



2023

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

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

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We said  
We did



**We will develop** a technology that processes the world's end-of-life tires better and more sustainably.

**In 2000, Enviro's founder was** granted patents for the CFC pyrolysis process in 13 European countries, and Scandinavian Enviro Systems was established the following year. The patents were supplemented and expanded in 2006 and 2015.

**We will build** a demonstration plant for recycling of end-of-life tires to show that the technology works, and that we can recover valuable substances by using it.

**Our plant in Åsensbruk** was completed in 2013, and testing was inaugurated.

**We will commercialize** and industrialize our technology since it has great potential to resolve the problem of sustainability in the tire and rubber industries.

**An initial commercial** cooperation agreement was signed with AnVa Polytech, which manufactures items such as rubber detailing for the Swedish auto industry. This was followed up in 2016 by a supply contract. Using Enviro's recovered carbon black, AnVa had already delivered 50 million chassis plugs to Volvo Cars by 2018. In 2018, recovered carbon black from Enviro was sold for the first time for use in tires.

**To refine our technology** and facilitate broad commercialization and industrialization, we need to set up close collaboration with a major tire manufacturer.

**In 2020, Enviro signed agreements** on a strategic partnership with the French company Michelin, the world's largest tire manufacturer. At the same time, Michelin stepped in as the largest owner in Enviro. The following year, Michelin produced racing tires that partially contained recovered carbon black from Enviro's plant in Åsensbruk.

**To make our recovered** carbon black and oil more commercially viable, we intend to have it environmentally certified under ISCC and classified in accordance with the EU REACH directive.

**In September of 2021,** the oil and carbon black that Enviro recovers at its plant in Åsensbruk was awarded sustainability certification in accordance with the International Sustainability & Carbon Certification (ISCC). In doing so, Enviro became the first company in the world to receive ISCC certification for recovered carbon black, and for carbon black in general. In June 2022, our pyrolysis oil was

approved as an intermediate under the EU REACH ordinance, and we were able to deliver our first commercial order for pyrolysis oil to a US oil company. After that, the company successfully completed production tests in which our oil was used for the manufacture of biofuel. Even Preem, the Swedish fuel producer, placed orders for our oil and subsequently carried out successful production tests.

**By 2030, we will establish** recycling plants with a total recycling capacity of around 1 million metric tons of end-of-life tires per year. Our initial focus is on Europe and on establishing a plant in western Sweden.

**In March 2023, Enviro** partnered with the French infrastructure investor Antin Infrastructure Partners to form a joint venture that will be the world's first large-scale tire recycling company. The joint venture plans to establish recycling plants in Europe by 2030 with a total annual capacity of 1 million metric tons of end-of-life tires per year. In early February 2024, the joint venture made the final investment decision regarding the establishment of the first end-of-life tire recycling plant currently under construction in Uddevalla, Sweden. Construction began in mid-February 2024 and the plant is expected to be fully operational in 2025.

**We will broaden ownership** in the company and try to attract more institutional investors as owners.

**In conjunction with a directed** share issue in May 2023, we gained several new, institutional owners, including Swedbank Robur Fonder, Coeli Circulus, Handelsbanken Fonder, Skandia and Öhman Fonder.

**We will sign long-term** supply contracts regarding our recovered carbon black and oil.

**In conjunction with the announcement** of the final investment decision for the plant in Uddevalla in February 2024, it was also announced that the joint venture company had signed multi-year contracts to deliver recovered materials with a total value of approximately SEK 2 billion. The contract period varies between five and ten years and customers include several leading manufacturers in the tire, rubber and oil industries such as Michelin, Preem and Nokian Tyres.



# Significant events during the year

**October 2023** Enviro has developed new type of recovered carbon black with improved properties.

**June 2023** Recovered carbon black from Enviro in the tires as Michelin celebrates 100 years at Le Mans this weekend.

**June 2024** Enviro's Chairman and CEO represent the company on the board of new joint venture.

**May 2023** Enviro has successfully completed a directed share issue of 150 million shares and raised proceeds of SEK 300 million.

**March 2023** Enviro and Antin Infrastructure Partners to create, with the support of Michelin, the world's first large-scale tire recycling group.

**March 2023** Preem has performed successful production tests of Enviro's recovered pyrolysis oil.

**February 2023** Enviro receives follow-up order for oil from a leading US oil company.

## Significant events after year end

**May 2024** Enviro receives another MSEK 54 payment for costs incurred, of which half in cash and half as an ownership share in joint venture.

**February 2024** Enviro receives MSEK 53 payment for costs incurred, of which half in cash and half as ownership share in joint venture.

**February 2024** The construction of the the joint venture's plant in Uddevalla has received starting notice.

**February 2024** The joint venture announces final investment decision for plant in Uddevalla.

**February 2024** Fredrik Emilson has assumed the position as CEO of Enviro.

## Scandinavian Enviro Systems AB

Scandinavian Enviro Systems AB is contributing to an increased environmental and financial sustainability through a patented technology for recovery of valuable raw materials from discarded and worn-out products, where under tires. New manufacturing of tires containing carbon black, which is recovered with help of Enviro's technology, results

in up to 93 percent lower emissions of CO2 compared to usage of virgin carbon black. Enviro has its head office in Gothenburg and runs its own plant for ELT tires in Åsensbruk, Sweden. The French tire manufacturer Michelin is the largest owner. Enviro was founded in 2001 and is listed on the Nasdaq First North Growth Market.





CEO Fredrik Emilson.

# Together we stand strong

In brief, I can state that 2023 was a successful year for Enviro. To our shareholders and customers, I would like to extend my warmest thanks for their continued support and patience. This also yielded results in the end.

The strength of a shared objective and a relentless desire to get things done paved the way for the Final Investment Decision to green-light the construction of our first large-scale plant for recovery of end-of-life tires in Uddevalla. The plant will provide a blueprint for Enviro's future standard plants, seen from several sustainability perspectives – including environment, quality and profitability. The decision to start came on February 7, 2024 and already on Feb 12 the ground-breaking ceremony was held.

## **Partnerships and sustainability as customer promises**

In 2023, we continued to deliver in accordance with our strategy towards the goal of implementing Enviro's pan-European expansion plan. Under the guiding light of 'partnerships for scalable and sustainable growth', we have created a consortium of partnerships that is unique to the industry, backed up by our customers' off-take agreements that add up to an order book with a total value of SEK 2 billion over a five- to ten-year period.

The strategy of co-ownership for the production plants as part of a joint venture reduces both risk and the need for equity while accelerating the roll-out. The decision to invest



in what we are best at and to partner with others to complement our needs in terms of expertise and resources creates synergies. Enviro's core competence revolves around its pyrolysis technology. The right expertise in the right place at the right time – all the way to forming a sustainable business.

We have an option to buy in as a partner for a share that ultimately corresponds to up to 30 percent of the joint venture that we formed in 2023 together with Antin Infrastructure Partners and that is supported by Michelin. It is an option that we intend to exercise in full over time.

What we contribute in sustainability can clearly be quantified, and as regards CO<sub>2</sub> emissions, our recovered carbon black reduces emissions by over 90 percent compared with the use of an equivalent amount of virgin carbon black. Our recovered pyrolysis oil promotes an 80-percent reduction compared with the use of fossil oil. We don't just talk about sustainability; we manufacture it.

In brief, it could be said that we established a partnership and joint venture with a promise to customers to use speed, sustainability and quality to markedly increase access to recovered carbon black and oil. The purpose of this is to meet European tire, rubber and chemical industries' enormous demand for and ambition of achieving a more circular production.

