

# Enviro expects final partnership agreement with Michelin during the fourth quarter

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

**Scandinavian Enviro Systems (publ) and the French global tyre manufacturer Michelin assess that a final agreement regarding a strategic partnership is expected to be reached during the fourth quarter 2020 instead of before the end of October, which Enviro has previously communicated. The reason for the delay is the ongoing pandemic which has led to protracted negotiations.**

Apart from the fact that the pandemic has made it more difficult to hold regular face-to-face meetings, the negotiations have continued, and progress has been made.

“Both parties are determined to complete our letter of intent by reaching a final agreement as soon as possible. Both Enviro and Michelin continue to see a great potential in a strategic partnership and we expect to sign a final agreement during the fourth quarter this year”, says Alf Blomqvist, Chairman of Enviro.

The negotiations have been ongoing since April 15 when Enviro and Michelin announced that they had signed a letter of intent regarding a strategic partnership. In connection with this, Enviro conducted and finalized a directed share issue (private placement) of approximately SEK 32.5 million to Michelin, corresponding to ownership of 20 percent after the completed issue, which Michelin subscribed for through its wholly owned subsidiary Michelin Ventures SAS. Following the completion of the issue at the end of April, Michelin became the largest shareholder in Enviro.

The parties have agreed that the partnership, in addition to the directed share issue, will comprise the following three main axes that were communicated earlier:

- A Development Agreement to deploy Enviro's pyrolysis technology on a larger scale
- A shared project to build a factory to industrialize the technology. The location of the plant will be confirmed at a later date.
- A joint Supply Agreement between Michelin and Enviro

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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](mailto:ca@mangold.se), as its Certified Advisor. [www.envirosystems.se](http://www.envirosystems.se)

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