

## Notice convening the extraordinary general meeting of Scandinavian Enviro Systems AB (publ)

*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.*

Shareholders in Scandinavian Enviro Systems AB (publ), reg. no. 556605-6726, (“Enviro” or “The Company”), are hereby given notice of the extraordinary general meeting to be held on Tuesday, 9 March 2021.

Due to the risk of the spread of COVID-19 and the authorities’ regulations/advice on avoiding gatherings, the board of directors has decided that the general meeting will be held without physical presence, by shareholders exercising their voting rights only by postal voting. Information on the resolutions passed at the general meeting will be disclosed on Tuesday, 9 March 2021, as soon as the outcome of the postal voting has been finally confirmed.

The Company will also arrange a virtual information meeting for owners and the capital market on Tuesday, 2 March 2021 at 16:00 CET. Further information and instructions will be available at the Company’s website, [www.envirosystems.se](http://www.envirosystems.se), no later than Tuesday, 23 February 2021. There is a possibility to send written questions in advance to this meeting. These questions, if any, should be received by the Company no later than Saturday, 27 February 2021, addressed to: Scandinavian Enviro Systems AB (publ), Att. Urban Folcker, Herkulesgatan 1k, 417 01 Göteborg, Sweden, or via E-mail to [urban.folcker@envirosystems.se](mailto:urban.folcker@envirosystems.se).

### Right to participate

Shareholders who wish to participate in the general meeting must:

- be recorded in the share register kept by Euroclear Sweden AB on the record date, Monday, 1 March 2021; and
- give notice of their intention to participate no later than Monday, 8 March 2021, by submitting their postal votes in accordance with the instructions below, so that the postal voting form is received by the Company no later than 8 March 2021.

For shareholders who have their shares registered through a bank or other nominee, the following applies in order to be entitled to participate in the meeting. In addition to giving notice of participation by submitting its postal vote, such shareholder must re-register its shares in its own name so that the shareholder is registered in the share register kept by Euroclear Sweden AB as of the record date Monday, 1 March 2021. Such re-registration may be temporary (so-called voting rights registration). Shareholders who wish to register their shares in their own names must, in accordance with the respective nominee’s routines, request that the nominee make such registration. Voting rights registration that have been requested by the shareholder at such time that

the registration has been completed by the nominee no later than Wednesday, 3 March 2021 will be taken into account in the preparation of the share register.

### **Postal voting**

Shareholders may only exercise their voting rights by voting in advance, so-called postal voting, in accordance with section 22 of the Act (2020:198) on temporary exceptions to facilitate the execution of general meetings in companies and other associations. A special form must be used for the postal vote. The postal voting form is available on the Company's website, [www.envirosystems.se](http://www.envirosystems.se), and at the Company, Herkulesgatan 1k, SE-417 01 Gothenburg, Sweden. Please note that a separate notice shall not be made, as the completed and signed postal voting form is considered as notice of participation at the meeting.

The completed form must be received by the Company no later than Monday, 8 March 2021. The completed form can be sent by mail to Scandinavian Enviro Systems AB (publ), Att. Urban Folcker, Herkulesgatan 1k, SE-417 01 Gothenburg, Sweden or by email to [urban.folcker@envirosystems.se](mailto:urban.folcker@envirosystems.se). If the shareholder submits its postal vote by proxy, a power of attorney must be attached to the postal voting form (see below). If the shareholder is a legal person, a registration certificate or other authorization document must be attached to the form.

Shareholders may not provide special instructions or conditions to the postal vote. If so, the entire postal vote is invalid. Further instructions and conditions can be found in the postal voting form.

Shareholders may in the postal voting form request that one or more of the items on the proposed agenda below be deferred to a continued general meeting, which may not be carried out solely through postal voting. Such continued general meeting shall take place if the extraordinary general meeting so resolves or if shareholders representing at least one-tenth of all shares in the Company so requests.

### **Powers of attorney**

Shareholders wishing to submit their postal votes by proxy must issue a written and dated power of attorney signed by the shareholder. Proxy forms are available on the Company's website, [www.envirosystems.se/en](http://www.envirosystems.se/en). If postal voting is made by proxy, a power of attorney must be attached to the postal voting form. If the shareholder is a legal person, a registration certificate or other authorization document must be attached to the form.

The power of attorney is valid for a maximum of one year from the date of issuance, unless a longer period of validity is specified in the power of attorney. Such longer period may, however, not exceed five years from the date of issuance.

### **Proposal for agenda**

1. Election of chairman of the meeting
2. Election of one or two person(s) to approve the minutes

3. Preparation and approval of the voting list
4. Approval of the agenda
5. Determination as to whether the meeting has been duly convened
6. Resolution on approval of cooperation agreements

### **Proposals for resolutions**

#### **Item 1. Election of chairman of the meeting**

The board of directors proposes that Alf Blomqvist is elected as the chairman of the meeting or, in the event he is prevented from participating, the person appointed by the CEO.