### **Capital-intensive industry and disruptive market**

In a disruptive market with major systemic shifts driving demand – and global customers needing major quantities instantaneously, extensive redundancy capacity and greater geographic coverage for efficient supply and sourcing – a different model is required. In this kind of market, a rapid build-out is a condition for gaining access to these industry-leading customers with major production series. With speed comes greater capital requirement.

An impact model built to scale on synergies. Through in-depth collaboration with customers, we gain market validation by commercial product with our technology inside. Through collaboration with partners, oriented on investments and infrastructure, we gain not only having our operations and our technology vetted by a third party we secure a strong financial backing. Bringing these market and financing synergies together early and in parallel, we create prerequisites to scale our technology fast.

### **Access to end-of-life tires (feedstock)**

Through close partnerships and long-term agreements with industry players who collect the tires, we ensure a smooth and reliable inflow of tires. It is not only volumes of tires, but also the right mix of different types of tires that are important for being able to produce the right quality. Partnerships and consensus around the advantages of recycling instead of incinerating are a central idea in a circular economy.

### **Demand for recovered raw materials**

It is our absolute conviction that demand for recovered raw materials – “waste to value” – vastly exceeds the current supply, and that this circumstance will prevail for the foreseeable future. When producer responsibility is fully adopted, for example, in the tire manufacturing industry, it is undeniably our belief that less sustainable recycling alternatives will have to give way to more efficient ones, meaning that recycling is preferable to incineration. At the same time, the need to increase the pace of transition toward a circular approach in both society and industry is enormous, and an urgent one if we are to meet the target of limiting global warming to 1.5 degrees. This is a ‘sweet spot’ for Enviro's marketing strategy and expansion plans. First Sweden and our plant in Uddevalla, then roll-out in Europe followed by an expansion into the rest of the world – all as part of the overall strategy of partnerships for sustainable growth.

### **Our business model**

Through our partnership model, we have identified four main income streams: cost remuneration during the project phase, remuneration for technology services and digital support, joint ownership and royalties. These streams are now, in applicable parts, on the way to being implemented during our build-up and build-out of what will become our global network of pyrolysis plants, starting in Europe. How these streams will be allocated, and their durability over time, depend on our capacity to deliver customer value and keep ourselves relevant compared with the alternatives. Customer value must be continually earned, and looking at the inflow of customers and the partnerships we have formed, it is undeniably my belief that this is precisely what we are delivering today!

### **2023 gave us the conditions – 2024 (and 2025) will be the years in which we will deliver**

In conclusion, I would like to say that our future is ahead of us – we have made major strides forward in order to now be able to roll out our technology and achieve our vision of a world without waste, but much still remains to be done. I am convinced that we will encounter many challenges along the way, with the largest always being the least known, but through our partnership strategy we are well equipped for a successful and efficient establishment in Uddevalla followed by a European roll-out.

**Fredrik Emilson**  
Chief Executive Officer



# Plant in Uddevalla

The recycling plant in Uddevalla will be the first full-scale plant based on Enviro's proprietary and patented method for recovering valuable raw materials from end-of-life tires. The plant and the land on which it is located is owned by the joint venture established in 2023 between Enviro and Antin Infrastructure Partners and that is supported by Michelin. The plant in Uddevalla will be the joint venture's first facility and its establishment is following the plan previously communicated by Enviro to prioritize West Sweden when constructing full-scale recycling plants.

As an initial step, the plant in Uddevalla will have an annual capacity to recycle 34,500 metric tons of tires, though the plant's environmental permit allows recycling up to 60,000 metric tons and the plan is that following the build-out of the plant it will eventually be able to recycle 60,000 metric tons per year. Construction of the plant in Uddevalla began in February 2024 and the plant is expected to be fully operational in 2025.







# Module-based recycling plant

The recovery plants of Enviro have a pyrolysis process, which is module-based, which means that each complete module's functionality and capacity are verified. Examples include reactor and condenser modules. The modules are assembled and tested at the supplier prior to delivery to the site to reduce time and risk during installation and commissioning. A reactor module has a capacity of around 7,000 tonnes of tires per year. A plant with five reactor modules has a capacity of 34,500 tonnes of tires per year. The project time to construct a plant is estimated at 12–18 months from the start of the project.

# Management of parallel projects

To be able to deliver projects at the pace and scope that is planned, Enviro is establishing collaboration with partners within project execution and with various areas of responsibility. The aim is for such partners to be responsible for the areas that do not form part of Enviro's core process. Accordingly, the risks and the need for capital for each project are minimised, at the same time as scope is created to streamline the processes closely related to the core activities and where Enviro generates the most value. The approach also entails that in future, the company can work towards series manufacturing of equipment for the main process and thereby further increase the profitability related to plant deliveries.





# Strategic outlook

## Changing geopolitical conditions further strengthen Enviro's opportunities

Interest in, and the potential of, Enviro's leading pyrolysis technology is underpinned by a number of overriding drivers, of which the sustainability transition has long been the most obvious. In recent years, several new drivers have been added – not least geopolitical factors – that make our technology and our business model even more relevant and attractive, which strengthens our strategic position.

### **Vulnerable supply chains and new energy crisis**

Developments in the world since 2019 have been very tumultuous and have given rise to the now familiar term polycrisis – several crises in parallel. It began with the pandemic that disclosed shortcomings in the prevailing model with just-in-time deliveries and global outsourcing – and the fact that many countries suddenly began to prioritize their own healthcare and medical services ahead of agreed supply contracts made matters worse. Moreover, closures in the production sector together with a sharp rise in demand for durable goods fueled by comprehensive state stimulus measures, created both shortcomings in, and widespread global disruption to, existing supply chains. Discussions about greater local supply of raw materials

and products was given fresh impetus when one of the world's largest container ships, M/V Ever Given, blocked the Suez Canal in March 2021 which led to that 300 freight ships were stuck in the canal for a whole week.

### **New energy and infrastructure crisis**

Another development that was also discussed was the rapid exploitation of raw materials around the turn of the century which resulted in excess capacity and lower cost levels. This limited investment incentives and created the current situation of major investment requirements in energy, infrastructure, raw materials and production, which became very clear when the pandemic was followed by the first international armed conflict in Europe since the end of the Second World War – Russia's full-scale invasion of Ukraine in February 2022. The problem of the major dependence on Russian gas deliveries in Europe became apparent when energy prices rose overnight in a way not seen since the 1970s. Inflation, which had accelerated during the pandemic, thus gained renewed momentum and met with widespread interest rate increases from central banks worldwide. While it was clear that overall investment needs in infrastructure were gigantic, capital





Chairman of the board **Alf Blomqvist**.

became expensive, which placed heavy demands on the attractiveness of an investment. The previous low cost of capital had favored investments focused on growth, such as technology platforms and software where returns lay in the future. With a higher cost of capital, focus shifted from growth companies to inflation-proof investments with realistic revenue models and predictable cash flows.

### **A suitable business model**

The greater competition for capital I describe above has made Enviro's business model even more attractive since it is based on long-term, predictable and stable cash flows – in addition to solid returns on invested capital. The long-term and legally binding supply contracts already signed with major players such as Michelin, Nokian Tyres, Preem and H&R Group, with a total order value of approximately SEK 2 billion, confirm our business model. The agreements are not only proof of our well-functioning technology but also support our argument of good and stable returns and short payback period on invested capital. This combination has generated interest for Enviro from exceptionally high quality investors – infrastructure investors. This highly demanding category of investors is ideally suited to fund

infrastructure projects such as the one being undertaken by Enviro – projects that require large initial investments, rapid scaling up of capacity with a great deal of focus on risk elimination and that thus offer excellent opportunities for inflation-protected and stable cash flows. The joint venture we launched with Antin Infrastructure Partners and Michelin in 2023 demonstrates how well our business and business model addresses these various interests. For Enviro, the collaboration with one of Europe's largest and most experienced infrastructure investors offers many and major advantages. In addition to strengthening the financing of our expansion plans, it also provides us with access to leading expertise in scaling up and roll-out, which will be crucial to our success. The partnership reduces in one stroke Enviro's financial, operational and technical risk.

