641	5,042
Currency gains	-	-	-	-
Total	1,694	5,203	1,641	5,042

Note 13
Interest expenditures and similar profit/loss items

	Group		Parent Company	
	2025	2024	2025	2024
Other interest costs				
loss items				
Currency losses	-1,864	-1,092	-1,067	-329
Impairment of intangible assets	-438	-427	-31	-330
Total	-2,302	-1,519	-1,098	-659

Note 14 Appropriations

	Group		Parent Company	
	2025	2024	2025	2024
Received/ provided group contributions	-	-	-12,000	-10,008
Total adjustments	-	-	-12,000	-10,008

Note 15 Tax on profit/loss for the year

	Group		Parent Company	
	2025	2024	2025	2024
Tax on profit/loss for the year	-	-	-	-
Reported result before tax	-366,621	52,385	-365,273	55,860
Taxes calculated according to current tax rate 20.6% (20.6%)	75,524	-11,045	75,246	-11,507
Tax effect from non-taxable revenue	1	1	0	1
Tax effect from non-deductible expenses	-92	-47	-86	-40
Tax effect from de- ductible expenses that are reported against equity	7,210	-	7,210	-
Non-reported part of unused tax losses/profits	-82,643	11,091	-82,371	11,546
Reported tax costs	-	-	-	-

Parent company and companies within the Group have accumulated losses carry forward. For the tax year 2025 losses carried forward in the Group amount to SEK 921,771 thousand (SEK 520,591 thousand) and in the parent company SEK 905,753 thousand (SEK 493,892 thousand). Due to historical results, deferred tax recoverable with reference to losses carried forward have not been reported. The underlying value of the deferred tax with reference to these losses in the corporate group amount to SEK 189,885 thousand (SEK 107,242 thousand) and in the parent company to SEK 186,585 thousand (SEK 101,742 thousand).

Note 16 Capitalized expenditures for development

	Group		Parent Company	
	2025	2024	2025	2024
Opening acquisition cost	185,801	112,559	185,751	112,509
Capitalized expen- ditures for the year, development	117,804	73,242	117,804	73,242
Closing accumu- lated acquisition costs	303,605	185,801	303,555	185,751
Opening depreci- ation	-45,371	-38,837	-45,371	-38,837
Write down	-154,823	-	-154,823	-
Sales and disposals	-	-	-	-
This years depreci- ation	-6,534	-6,534	-6,534	-6,534
Closing accumula- ted depreciation	-206,729	-45,371	-206,729	-45,371
Closing residual value according to plan	96,876	140,429	96,826	140,379

During Q4, the Company has taken impairments of intangible assets of SEK 155.7 million. The impairment has been reported under the item "Impairment of intangible assets", which is included in operating profit. The asset that has been written down refers to a so-called blueprint that broadly describes a future facility based on Envirotechnology in very high detail. The background to the decision to impair is the increased uncertainty, the extended timeline and the increased risk regarding the project's implementation, which together affect the assessment of future cash flows linked to these assets.

In connection with the Company's assessment of future investment needs and liquidity, the Company has carried out a so-called impairment test. The purpose of the test is to ensure that the Company's assets are deemed to be able to generate future cash flows that correspond to the balance sheet value as of the balance sheet date, calculated at present value with a real discount rate for future cash inflows, and to give the Company a realistic picture of future operations and cash flows under given conditions. Important parameters in the calculation include, among other things, the level of the real discount rate, future oil and carbon black prices, raw material prices and contribution margins attributable to the recycled materials.

Furthermore, Infiniteria's future rollout of facilities and the previously communicated "Asset Fee" model constitute important assumptions in the calculations.

When performing the impairment test, the Company has applied a real discount rate of 22 percent when calculating the present value of future cash flows. The real discount rate has been determined based on an assessment of the Company's risk profile and benchmarked against companies in the expansion

and bridge financing phase. The selected level is in the lower part of the assessed interval, which reflects the risk reduction achieved through, among other things, verified technology, long-term commercial operation, industrial validation through Uddevalla phase 1, long-term customer agreements and a standardized and scalable plant design. At the same time, the real discount rate takes into account the continued elevated level of risk associated with the Company's expansion and implementation phase, including uncertainties related to financing, plant rollout and future market conditions.