#### **Item 2. Election of one or two person(s) to approve the minutes**

The board of directors proposes that Peter Sandberg (representing Pegroco Invest AB and Pegroco Holding AB) and Lennart Persson (representing himself) or, if one or both of them are prevented from participating, the person or persons appointed by the CEO, are appointed to approve the minutes together with the chairman of the meeting. The assignment to approve the minutes shall, in addition to signing the minutes together with the chairman of the meeting, include checking the voting list and that the received postal votes are correctly reflected in the minutes of the meeting.

#### **Item 3. Preparation and approval of the voting list**

The voting list proposed to be approved is the voting list prepared by the Company based on the general meeting share register and received postal votes, controlled and checked by the persons assigned to approve the minutes.

#### **Item 6. Resolution on approval of cooperation agreements**

### ***Background and reasons***

On 15 April 2020, Scandinavian Enviro Systems AB (publ) ("**Enviro**") announced its intention to enter into a long-term strategic partnership with the French global tyre manufacturer Michelin. The partnership was intended to be based on four main areas:

- A stock investment by Michelin amounting to a total of 116,165,223 shares in Enviro
- The common project to build a factory to industrialize Enviro's pyrolysis technology
- A development agreement to deploy Enviro's pyrolysis technology on a larger scale
- A joint supply agreement between Michelin and Enviro

The stock investment was carried out on 15 April 2020 by way of a directed share issue, whereby Michelin (through its wholly-owned subsidiary Michelin Ventures SAS) became the largest shareholder in Enviro with a shareholding corresponding to 20 percent of the total number of shares and votes in Enviro. The fact that the investment was carried out during this spring's COVID-19 pandemic demonstrates the strategic importance that the partnership is deemed to have for both

companies. The ongoing pandemic has, however, delayed the negotiations and finalization of all formal agreements as it has not been possible to meet physically.

As a further step in the strategic partnership, Enviro and Michelin have on 8 February 2021 entered into a shareholders' agreement and an engineering services agreement with respect to the establishment of a jointly-owned recycling plant, as well as a license agreement regarding the right to use Enviro's patented pyrolysis technology (the "**Cooperation Agreements**"). The main terms of the Cooperation Agreements are described below. The Cooperation Agreements do not limit Enviro's right to collaborate with other tyre manufacturers or other stakeholders in, for example, carbon black or pyrolysis oil (however, Michelin has a limited exclusivity during a certain period, see below), nor do they limit Enviro's ability to expand according to its strategy and objective.

Through the partnership with Michelin, three of Enviro's four most important strategic targets are met:

- 1. Establishment of a full-scale plant.** The industrialization of a new technology is always associated with uncertainty and Enviro has historically experienced far-reaching demands on both delivery and functional guarantees as regards new plants in connection with potential plant deals. Due to its limited size, Enviro has therefore, in its negotiations with Michelin, chosen to minimize the guarantee risk connected to the establishment of the first full-scale plant. The agreed upon model entails a guarantee risk that is up to SEK 300 million lower compared to the requirements imposed on Enviro in previous negotiations with other parties, and gives Enviro an ownership of 10 percent in the plant. Enviro will receive a market-based royalty for the right to use its patented pyrolysis technology.  
  
Enviro has previously experienced challenges with respect to the financing of a first jointly-owned full-scale plant, partly due to requirements in terms of various financial and bank guarantees. Through the partnership with Michelin, Enviro has secured a considerable loan financing that runs via a joint venture company (see below) and, thus, without any form of financial guarantee on Enviro's part.
- 2. Industrialization of Enviro's unique pyrolysis process.** The knowledge and best practice gained in connection with the establishment of this full-scale plant under the management of Michelin will be of use for Enviro in projects as well as establishments of its own plants.
- 3. Further development of Enviro's recycled carbon black.** In order to take its recycled carbon black to the next level, Enviro must partner with the world's largest rubber manufacturers, which have access to knowledge about the characteristics and improvement potential of carbon black. Through its partnership with Michelin, Enviro will gain knowledge and take part of developments that, over time, will enable Enviro's carbon black to substitute a larger part of the fossil carbon black.

Moreover, intensive efforts are being made to take a strategic leading position also in respect of Enviro's fourth strategic target – the pyrolysis oil – which has the potential to become Enviro's most valuable end-product.

The partnership with Michelin is the most important milestone in the history of Enviro, and is expected to give Enviro a strategic leading position within recycled carbon black.

### ***Closely related transaction***

Pursuant to Chapter 16 a of the Companies Act (Sw. *aktiebolagslagen*), which is directed at companies whose shares are admitted to trading on a regulated market, certain related party transactions must be approved by the general meeting. According to the Swedish Securities Council's (Sw. *Aktiemarknadsnämnden*) statement AMN 2019:25, the same rules shall, in applicable parts, also apply to companies whose shares are admitted to trading on, for example, First North Growth Market.

Michelin is the largest shareholder in Enviro with 20 percent of the shares and votes and, due to its shareholding, regarded as a related party to Enviro pursuant to Chapter 16 a, Section 3 of the Companies Act. Given the size of the transactions, the Cooperation Agreements must be approved by the general meeting of Enviro. The board of directors hereby submits its proposal and report in accordance with Chapter 16 a, Section 7 of the Companies Act.