### **Correctly positioned for today's needs and geopolitical climate**

Enviro's business is entirely sustainable and is built on access to local waste that is converted into valuable and locally available raw materials. The model has several major advantages in the new world created by recent crises and trends. To begin with, waste is available through-





## Key risks mitigated through JV and rollout setup

Financial risk mitigation	Operational risk mitigation	Technological risk mitigation
<b>Cost coverage</b> <ul style="list-style-type: none"> <li>• Enviro receives service fees corresponding to costs related to the JV, limiting downside exposure</li> <li>• Effective cost reduction from current levels</li> </ul>	<b>JV operations</b> <ul style="list-style-type: none"> <li>• Plant operations and support functions kept in JV, keeping organization focused and specialized</li> </ul>	<b>Previous scale-ups successful</b> <ul style="list-style-type: none"> <li>• Previous increases to reactor size have been successful</li> <li>• Modularity of plants entail facilitate increasing plant capacity</li> </ul>
<b>New and significant revenue from asset fees</b> <ul style="list-style-type: none"> <li>• Asset fees, a form of royalty, to compensate Enviro for use of technology market terms regardless of ownership</li> <li>• Fair compensation and stable infrastructure cash flows</li> </ul>	<b>Antin experience</b> <ul style="list-style-type: none"> <li>• Antin is an experienced and reputable infrastructure investor and owner</li> <li>• Extensive track record in developing similar projects</li> </ul>	<b>Business and technical due diligence</b> <ul style="list-style-type: none"> <li>• Antin has chosen Enviro as its partner after a long and thorough due business and financial diligence process</li> <li>• External technical consultants have verified technology</li> </ul>
<b>Financial income and enterprise value</b> <ul style="list-style-type: none"> <li>• Highly cash generative business at scale</li> <li>• Infrastructure yield and valuation in line with other investments of Antin</li> </ul>	<b>Maintained control</b> <ul style="list-style-type: none"> <li>• Enviro will remain in control of its areas of expertise and continue to learn on the scale of the technology</li> </ul>	<b>Michelin confirms product quality</b> <ul style="list-style-type: none"> <li>• Through successful production tests, supply agreements for rCB and TPO, and its 20 % ownership in Enviro, Michelin offers a powerful proof of quality</li> </ul>
↓	↓	↓
<b>Financial risk related to undertaking lowered – with full upside potential</b>	<b>De-risked operations while Enviro retains control</b>	<b>Proven and verified viability based on expertise of Enviro</b>

out the world, which is the case for our primary source of waste, end-of-life tires, and for other, potentially interesting waste streams. We recover carbon black and oil from the end-of-life tires, thereby contributing to greater local and regional self-sufficiency in critical raw materials that are largely imported and where production is concentrated to a few, often unstable regions. Carbon black is interesting from this respect – before the war in Ukraine, 50 percent of all virgin carbon black used in Europe was manufactured in Ukraine, Russia or Belarus while carbon black produced in other countries often used Russian oil as a raw material. The war changed this and reinforced the need for local production. Enviro is in the right position for increased regionalization and our European expansion plans will create local access to large quantities of recovered carbon black and oil, products that can reduce dependence or completely replace exports from countries such as Russia or conflict areas. Our business, with its local waste flows and local production, may also help to supply our customers with

the raw materials they need to reach their sustainability targets and to secure deliveries of strategically important input goods. The plans for Europe we have established with Antin and Michelin could therefore contribute to Preem's transition to a climate-neutral value chain by 2035 and to a circular tire industry and, in parallel, make this part of the world less dependent on other regions.

Enviro began more than 20 years ago with a clear idea and how new and pioneering technology can contribute to increased sustainability and circularity. The world that has emerged since then has confirmed how right this idea was and also led to changes that make our business model even more relevant and attractive. We may have been working on the technology for many years, but our business journey has only just begun.

**Alf Blomqvist**  
Chairman of the Board

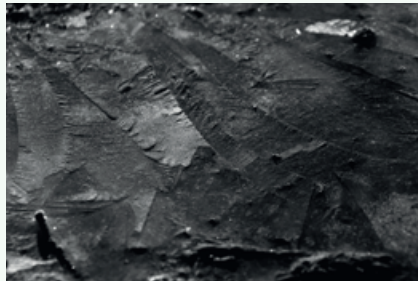


# History



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

↑ 1994



First commercial sale of rCB to Volvo Car Corporation via AnVa Polytech.

↑ 2016



Michelin launches racing tyres for MotoE containing Enviro rCB.

2020 ↓

2013 ↓

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



2014 ↓

Listed on Nasdaq First North.

**NASDAQ OMX**  
FIRSTNORTH

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

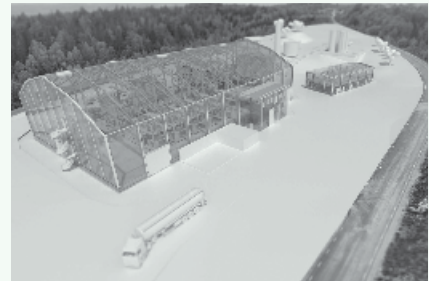




Michelin unveils car tyres approved for road use containing 45 % sustainable materials, including Enviro rCB.



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



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

2021

2022

2023  
2024

rCB and TPO from Åsensbruk plant receives ISCC sustainability certification.

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

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



# Expansion plan outside Europe

Globally, more than a billion end-of-life tires are generated annually, a volume that is expected to increase by between 4 and 5 percent per year







Through the formation of the joint venture with Antin Infrastructure Partners, Enviro has secured expansion plans for Europe. The expansion is built on agreements between Enviro and Antin that combine Enviro's patented technology with Antin's expertise in developing and scaling up infrastructure platforms. The agreements mean that Enviro will retain full control of its patented technology, outlicensing it to the joint venture on an exclusive basis in Europe. Outside of Europe, Enviro is free to establish plants based on its unique technology independently or together with a third party.

The conditions for expansion outside of Europe are also very good. Globally, more than a billion end-of-life tires are generated annually, a volume that is expected to increase by between 4 and 5 percent per year. In parallel, most of the major, global tire manufacturers have announced ambitious targets for how they will increase the proportion of sustainable materials in their tires. The same applies to leading players in the oil and fuel industries and in the

chemicals industry. Additionally, some external projects have demonstrated that TPO can be used as a feedstock to produce sustainable carbon black as a complementary to recovered carbon black. This new pathway will open new opportunities for Enviro.

Enviro is one of a few companies in the world that has succeeded in developing a functioning industrial method for the effective recovery of valuable constituent raw materials such as carbon black and oil. By using the raw materials that can be recovered using Enviro's method, the tire, oil and chemicals industries can increase their circularity and environmental sustainability.

The formation of the joint venture, construction of the plant in Uddevalla and the long-term supply contracts signed by the joint venture with leading manufacturers in the tire, rubber and oil industries, further confirm Enviro's leading position in the field and the company's solid potential for further expansion.

# Market position

Interest in the company, our technology and our circular products is increasing sharply. The background is that producers in the rubber, tyre, oil and chemical industries all have a clear objective of manufacturing climate-neutral products in the near future. Both Enviro's recovered carbon black (rCB) and tire pyrolysis oil (TPO) can play a central role here.