Since a significant portion of the forecasted cash flows are expected to occur relatively far in the future, the valuation is particularly sensitive to changes in the real discount rate. This is typical for companies in an expansion phase where large investments, significant financing needs and an aggressive expansion rate precede fully developed cash flows. In the Company's model, an increase in the real discount rate by one percentage point would result in the value in use being below the carrying amount of the assets in question to such an extent that, based on the assumptions of the model, an impairment loss would theoretically arise corresponding to the entire remaining carrying amount. A decrease in the real discount rate by one percentage point would, however, mean that no impairment loss exists.

The Company believes that this sensitivity is primarily attributable to the fact that a large portion of the forecasted cash flows are expected to occur well into the future and the time horizon that characterizes the Company's and the JV's expansion phase, rather than to short-term changes in the underlying commercial assumptions.

Note 17 Shares in group companies

	2025	2024
Opening acquisition value	36,891	36,916
Acquisitions during the year	-	-
Sales during the year	-	-25
Closing balance acquisition value	36,891	36,891
Closing residual value according to plan	36,891	36,891

Group	Org nr	Registered office	Capital-share (%)
Tyre Recycling in Sweden AB	556784-1787	Gothenburg	100.0
SES IP AB	556894-0695	Gothenburg	100.0
BSIP Innovation AB	556950-7469	Gothenburg	100.0

Parent company	Capital-share	Voting rights share %	Number of shares	Equity	Book value Dec. 31, 2025	Book value Dec. 31, 2024
Tyre Recycling in Sweden AB	100	100	1,000,000	297	24,600	24,600
SES IP AB	100	100	500	26	50	50
BSIP Innovation AB	100	100	100	40	12,241	12,241
Tyre Recycling in Uddevalla AB (såld under 2024)	-	-	-	-	-	-
Total				364	36,891	36,891

Note 18 Shares in other companies

	Group		Parent Company	
	2025	2024	2025	2024
Opening acquisition value	108,427	-	108,427	-
This years change	14,682	108,427	14,682	108,427
Closing accumulated acquisition value	123,109	108,427	123,109	108,427
Opening depreciation	-	-	-	-
Write down	-108,720	-	-108,720	-
Sales and disposals				
This years depreciation	-	-	-	-
Closing accumulated depreciation	-108,720	-	-108,720	-
Closing value	14,389	108,427	14,389	108,427

During Q4, the Company made impairments of financial fixed assets of SEK 108.7 million. The impairment has been reported under the item "Shares in other companies", which is included in "Results from financial items". The asset that has been written down refers to shares in the JV company Infiniteria. The background to the impairment is the increased uncertainty linked to the JV company's future development, the extended timeline for the rollout of plants and the increased risk that has arisen as a result of the project's implementation.

When performing the impairment test, the Company has applied a real discount rate of 22 percent when calculating the present value of future cash flows. The real discount rate has

been determined based on an assessment of the risk profile in the JV company's expansion and implementation phase, which is characterized by large investments and significant financing needs. The valuation is sensitive to changes in key assumptions, including the real discount rate, rollout rate and future market conditions.

In the Company's model, an increase in the real cost of capital by one percentage point would result in the total impairment requirement instead amounting to SEK 116.3 million, while a decrease in the real cost of capital by one percentage point would result in a total impairment requirement of SEK 99.9 million.

Note 19 Prepaid expenses and accrued revenue

	Group		Parent Company	
	Dec 31, 2025	Dec 31, 2024	Dec 31, 2025	Dec 31, 2024
Prepaid interest revenue	-	2	-	-
Prepaid rents	1,056	1,206	405	565
Other items	3,085	3,529	2,670	3,164
Total	4,141	4,736	3,074	3,729

Note 20 Liquid assets

	Group		Parent Company	
	2025	2024	2025	2024
Bank holdings	73,492	75,306	71,159	70,883
Liquid funds in the cash flow statement	73,492	75,306	71,159	70,883

Out of corporate group's bank balance, SEK 216 thousand (SEK 213 thousand) consists of blocked bank funds.