### ***Description of the Cooperation Agreements***

#### ***Shareholders' agreement***

Enviro and Michelin have entered into a shareholders' agreement, which sets out terms for the ownership and establishment of a jointly-owned recycling plant for end-of-life tyres. The jointly-owned plant, which is to be based on Enviro's patented pyrolysis technology, will be located in Chile and have an annual recycling capacity of 25,000-30,000 tons.

Upon approval by the general meeting, the parties intend to form a joint venture company, which will own the plant. Enviro and Michelin shall own 10 percent and 90 percent of the company, respectively. Michelin appoints the company's board members, however, Enviro is entitled to appoint an observer who will attend meetings and be provided with the same information as the board members. Enviro's ownership allows for a less extensive guarantee commitment with respect to the goods, services and rights provided by Enviro than what has been the case under previous arrangements. The guarantee risk is up to SEK 300 million lower compared to what has been demanded during previous negotiations with other parties

Under the agreement, Michelin undertakes to, among other things, be responsible for the detailed design, construction and commissioning of the plant, ensure the supply of mining tyres, and ensure that the materials recycled in the plant are sold on the market and thereby generate revenue for the joint venture company.

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)

Enviro's acquisition of shares and other contributions to the joint venture company is estimated to amount to a capital contribution of approximately SEK 20 million.

#### *Engineering services agreement*

Enviro and Michelin have also entered into an engineering services agreement in conjunction with the establishment of the jointly-owned plant. The services that Enviro are to provide under the agreement include, among other things, process design package (PDP) and assistance with continued design, commissioning of the plant, and education of the operating staff. For these engineering services, Enviro will receive a total of approximately SEK 15 million.

#### *License agreement regarding the right to use Enviro's pyrolysis technology*

Enviro and Michelin have also entered into a license agreement that sets out the terms for the right to use Enviro's pyrolysis technology as well as the compensation for such use. The license agreement, which extends to 2035 (meaning that Enviro will have a right to compensation as well as obligations until 2035), sets out, among other things, (i) that Michelin, in addition to the jointly-owned plant, is entitled to establish its own recycling plants based on Enviro's technology in selected countries as well as sell recycled products globally, (ii) that Michelin, when establishing such additional plants, shall pay an upfront lumpsum to Enviro with a predetermined, fixed non-recurring amount, as well as percentage-based, and under certain circumstances variable, market-based royalty based on the plant's sales, and (iii) that Enviro shall have a right to establish recycling plants together with other parties in the future, with Michelin being granted exclusivity during a limited period to Enviro's pyrolysis technology in Chile as well as in relation to mining tyres globally.

#### ***The board of directors' assessment***

The Cooperation Agreements are subject to approval by the general meeting of Enviro. The board of directors assesses that the Cooperation Agreements have been entered into on fair and market terms.

Given Sander Vermeulen's role within the Michelin group, he has not participated in Enviro's preparation of the Cooperation Agreements nor the board of director's decision regarding the Cooperation Agreements.

#### ***Proposal for resolution***

The board of directors proposes that the extraordinary general meeting resolves to approve the Cooperation Agreements that have been entered into with Michelin.

#### ***Majority requirements***

In order for a resolution in accordance with the board of directors' proposal to be valid, the resolution must be accepted by shareholders representing no less than half of the votes cast, not

taking into account shares and votes held directly or indirectly by Michelin Ventures SAS or another company in the same group.

### **Shareholders' right to receive information**

The board of directors and the CEO shall, if any shareholder so requests and the board of directors believes that it can be done without material harm to the Company, provide information regarding circumstances that may affect the assessment of an item on the agenda. A request for such information shall be made in writing to the Company no later than ten days prior to the general meeting, i.e. no later than Saturday, 27 February 2021, at the address of Scandinavian Enviro Systems AB (publ), Att. Urban Folcker, Herkulesgatan 1k, SE-417 01 Gothenburg, Sweden or by e-mail to [urban.folcker@envirosystems.se](mailto:urban.folcker@envirosystems.se). The questions and responses will be made available on the Company's website, [www.envirosystems.se](http://www.envirosystems.se), and at the Company's address set out above, no later than Thursday, 4 March 2021. The information is also sent to the shareholders who so request and state their address.

### **Documents**

The board of directors' complete proposals are set out above. The board of directors' report under item 6 as well as the postal voting and proxy forms are available for the shareholders at the Company, Herkulesgatan 1k, SE-417 01 Gothenburg, Sweden, and on the Company's website, [www.envirosystems.se](http://www.envirosystems.se). The documents will also be sent to shareholders who so request and state their address.

The general meeting share register will be available at the Company's head office, Herkulesgatan 1k, SE-417 01 Gothenburg, Sweden.

### **Shares and votes**

There are in total 580,826,115 shares and votes in the Company as of the date of this notice convening the extraordinary general meeting.

### **Processing of personal data**

For information on how your personal data is processed, see the integrity policy that is available at Euroclear Sweden AB's website, <https://www.euroclear.com/dam/ESw/Legal/Privacy-notice-bolagsstammor-engelska.pdf>.

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Gothenburg in February 2021  
Scandinavian Enviro Systems AB (publ)  
*The board of directors*



**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)

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