For many producers of tires and rubber products, Enviro's rCB could replace all the fossil carbon black that is being used, and for others, a high degree of substitution can be achieved. Considering that many tire and rubber products contain approximately 30 % fossil carbon black, which can be replaced with Enviro's rCB, this immediately results in a major positive impact on companies' possibilities to achieve climate neutrality. The ISCC certificate shows that the use of Enviro's rCB reduces the CO2 footprint with more than 90 percent compared to the use of fossil Carbon Black.\*

TPO is playing a key role in the transformation of the chemical industry. Interest in Enviro's recovered pyrolysis oil among manufacturers of fuel, carbon black, plastic and base oil products is significant, since they can use our TPO for achieving their own targets for climate neutrality.

Enviro's partnership with Michelin is also a vital cog in the company's position. Apart from being their supplier of rCB, we have also established a mutually beneficial partnership in product development as well as industrialization and commercialization. Close partnerships with major

companies such as Michelin are important for a company like Enviro to increase the understanding of existing value chains and to influence them for the purpose of working smarter and more efficiently.

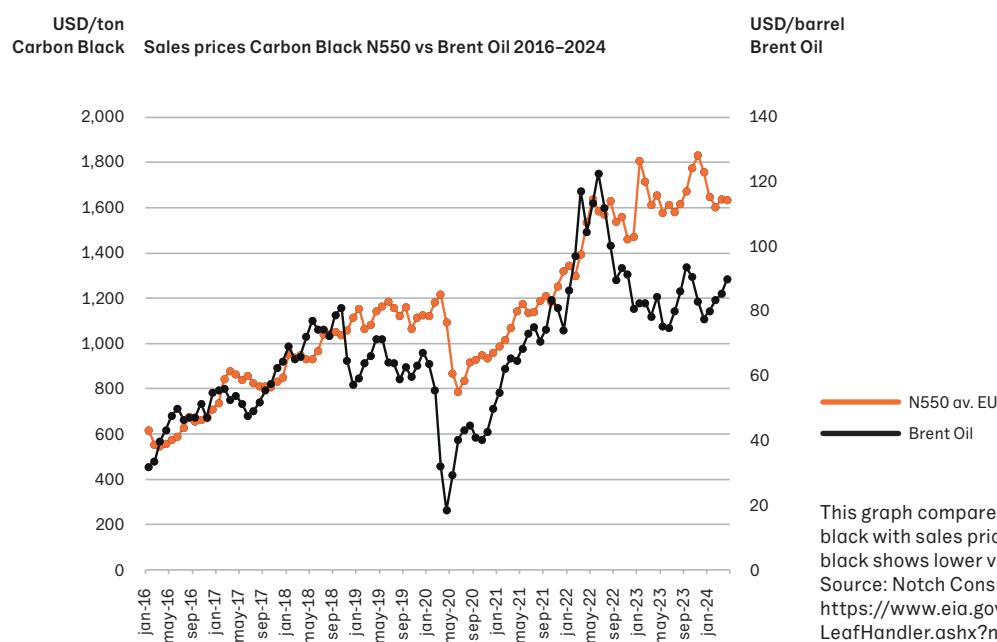
The same type of partnership that Enviro has with Michelin is also in progress with other players in both the rubber and chemical industries. This is extremely valuable for all the parties involved, since it increases the understanding and possibility of changing the value chain so that it works better from both an operational and climate perspective. Enviro is involved in establishing several other different types of partnerships that the company feels will be valuable for the future.

## Drivers for further development and capacity buildup

At the current stage, it is highly crucial for Enviro to rapidly build up capacity in order to be able to process sufficient amounts of end-of-life tires (ELT) and to be able to produce sufficient amounts of rCB and TPO for our customers.

The drivers here include producer responsibility in the tire industry, which requires a solution for processing the tremendous ELT waste streams, and the requirements for climate neutrality and transition that our customers must address and that lie behind the legally binding agreements for long-term deliveries of rCB and TPO that our joint venture with Antin Infrastructure Partners signed with

\* 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.







several leading companies in the tire, rubber and oil industries. With Enviro's pyrolysis technology, the company can use the ELT waste streams to produce new raw materials for the value chain that once produced the tire that Enviro recovered.

#### **Developments in 2023 regarding rCB and TPO**

Enviro's efforts are focused on developing both our technology and our products. Through multi-year deliveries to leading players in the tire and rubber industries, the company has proved that it has a very strong position as well as robust and efficient technology. At the same time, there are good possibilities for developing our products further in order to offer our customers the possibility of replacing the fossil raw materials they use today to an even greater degree. In parallel with the central goal of building up capacity, both our rCB and TPO are being developed further on an ongoing basis. Enviro has already developed two types of rCB, but the company feels that in the future there will be a need for more types of rCB and likely several different types of TPO as well. It is all a question of a combination of in-house development and our customers' wishes.

#### **Developments in regulatory governance and standards**

Enviro is carefully monitoring the need for both compliance with regulatory requirements and obtaining competitive and commercially viable certifications. In that respect, the ISCC international sustainability certification is an important instrument for Enviro from both a commercial and a sustainability perspective. There are clear links between the documented ability of our products to promote a reduction in CO2 and good price positions in the market.

In the regulatory arena, efforts are under way in the EU to secure sustainable and digitized governance of waste streams, and these will benefit our value chains and de facto create better new recovered products. To continue influencing the value chains in the right direction, Enviro always strives to be a highly involved player in the regulatory arena. The company's commitment is intended both to strengthen its commercial position and further increase our aggregate 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. Enablers 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 CO<sub>2</sub> 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 CO<sub>2</sub> 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 CO<sub>2</sub> emissions via rCB (recovered carbon black), renewable and recovered pyrolysis oil, TPO (Tire Pyrolysis Oil) and steel.

For recovered carbon black, the reduction in CO<sub>2</sub> 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 CO<sub>2</sub> 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 CO<sub>2</sub> 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 CO<sub>2</sub> emissions by approximately 1.1 million metric tons over the life of the investment.\*

\*Source: Calculations made by the Company.



The ambition to establish an annual tire recycling capacity of 1 million metric tons by 2030 would, in a similar manner, result in an estimated reduction in CO2 emissions of 31 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.

**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.

## 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. In 2023, the organization and operations underwent major changes, and these will continue over the next few years. During the year, the company worked to realize a final investment decision for the construction of Uddevalla 1 and, as a result, strengthened its resources and expertise to help in the completion of the new plant. The final investment decision for Uddevalla 1 was made in early February 2024.

In 2024, an employee survey is planned to measure and monitor our employees' satisfaction in various parameters. The approach is based on continuous follow-up and agile action to constantly evolve as a healthy, efficient and fit-for-purpose organization.

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 facts 2023

### Total number of resources in the Group per Dec 31, 2023

	Men	Women	Total
White-collar employees	24	2	26
Blue-collar employees	16	2	18

### Management's composition in 2023

	Men	Women	Total
	6	2	8

### Board of Directors' composition in 2023

	Men	Women	Total
	4	1	5

### Number of occupational accidents

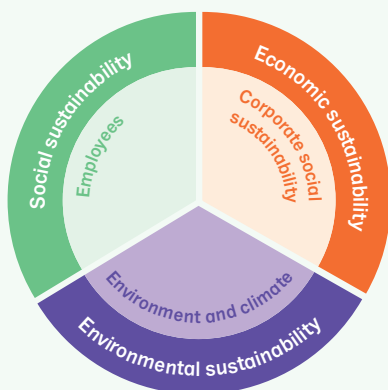
0

### Number of hours lost due to accidents

0







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.

### Recycling rate of component materials

Of the inbound material delivered to Åsensbruk, 93 percent material recovery was achieved in accordance with the waste hierarchy and in line with the year-earlier results.