Out of parent company's bank deposits, SEK 52 thousand (SEK 52 thousand) consists of blocked bank funds.

Note 21 Share capital

Share capital as of December 31, 2025 consisted of 1 095 772 213 (806 615 589) shares with a ratio value SEK 0.04 (0.04) per share.

Note 22 Accrued cost and prepaid income

	Group		Parent Company	
	2025-12-31	2024-12-31	2025-12-31	2024-12-31
Accrued salaries	134	92	96	-
Accrued vacation pay	4,227	3,131	2,661	1,625
Accrued social contributions	2,229	1,342	1,444	1,063
Special pay roll tax	2,079	1,463	1,872	1,336
Other items	9,188	11,211	7,676	9,086
Total	17,858	17,239	13,748	13,110

Note 23 Liabilities that apply to several items

	Koncernen	
	2025-12-31	2024-12-31
Long-term liabilities		
Other liabilities to credit institutions	2,760	3,576
Short-term liabilities		
Other liabilities to credit institutions	816	816
Total	3,576	4,392

Note 24 Non-current liabilities

	Koncernen	
	2025-12-31	2024-12-31
Long-term liabilities apply to payments according to the following:		
Liabilities to credit institutions		
Between 1 and 5 years	2,430	3,246
Between 5 and 10 years	-	330
Total	2,430	3,576

Note 25
Adjustment for items not included in cash flow

	Group		Parent Company	
	2025	2024	2025	2024
Write downs	-173,256	-16,250	-163,083	-7,207
Total adjustments	-173,256	-16,250	-163,083	-7,207

Note 26
Pledged collateral

	Group		Parent Company	
	2025-12-31	2024-12-31	2025-12-31	2024-12-31
Personal deductions and liabilities concerning liabilities to credit institution				
Corporate mortgages	10,000	10,000	-	-
Blocked funds	216	213	52	52
Amount of pledged collateral	10,216	10,213	52	52

Out of the total of SEK 524 thousand of reported patents, a certain amount is pledged on behalf of a subsidiary.

Note 27
Contingent liabilities

	Group		Parent Company	
	2025-12-31	2024-12-31	2025-12-31	2024-12-31
Contingent liabilities				
Guarantees for subsidiary	-	-	6,500	6,500
Total contingent liabilities	-	-	6,500	6,500

Note 28
Non-material cash transactions in investment and financing operations

During the year, the company announced that Enviro received SEK 11.7 million. The compensation relates to reimbursement for Enviro's incurred costs. Half of the amount was received in cash and the other half in shares in the joint venture company. No other non-cash flow affecting transactions were carried out during the year.

Note 29
Transactions with closely related parties

	2025	2024
Sales to group companies		
Share of annual purchases and sales related to Group companies is provided below.		
Purchase, (%)	42	42
Sales, (%)	16	2
Loan to group companies		
Loan to Tyre Recycling in Sweden AB:		
Opening balance	67,875	63,311
Additional loan	-	4,564
Amortization	-8,336	-
Closing balance	59,540	67,875

The loan to Tyre Recycling in Sweden AB is interest-free and without a fixed repayment date.

Other

Separate notes contain information

- Concerning Salaries etc. to the board and CEO
- Pledged assets for Group companies

