

# Enviro and Michelin sign definitive agreements on strategic partnership

*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) (“Enviro” or “The Company”) and the French global tyre manufacturer Michelin have today signed three definitive agreements that form the basis of the companies’ strategic partnership. The agreements regulate the terms for a jointly owned plant for the recycling of end-of-life tyres in Chile, the terms and conditions for Michelin’s use of Enviro’s patented technology, and payment for this, and the terms and conditions for payment to Enviro for deliveries of technology and services to the jointly owned plant in Chile. Before the agreements can enter into force, they must be approved by Enviro’s owners at an Extraordinary General Meeting (EGM). Notice of the EGM will be published separately.**

The agreements that have now been signed form the foundation of the strategic partnership that the two companies have now entered. The three agreements and their main content are as follows:

- A shareholder agreement concerning a joint venture the purpose of which is to establish a jointly owned recycling plant in Chile based on Enviro’s patented technology. The plant will be able to recycle 30,000 tons of construction equipment tyres a year.
- The agreement entails that Enviro will own a 10 percent stake in the joint venture while Michelin will own the remaining 90 percent. Under the agreement, Enviro will also make a capital contribution of approximately MSEK 20 to the joint venture and will receive royalty payments in accordance with license agreement described below.
- A license agreement that extends through 2035 and which entitles Michelin to establish its own recycling plants based on Enviro’s technology. When establishing such plants, Michelin will pay Enviro with a fixed amount per plant and pay royalties to Enviro based on a percentage of the plants’ sales.
- An agreement that regulates the conditions and the payment to Enviro for design, as well as engineering and project services in connection with the establishment of the plant in Chile. In total, Enviro will receive payment for this of approximately MSEK 15. The 4 MSEK order communicated in January is part of that total amount.

## **Achievement of central strategic goals**

With the agreement and the strategic partnership in place, Enviro has achieved 3 of 4 central strategic cornerstones and established decisive prerequisites for an aggressive expansion phase.

“Through the partnership with Michelin, we will achieve our first full-scale recycling plant, which is decisive for our ability to scale up and commercialise our technology. The partnership with a leading tyre manufacturer also gives us unsurpassed opportunities to improve our recovered carbon black and pyrolysis oil, which will naturally further strengthen our position on the market,” says Alf Blomqvist, Chairman of Enviro.

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)

### **Strong base for aggressive expansion phase**

Since the letter of intent on a strategic partnership was communicated in April last year, Enviro has been met by a strong increase in interest in establishing collaboration with the company on various levels, from both tyre manufacturers and rubber and carbon black producers, but also from operators in the oil industry.

“This partnership has validated our leading technology position in a way that we would never have achieved by ourselves. We are now receiving inquiries from players in more industries relating to everything from purchasing to the establishment of various forms of collaboration. The oil that we recover from the tyres is attracting growing interest from the oil and chemicals sector, which regards it as crucial in managing a transition to a more circular economy and our assessment is that, in the long term, oil will be our single most valuable end product,” says Thomas Sörensson, CEO of Enviro.

### **Virtual information meeting in conjunction with the Extraordinary General Meeting**

Since Michelin, due to its large shareholding in Enviro, is to be regarded as a closely related party, the approval of an Extraordinary General Meeting is required before the agreements now signed can come into force. As facilitation for the shareholders and the capital market in evaluating the agreements and their effects for Enviro, the company will arrange a virtual information meeting for owners and the capital market ahead of the EGM. At this meeting, representatives of the company and its Board of Directors will answer questions about the agreements with Michelin and provide information on the opportunities that the partnership entails for Enviro’s development going forward. In this context, the company will also report on its view of the development of the global market for recovered materials from end-of-life tyres and the opportunities these offer. A compilation of the most important points in this report will be distributed to the capital market in the form of a press release in direct connection with the virtual meeting.

Notice of the EGM will be published separately. The notice of the EGM will also contain detailed information regarding the virtual information meeting, including details of how to register to participate. Please note that participants who wish to have questions regarding the agreements answered at the EGM, will have to submit these in advance. Additional information about how to do this will be provided in the notice to the EGM.

### **For further information, please contact:**

Thomas Sörensson, CEO of Enviro, +46 (0)735-10 53 43, [thomas.sorensson@envirosystems.se](mailto:thomas.sorensson@envirosystems.se)  
Urban Folcker, Enviro CFO, +46 (0)760-00 13 11, [urban.folcker@envirosystems.se](mailto:urban.folcker@envirosystems.se)  
Alf Blomqvist, Chairman of the Board of Enviro, +46 (0)733 149 700, [alf@blomqvistunlimited.com](mailto:alf@blomqvistunlimited.com)

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

### **Scandinavian Enviro Systems AB**

Herkulesgatan 1K  
SE-417 01 Gothenburg  
[info@envirosystems.se](mailto:info@envirosystems.se)  
[www.envirosystems.se](http://www.envirosystems.se)

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)

Press release  
Scandinavian Enviro Systems AB (public)  
556605-6726  
**2021-02-08**



*This disclosure contains information that Scandinavian Enviro Systems is obliged to make public pursuant to the EU Market Abuse Regulation (EU nr 596/2014). The information was submitted for publication, through the agency of the contact person, on 08-02-2021 22:55 CET.*

**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)