### Climate impact from own production

Our production is energy-intensive, and requires that we constantly work to improve energy efficiency in order to reduce the need for energy. Through a circular production process, we reuse energy from the production process itself for heating.

Our operations are regulated and reviewed in an environmental report every year. We also provide detailed information every year as part of ISCC certification and its requirements for reporting and follow-up.

### 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 2023. 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 CO<sub>2</sub> emissions than the use of virgin carbon black, as indicated in life cycle assessments.

The use of recovered oil leads to significantly lower CO<sub>2</sub> 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 2023 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.

### Other certifications

ISCC EU and ISCC+ (International Sustainability & Carbon Certification).

### Anti-corruption

No corruption cases were reported. In 2023, 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 nine years. 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.

During the past year, Åsensbruk has made considerable progress, where investments in follow-up and process monitoring together with several process-improving measures were fundamental in ensuring higher capacity and a more efficient production flow. Investments were also carried out to further reduce the plant's environmental footprint.

Enviro has worked systematically with strategic customers to establish recovered carbon black as a raw material in various applications in the rubber industry. In recent years, the interest and demand have increased significantly, which requires greater capacity in the Swedish plant in Åsensbruk. During 2023, sales of recovered carbon black to Volvo Cars' subcontractor AnVa



Polytech AB, intended for rubber components for all of the company's newly produced cars, have continued at an undiminished pace and sales of recovered carbon black were also made to tire manufacturers such as Michelin. The total value was approximately MSEK 6.

Interest in Enviro's recovered oil has also increased significantly, not least from large refineries and oil companies. During the year, deliveries at an aggregate value

of MSEK 7 were made to Preem and another leading oil company. Approximately half of the valuable material that is recovered from end-of-life tires is oil, which means that this component is highly attractive commercially.

In Åsensbruk, availability is now being increased through optimization of operations and capacity build-out. All of the strategic initiatives and investments resulted in our strongest production year to date.

## The investments, which amounted to approximately MSEK 8 (14) in 2023, can be divided into the following main categories:

Investments intended to increase robustness and operational reliability

Investments intended to increase efficiency and capacity

Investments intended to verify the technology for future plants

Investments required to secure an updated environmental permit



# 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 on 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 32–33.

## Nomination committee

The Annual General Meeting adopts the principles for the structure of the Nomination Committee. According to the most recent resolution by the Annual General Meeting, the current Nomination Committee was appointed, in summary, in accordance with the following principles:

The Nomination Committee is to comprise four members, of whom one member is to be the Chairman of the Board, who also convenes the first meeting. The other three members are to be appointed by the three largest shareholders in the company by number of votes as of the last banking day in September, with one representative being appointed to the Nomination Committee by each of these shareholders. If a shareholder refrains from appointing a representative, the right to appoint a representative is transferred to the next largest shareholder in terms of votes.

The Nomination Committee's mandate applies until a new Nomination Committee has been appointed. If, during the Nomination Committee's mandate period, one or more of the shareholders that have appointed representatives to the Nomination Committee are no longer among the three largest shareholders by number of votes, then the representatives appointed by these shareholders are to vacate their positions and the shareholder or shareholders that are then among the three largest shareholders by number of votes are entitled to appoint their representatives. Unless there are special reasons, no changes are to be made to the composition of the Nomination Committee if there are only marginal changes to the number of votes or if the change occurs later than three months before the Annual General Meeting. Changes to the composition of the Nomination Committee are to be announced as soon as they occur.

The company is to announce the Nomination Committee's composition by press release on the company's website as soon as the representatives have been appointed, but not later than six months before the Annual General Meeting. Ahead of the 2024 Annual General Meeting, the following Nomination Committee has been appointed:

Fabien Gaboriaud	Chairman of the Nomination Committee, appointed by Michelin
Magnus Sigurd	Representing Jula Holding AB
Alf Blomqvist	Chairman of the Board of Directors

This is the same Nomination Committee as in 2023. Due to long negotiations in the previously communicated agreement with Antin as well as the procedure in connection with a final investment decision (FID), the company decided to wait with changes in the Nomination Committee

## 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 seven 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. In terms of the negotiations that led to the partnership with Michelin as well as the negotiation leading up to the creation of a JV with Antin Infrastructure Partners. The members of the Board played a decisive role when the negotiations were carried out.

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 year-end 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 2023 Annual General Meeting.

Name	Born	Elected year	Roll in board	Decided fee
Alf Blomqvist	1956	2017	Chairman	300,000
Fabien Gaboriaud	1972	2023	Member	150,000*
Nina Macpherson	1958	2020	Member	150,000
Peter Möller	1952	2017	Member	150,000
Björn Olausson	1964	2019	Member	150,000

\* 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 2023 Annual General Meeting, the auditing firm PricewaterhouseCoopers AB was re-elected, with Public Authorised Accountant Johan Palmgren as Auditor in Charge. During the year he was also auditor in charge for companies including Bulten AB and Troax Group AB. 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

## 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. Mangold Fondkommission AB has been the company's Certified Adviser until Nov 30, 2023. Thereafter FNCA has been the Certified Adviser of the company. The total number of shares at December 29, 2023 was 806,615,589 (656,615,589). 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. All shares are freely transferable.

## Share price trend and market capitalization

At December 30, 2022 the last price paid for the share was SEK 1.80 (SEK 1.62) and the market capitalization was SEK 1,450.3 million (SEK 1,063.1 million). The share price increased with 11 percent during 2023. After year end the stock price as well as the market capitalisation value both have increased significantly after the company communicated to the market about a Financial Investment decision concerning a new plant in Uddevalla. The market capitalization increased with 36 percent compared to the previous year. During the year, approximately 689 (277) million shares were traded, corresponding to approximately 97 (42) percent of the average number of shares during the year.

## Capital contributions

During 2023 capital was added according to the following:

During May 2023 Enviro completed a directed share issue which raised proceeds of SEK 300 million before transaction costs. A number of new Swedish and international institutional investors, including Swedbank Robur Fonder, Cicero Fonder, Coeli Circulus, Handelsbanken Fonder, Skandia and Öhman Fonder, participated in the share issue.

## Enviro's owners

At December 29, 2023, Enviro had 19,342 (18,491) 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 Livförsäkringsaktiebolaget Skandia, ömsesidigt.





#### Share holders list per Dec 29, 2022

<b>Total number of shares</b>	<b>806,615,589</b>	
<b>Number of shareholders</b>	<b>19,342</b>	
<b>Share owner</b>	<b>Number of shares</b>	<b>Owner share %</b>
Michelin Ventures S.A.S	131,323,117	16.3%
Försäkringsbolaget Avanza Pension	57,154,857	7.1%
Handelsbanken Fonder	31,250,000	3.9%
Swedbank Robur Fonder	25,000,000	3.1%
Nordnet Pensionsförsäkring AB	19,414,825	2.4%
Livförsäkringsaktiebolaget Skandia, ömsesidigt	15,711,520	1.9%
Dina Persson	12,301,525	1.5%
CICERO Fonder	12,113,490	1.5%
Öhman Fonder	10,423,711	1.3%
JULA Holding AB	6,950,000	0.9%
Other share holders	484,972,544	60.1%
<b>Totalt</b>	<b>806,615,589</b>	<b>100%</b>

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	Directed share issue	150,000,000	806,615,589	0.04	6,000,000	32,264,624

# Board of Directors and Auditor

## Board of Directors



**Alf Blomqvist** (born 1956)  
Chairman of the board,  
Board member since 2017

Education at the Stockholm School of Economics. Alf has a background that includes the posts of CEO of Ledstierman, head of Corporate Finance at Swedbank Markets and head of Equity Capital Markets at Carnegie. Other current positions: Chairman of the Board in Alelion Energy Systems AB, board member of E14 Invest and E14 Invest II, Chairman of the Board in Blomqvist Unlimited AB. Direct and indirect shareholding: 2,100,000 shares. Direct and indirect ownership LTIP 2021/2025: 2,563,934. Independent in relation to the company and its larger shareholders.