Note 30 Events following balance date

- In January, the Company announced that Fredrik Aaben has been appointed as new CEO and that Maria Ljungstrand has been appointed new CFO.
- In February, Enviro received a summons to arbitration from Infiniteria (the joint venture in which Antin Infrastructure Partners' NextGen fund is the majority owner and controlling shareholder), with a total claim of approximately EUR 54 million in alleged damages. Enviro believes that the claims made are unfounded and disputes the claims and the amount claimed in their entirety.
- In February, Enviro applied for and was granted a corporate restructuring. The decision to apply for corporate restructuring is primarily due to a lack of liquidity due to unfavorable and onerous contractual terms connected to the joint venture company Infiniteria, cost burdens resulting from disagreements regarding Enviro's work in the previously mentioned construction project in Uddevalla, and an ongoing arbitration proceeding that has made it difficult to secure additional financing. The ultimate goal is to be able to propose a financed reconstruction plan.
- In March, Enviro filed for bankruptcy for the subsidiary Tyre Recycling in Sweden AB. The subsidiary's recycling facility in Åsensbruk has played an important role in validating Enviro's technology and the products produced with it. This task is now considered to be completed and since the operations at the facility have not been profitable, the board of directors has decided to file for bankruptcy for the subsidiary that operates the facility. The bankruptcy is expected to affect Enviro's results with an impairment of approximately 84 MSEK.
- In March, Enviro announced that a board member, Helene Svahn, has resigned at her own request.
- In March, Enviro announced that the company is terminating the agreement regarding the joint venture collaboration with Infiniteria within the framework of the ongoing corporate restructuring.
- April 2026: Enviro's representatives resign from the board of the joint venture company Infiniteria.
- April 2026: Infiniteria disputes the terminations of the joint venture agreement and announces claims for damages.
- April/May 2026: Infiniteria requests that the corporate restructuring be suspended. After Enviro has submitted its statement on the request, the district court decides that the restructuring may continue.
- May 2026: Enviro submits an application for an environmental permit and secures an option regarding property for the first wholly owned full-scale Nordic pyrolysis plant.
- May 2026: Enviro enters into a share-based financing arrangement with Alumni Capital Limited for up to 50 MSEK.
- May 2026: Enviro signs a letter of intent regarding the licensing of technology for the construction of pyrolysis plants in Brazil.
- May 2026: Enviro applies for an extension of the corporate restructuring and provides an update on expected cash flow.

Note 31 Suggestion for results disposition

Unrestricted equity according to the balance sheet:

Share premium reserve	1,014,172
Carried forward	-524,275
Profit/loss for the year	-365,273
	124,624

The Board of Directors proposes the following results disposition:

To be carried forward	124,624
	124,624



**The income statements and the balance sheets will be submitted to
the Annual General Meeting on June 23, 2026, for determination**

The annual report was approved May 28, 2026

Gothenburg May 29, 2026

Ewa Björling
Chairman

Fabien Gaboriaud

Magnus Jakobson

Peter Möller

Björn Olausson

Fredrik Aaben
CEO

Our audit report was submitted on May 29, 2026.

Öhrlings PricewaterhouseCoopers AB

Johan Brobäck
Certified public accountant

Auditor's report to the general meeting of the shareholders of Scandinavian Enviro Systems AB, corporate identity number 556605-6726

Report on the annual accounts and consolidated accounts

Opinions

We have performed an audit of the annual accounts and consolidated accounts of Scandinavian Enviro Systems AB for year 2025. The annual accounts and consolidated accounts of the company are included on pages 34–61 in this document.

In our opinion, the annual accounts and the consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company and the group as of 31 December 2025 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Material uncertainty related to Going concern

Without modifying our opinion, we draw attention to the directors' report and note 1 to the financial statements, which indicate that a material uncertainty exists related to the company's ability to continue as a going concern, as the continuation of operations and financing are dependent on the successful completion of the corporate reconstruction. These conditions, together with the other matters set out in note 1, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern.

Other information than the annual accounts and consolidated accounts

This document also contains other information in addition to the annual report and the consolidated financial statements, which can be found on pages 1–33. The directors are responsible for the other information. Our opinion on the annual report and the consolidated financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance thereon. In connection with our audit of the annual report and the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual report and the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the annual report and the consolidated financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, the Board of Directors and the Managing Director are responsible for the assessment of the company and group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, cease operations or has no realistic alternative to doing any of this.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in

Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on the Swedish Inspectorate of Auditors' website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Scandinavian Enviro Systems AB for year 2025 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company and group's type of operations, size and risks place on the size of the parent company's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the management of the company's affairs. This includes among other things continuous assessment of the company and group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on the Swedish Inspectorate of Auditors' website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

Gothenburg, as of the date shown by our electronic signature
Öhrlings PricewaterhouseCoopers AB

Johan Brobäck,
Authorized Public Accountant





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