

Enviro signs additional term sheet with TreadCraft Carbon LLC regarding terms and conditions of the license agreement

N.B. The English text is an in-house translation of the original Swedish text. Should there be any disparities between the Swedish and the English text, the Swedish text shall prevail.

Scandinavian Enviro Systems AB (publ) ("Enviro" or "the Company") has signed another term sheet with TreadCraft Carbon LLC, Buffalo, NY, USA. This second agreement covers the crucial parts of the license agreement regarding the right to use Enviro's technology in a jointly owned plant in Buffalo. The parties have already agreed on the main terms and conditions regarding the sale of the plant itself.

The new agreement includes a partial revenue-based license fee, which Enviro estimates to have a value up to EUR 500,000 per year for 20 years from the start of the plant.

As the Company has previously announced, a final agreement between the parties is expected to be finalized during the second half of 2019. A completed agreement would mean that Enviro has sold a plant worth between EUR 25 and EUR 30 million to TreadCraft Carbon LLC. In accordance with Enviro's new strategy, the Company intends to be a co-owner of the Buffalo plant, which will be through a US-based joint venture. In addition to the purchase price of the plant, Enviro also expects license revenue and distribution of future profits through the joint venture. To facilitate the establishment of a joint venture, Enviro, as previously announced, has decided to establish a holding company in the USA.

In this signed term sheet, which refers to the terms and conditions of the license agreement, the parties agree on central terms and conditions such as the scope, validity, payment model, contractual agreements, applicable law, and more. The co-ownership structure of the Buffalo recycling plant in the state of New York is still under negotiation. The final agreements are all conditional upon financing, a process that is ongoing in parallel.

All the other construction projects that were previously announced are continuously evaluated and are still current. The ever-growing market interest in recycled carbon black, rCB, and high bio-content oil will require additional plant capacity for the recycling of end-of-life vehicle tyres.

Enviro owns and operates a plant for the recycling of end-of-life vehicle tyres in Åsensbruk in Dalsland. The plant has a 6,000 tonnes per year capacity for end-of-life tyres. The carbon black from the plant is used, among other things, for the production of rubber parts for the automotive industry. Among the end customers are Volvo Cars, Trelleborg Wheel Systems and Elastomeric.

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