**Fabien Gaboriaud** (born 1972)  
Board member since 2023

PhD in Material Science. Today Fabien has the function as Senior Vice President of the new 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 (Centre National Recherche Scientifique) 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 as well as for the High Tech Material Division for Michelin (hydrogen, medical, flexible composites) Direct and indirect shareholding: 0 shares. Direct and indirect ownership LTIP 2021/2025: 0 Proposed by Michelin, a major shareholder of the company.



**Nina Macpherson** (born 1958)  
Board member since 2020

Bachelor of Law from Stockholm University. Former Chief Legal Officer and secretary to the Board of Directors of Ericsson, Board member of Traton SE, Board member of Scania AB, member of the Swedish Securities Council, board member and chairman of the Nomination Committee of Netel Holding AB. Direct and indirect shareholding: 210,000 shares. Direct and indirect ownership LTIP 2021/2025: 1,281,966. Independent in relation to the company and its larger 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 Automobil. Direct and indirect shareholding: 180,542 shares Direct and indirect ownership LTIP 2021/2025: 400,000. Independent in relation to the company and its larger shareholders.



**Björn Olausson** (born 1964)  
Board member since 2019

Market economist from IHM Business School. CEO at Elof Hansson International, Chairman of the board in Björkemmar Construction & Consulting BCC AB, previously Area Vice President, Sales, Asia & Pacific, Metso Fiber and Metso Power. Direct and indirect shareholding: 114,599 shares. Direct and indirect ownership LTIP 2021/2025: 900,000. Independent in relation to the company and its larger shareholders.

## Auditor



**Johan Palmgren** (born 1974)

Johan Palmgren is a partner at PwC and a Public Authorised Accountant with about 20 years' experience of working with listed companies in various industries, including Bulten AB and Troax Group AB. Direct and indirect shareholding: 0.



# Group Management

## Group Management



**Fredrik Emilson** (born 1969)  
CEO since 2024

B.Sc. in Business and economics from Lund University. Board member of the subsidiaries Tyre Recycling in Sweden AB, SES IP AB and BSIP AB. Fredrik has worked for Högånäs since 2010 and as of 2017 as CEO. During his time at Högånäs Fredrik also had the position as Manager Europe and later as manager of Asia. Fredrik also has a background within the Trelleborg Group and has through that gained experience from the rubber industry. He has also worked as management consultant within E & Y with main focus on Project Management and company development. Direct and indirect shareholding: 265,348 shares. Direct and indirect ownership LTIP 2021/2024: 0.



**Christian Bergaust** (born 1962)  
CFO since 2023

Economist from Gothenburg School of Economics Christian has a long experience within the manufacturing industry. He has had several management positions within the automotive, medical, medical technology and energy industry. Christian has worked 20 years abroad, mainly in Germany, but has also had assignments in China, Belgium and United Kingdom. Direct and indirect shareholding: 68,000 shares. Direct and indirect ownership LTIP 2021/2024: 0



**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. Direct and indirect shareholding: 0 shares. Direct and indirect ownership LTIP 2021/2024: 0.



**Björn Larsson** (born 1969)  
Manager strategic procurement since 2023

M. Sc. in Business Administration from Jönköping International Business School. Björn has a background as, amongst others, Purchasing Director Project & Platform at Volvo Bus Corporation and Head of Supply Chain Management at Yara Marine Technologies. Direct and indirect shareholding: 1,000 shares. Direct and indirect ownership LTIP 2021/2024: 0.



**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. Direct and indirect shareholding: 0 shares. Direct and indirect ownership LTIP 2021/2024: 400,000.



**Olov Ershag** (born 1984)  
COO since 2017

M.Sc. in Engineering from Luleå Technical University. He has been employed at the company since 2008. Direct and indirect shareholding: 800,000 shares. Direct and indirect ownership LTIP 2021/2024: 897,376.



**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. Direct and indirect shareholding: 5,000 shares. Direct and indirect ownership LTIP 2021/2024: 0



**Fredrik Alpner** (born 1978)  
Site Manager since 2022

B.Sc. from Malmö Högskola. Fredrik has a background as Site Manager for Grace Catalyst AB. Direct and indirect shareholding: 123,586 shares. Direct and indirect ownership LTIP 2021/2024: 0





# Financial Statements

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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 2023.

## The company's operations

### Business concept

End-of-life tires are a large and 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 full or shared ownership. The company has its own recycling plant in Åsensbruk, Dalsland, in Sweden, which serves as a production plant, as well as a demonstration and test facility.

We have identified four main income streams: cost remuneration during the project phase, remuneration for technology services and digital support, joint ownership and royalties.

### The business

Enviro develops, builds, owns and operates plants for 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. Therefore, an environmentally friendly recovery method is achieved, where the gas is used to operate the plant and the valuable resources carbon black, oil and steel are sold to market. The materials are used in new products, which helps the customers to reach sustainability targets as well as the need for fossil resources is reduced.

Enviro, founded in 2001, has a main office in Gothenburg and operates a plant for recovery of discarded tires in Åsensbruk. The company is listed for trade on Nasdaq First North Growth Market in Stockholm.

Enviro's pyrolysis technology provides higher and more even quality of carbon black and oil than what has previously been possible through traditional pyrolysis, which means that a larger portion of recovered carbon black can replace virgin carbon black. In addition to a process with a lower cost level, CO<sub>2</sub> emission decrease of about 93 percent is achieved, compared to new production. In total, carbon black, oil and steel together contribute with a reduction in CO<sub>2</sub> of about 80 percent compared to new production.

The company operates an industrial plant in Åsensbruk for commercial use that also allows customers to test the recovered products. The plant has a theoretical capacity of approximately 6,000 tonnes of end-of-life tires per year and proves that recovered carbon black's quality is high and consistent on a commercial level. Part of the plant's capacity is used for tests of new material types and the development of our range of carbon black offerings.

In addition to increasingly tighter restrictions and increasing raw material prices for the production of virgin carbon black, Enviro believes that the market has experienced a paradigm shift where environmental awareness is spreading globally and is starting to have an impact on the industry. The demand for recovered carbon black is increasing significantly, which is in line with the increased demand for sustainably-produced,

environmentally friendly products. There is also a large interest for the recovered oil, which has a significant bio-content.

In spite of the increasing demand for carbon black, supply is expected to fall short of the growing demand in the next years due to macroeconomic forces such as the growing vehicle industry, increasing environmental demands and a lack of production capacity.

During the the year, Enviro announced that it had formed a joint venture company together with Antin Infrastructure Partners to use Enviro's technology as a base for creating the world's first large-scale tire recycling company.

Further, Enviro has successfully conducted a directed share issue where the company received proceeds amounting to SEK 300 million before transaction costs.

During the year the company also communicated that it had received a renewed approval for its pyrolysis oil as an intermediate in conjunction with the EU regulation REACH.

After the end of the financial year, it was communicated that a final investment decision has been taken by Eniro and Antin Infrastructure Partners concerning a new plant in Uddevalla, and also that Enviro has received MSEK 107 in two rates of MSEK 53 and MSEK 54. Half of the amount has been received in cash and the other half as shares in the joint venture.

### Group structure

Enviro Group is comprised of the parent company, Scandinavian Enviro Systems AB (publ), with its registered office in Gothenburg, as well as four fully-owned wedish subsidiaries. The subsidiary Tyre Recycling in Uddevalla AB has been sold to the JV after the end of the year. The parent company's activities include, in addition to the sale of plants, group wide functions such as management, finance, technology and development.

### The company's results and financial position

#### Group

Net revenues for the period were MSEK 13.9 (8.0). Operating results totalled MSEK -93.6 (-83.8), and earnings after tax were MSEK -92.3 (-83.6).

The decrease of the result compared to last year with MSEK 8.7 is explained of higher external costs of MSEK 7.0 compared with the same period in 2022, mainly in connection with lawyer and consultancy support as well as costs in connection with the new short-term loan, earlier in the year. The personnel costs were totally MSEK 7.8 higher than during the same period last year due to strengthening of the staff in both the parent company and the subsidiary. In addition to that depreciation has been MSEK 1.4 higher and the finance net has been MSEK 1.0 positive compared to the same period last year due to higher interest revenues. The gross profit has been MSEK 6.2 higher mainly thanks to an oil delivery during Q1 2023.

Investments of the group in fixed assets amounted to MSEK 39.0 (32.8). The investments consist of mainly of parts of a so-called Detailed Design (DD), which applies to engineering hours for our technical platform, which will be used firstly in the Uddevalla plant, but also of additional investments in the plant in Åsensbruk. The cash flow from operating activities after investing activities for the period were MSEK -113.5 (-98.5).

The decrease in the cashflow is mainly due to a lower operating result before adjustments of working capital of MSEK 7.3. Added to that, the changes in working capital the change in working capital has been negative during the period with MSEK 1.4 compared to the same period last year. The investments have been MSEK 6.2 lower compared to the same period in 2022.



After the end of the financial year Enviro has received MSEK 53 payment for costs incurred, of which half in cash and half as ownership share in the joint venture.

After that Enviro has received another MSEK 54, of which half in cash and half as shares in the joint venture. As previously communicated Enviro has the right to buy an owner share of up to 30 percent. Enviro intends to make full use of this right.

The group cash amounted to MSEK 214.9 (30.0) at the end of the period.

The equity/assets ratio was 88 (84) percent.

## Parent company

The net revenues for the parent company totalled MSEK 3.2 (4.2), and the result after tax was MSEK -83.1 (-73.2). Around 100 (73) percent of the net turnover are sales related to group companies for internal services. For the rest the company has incurred higher external expenses of MSEK 5.7 compared to the same period in 2022, mainly consultancy and lawyer expenses as well as costs in connection with a new short-term loan from previously this year. The staff costs are MSEK 3.9 higher than during the same period last year due to strengthening of the staff. The finance net has been MSEK 1.6 positive compared to the same period last year thanks to an interest revenue from the capital from the rights issue, which was conducted during Q2. On the other hand, the company has had interest costs in connection with a previous, now repaid, short-term loan (bridge financing). The investments in fixed assets amounted to MSEK 35.1 (28.2). The investments of the year are mainly related to parts of a so-called Detailed Design (DD), which applies to engineering hours for our technical platform, which will be used firstly in the Uddevalla plant.

The Equity/assets ratio at the period-end was 93 (92) percent.

## Staff and organisation

The group has 40 (36) employees at the period-end.

## Future outlook and financing

As earlier communicated, the company is working on an expansion plan, which contains an ambition to initiate the construction of plants with the capacity to recycle 1,000,000 tonnes of end-of-life tires with part-ownership by 2030. To succeed in this endeavour, the company the company is in the process to build up the necessary in-house organisation, establish new collaborations with industrial operators and identify ways of financing the new plants, as well as the company's operation. Europe is the prioritised market.

During the year, Enviro announced that it had formed a joint venture company together with Antin Infrastructure Partners to use Enviro's technology as a base for creating the world's first large-scale tire recycling company. The parties in the joint venture have agreed on a plan for financing the construction of the facilities. Antin is one of Europe's leading infrastructure investors, and will fund the initial investments. Michelin, which is already the largest owner in Enviro, is supporting the joint venture via a multi-year supply contract for recovered materials from the first plants to be established. Michelin plans to become a partner in the joint venture in pace with the construction of future plants. Enviro is not an initial owner of the joint venture company, but has an option to acquire an ownership share that ultimately will correspond to 30 percent. As soon as practically possible within the next 24 months, Enviro's Board of Directors intends to review the company's long-term capital requirements in order to finance the company's ownership in the joint venture. From the very beginning, Enviro already has representation on the board of the joint venture company. Enviro will receive revenue through both service fees and an asset fee based on the profitability of the respective plants while having the possibility of building up long-term value through its ownership in the joint venture.

After the end of the financial year Enviro has received MSEK 106 in two rates of MSEK 53 per rate. The compensation is for coverage of processed costs. Half of the amount has been received in cash and the other half as shares in the joint venture. The first full-scale plant that will be erected by the joint venture will be the planned plant in Uddevalla.

After the end of the financial year, a final investment decision has been taken by Eniro and Antin Infrastructure Partners concerning a new plant in Uddevalla, which is the first plant of the expansion plan.

Enviro has, during the year, secured financing through and later in the year repaid an external loan of MSEK 40.

During Q2 2023 Enviro has successfully completed a directed share issue which raised proceeds of SEK 300 million before transaction costs. A number of new Swedish and international institutional investors, including Swedbank Robur Fonder, Cicero Fonder, Coeli Circulus, Handelsbanken Fonder, Skandia and Öhman Fonder, participated in the share issue.

## Multi-year comparison

The Group's economic development in summary.

	2023	2022	2021	2020	2019
Net turnover, KSEK	13,939	7,976	7,592	1,508	1,089
EBITDA, KSEK	-78,145	-69,753	-43,453	-36,969	-31,716
Equity ratio, %	87.5	84,0	93,5	90,4	90,0
Operating margin, %	Neg	Neg	Neg	Neg	neg
Return on capital employed, %	-36.1	-44,2	-30,4	-31,8	-25,5
Intrest-bearing liabilities, KSEK	5,208	6,024	777	3,944	7,112
Earnings per share before dilution, SEK	-0.12	-0.13	-0.10	-0.09	-0.13

Definitions of key performance indicators are presented in Note 1

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

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:

Share premium reserve (including capital addition via incentive programs)	KSEK 820,740
Carried forward	-464,416
<b>Profit/loss for the year</b>	<b>-83,074</b>
	<b>273,250</b>

The Board of Directors proposes that the unrestricted equity of KSEK 273,250 be carried forward.

# Consolidated Income Statement

KSEK	Note	2023	2022
<b>Operating revenue</b>			
Net turnover	3	13,939	7,976
Changes in inventories of products in progress, finished goods and work in progress on behalf of others		-132	-538
Other operating revenue	4	70	221
<b>Total operating revenue</b>		<b>13,877</b>	<b>7,660</b>
<b>Operating expenses</b>			
Raw materials and consumables		-1,383	-1,527
Other external costs	5,6	-50,719	-43,743
Personnel costs	7	-39,921	-32,142
Depreciation and write-downs of tangible and intangible fixed assets	8, 9, 10,11,15	-15,463	-14,031
<b>Total operating expenses</b>		<b>-107,486</b>	<b>-91,443</b>
<b>Operating profit/loss</b>		<b>-93,609</b>	<b>-83,783</b>
<b>Profit/loss from financial items</b>			
Other interest income and similar items	12	5,477	709
Interest expenses and similar expenses	13	-4,192	-514
<b>Total result from financial items</b>		<b>1,285</b>	<b>195</b>
<b>Profit/loss after financial items</b>		<b>-92,324</b>	<b>-83,588</b>
Tax on profit/loss for the year	14	-	-
<b>Loss for the year</b>		<b>-92,324</b>	<b>-83,588</b>

# Consolidated Balance Sheet

ASSETS KSEK	Note	Dec 31, 2023	Dec 31, 2022
<b>Fixed assets</b>			
<b>Intangible fixed assets</b>			
Capitalized expenditures for development	15	73,722	48,948
Concessions, patents, licenses and similar rights	10	2,448	2,868
Goodwill	8	-	1,219
		<b>76,170</b>	<b>53,034</b>
<b>Tangible fixed assets</b>			
Machinery and other technical facilities	11	78,614	78,310
Inventory, tools and installations	9	557	454
		<b>79,171</b>	<b>78,764</b>
<b>Total non-current assets</b>		<b>155,341</b>	<b>131,798</b>
<b>Current assets</b>			
<b>Inventories etc.</b>			
Raw materials and consumables		66	52
Goods being manufactured		18	12
Finished products and goods for resale		648	907
Spare parts inventory		1,383	1,120
		<b>2,115</b>	<b>2,091</b>
<b>Short-term receivables</b>			
Accounts receivable		2,607	774
Tax receivables		706	692
Other short-term receivables		3,238	2,921
Prepaid expenses and accrued revenue	16	2,493	2,590
		<b>9,044</b>	<b>6,977</b>
<b>Cash on hand</b>	25	<b>214,896</b>	<b>29,979</b>
<b>Total current assets</b>		<b>226,055</b>	<b>39,047</b>
<b>Total assets</b>		<b>381,396</b>	<b>170,846</b>



# Consolidated Balance Sheet (cont.)

<b>EQUITY AND LIABILITIES KSEK</b>	<b>Note</b>	<b>Dec 31, 2023</b>	<b>Dec 31, 2022</b>
<b>Equity</b>	20		
Share capital		32,265	26,265
Other contributed capital		821,241	544,701
Other equity including profit/loss for the year		-519,714	-427,390
<b>Total Equity</b>		<b>333,792</b>	<b>143,575</b>
<b>Non-current liabilities</b>			
Other liabilities to credit institutions	17, 18	4,392	5,208
<b>Total non-current liabilities</b>		<b>4,392</b>	<b>5,208</b>
<b>Current liabilities</b>			
Liabilities to credit institutions	18	816	816
Accounts payable		10,141	9,333
Other current liabilities		18,215	1,303
Accrued costs and prepaid income	19	14,040	10,611
<b>Total current liabilities</b>		<b>43,212</b>	<b>22,063</b>
<b>Total current liabilities</b>		<b>381,396</b>	<b>170,846</b>

# Consolidated Statement of Changes in Equity

KSEK	Share capital	Other contributed capital	Other equity	Total Equity
Equity Dec 31, 2021	26,265	544,701	-343,802	227,163
Profit/loss for the year	-	-	-83,588	-83,588
Equity Dec 31, 2022	26,265	544,701	-427,390	143,575
Profit/loss for the year	-	-	-92,324	-92,324
Right issue cash	6,000	294,000	-	300,000
Issue costs	-	-17,459	-	-17,459
Equity Dec 31, 2023	32,265	821,242	-519,714	333,792

# Consolidated Statement of Cash Flows

KSEK	Note	2023	2022
<b>Operating activities</b>			
Operating profit/loss before financial items		-93,609	-83,783
Adjustment for items not included in the cash flow, etc.	23	15,463	14,031
Interest received/losses on fixed assets		5,477	407
Interest paid		-4,192	-212
		<b>-76,861</b>	<b>-69,557</b>
Increase/decrease in inventories		-24	207
Increase/decrease in accounts receivable		-1,833	-406
Increase/decrease in other short-term receivables		-234	-2,131
Increase/decrease in accounts payable		808	3,789
Increase/decrease in other current operating liabilities		20,342	2,361
<b>Cash flow from operating activities</b>		<b>-57,802</b>	<b>-65,736</b>
<b>Investment activities</b>			
Investments in intangible fixed assets		-31,451	-18,413
Investments in tangible fixed assets		-7,555	-14,512
Changes in long-term receivables		-	148
<b>Cash flow from financing activities</b>		<b>-39,006</b>	<b>-32,778</b>
<b>Financing activities</b>			
New rights issue		300,000	-
Issue costs		-17,459	-
Obtaining of loan		-	6,500
Amortization of debt		-816	-1,252
<b>Cash flow from financing activities</b>		<b>281,725</b>	<b>5,248</b>
<b>This year's cash flow</b>		<b>184,917</b>	<b>-93,266</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>29,979</b>	<b>123,245</b>
<b>Cash and cash equivalents at the end of the year</b>	25	<b>214,896</b>	<b>29,979</b>



# Statement of Income, Parent Company

KSEK	Note	2023	2022
<b>Operating revenue</b>			
Net turnover	3,27	3,195	4,199
Other Income	4	70	210
<b>Total Operating income</b>		<b>3,265</b>	<b>4,408</b>
<b>Operating expenses</b>			
Other external costs	5,6	-55,821	-50,125
Personnel costs	7	-25,238	-21,278
Depreciation and write-downs of tangible and intangible fixed assets	9,10,15	-7,161	-6,443
<b>Total operating expenses</b>		<b>-88,220</b>	<b>-77,846</b>
<b>Operating profit/loss</b>		<b>-84,955</b>	<b>-73,438</b>
<b>Profit/loss from financial items</b>			
Other interest income and similar profit/loss items	12	5,138	395
Interest expenditures and similar profit/loss items	13	-3,257	-197
<b>Total result from financial items</b>		<b>1,881</b>	<b>198</b>
<b>Profit/loss after financial items</b>		<b>-83,074</b>	<b>-73,240</b>
Appropriations		-	-
Tax on profit/loss for the year	14	-	-
<b>Loss for the year</b>		<b>-83,074</b>	<b>-73,240</b>

# Balance Sheet, Parent Company

ASSETS KSEK	Note	Dec 31, 2023	Dec 31, 2022
<b>Non-current assets</b>			
<b>Intangible fixed assets</b>			
Capitalized expenditures for development	15	73,672	48,898
Concessions, patents, licenses and similar rights	10	2,448	2,868
		<b>76,120</b>	<b>51,765</b>
<b>Tangible fixed assets</b>			
Inventory, tools and installations	9	275	270
		<b>275</b>	<b>270</b>
<b>Financial fixed assets</b>			
Shares in subsidiaries	26	36,916	36,891
Receivables from group companies	27	63,311	59,771
		<b>100,226</b>	<b>96,661</b>
<b>Total non current assets</b>		<b>176,621</b>	<b>148,697</b>
<b>Current assets</b>			
<b>Receivables</b>			
Accounts receivable		-	88
Tax receivables		632	264
Other short-term receivables		3,238	3,204
Prepaid expenses and accrued revenue	16	1,536	1,896
		<b>5,406</b>	<b>5,452</b>
<b>Cash on hand</b>	25	210,814	27,985
<b>Total current assets</b>		<b>216,221</b>	<b>33,437</b>
<b>Total assets</b>		<b>392,841</b>	<b>182,134</b>

# Balance Sheet, Parent Company (cont.)

EQUIY AND LIABILITIES KSEK	Note	Dec 31, 2023	Dec 31, 2022
<b>Equity</b>	20		
<b>Restricted equity</b>			
Share capital		32,265	26,265
Restricted reserves		502	502
Reserve for development expenses		60,711	31,192
		<b>93,478</b>	<b>57,959</b>
<b>Unrestricted equity</b>			
Premium fund		881,079	587,079
Issue costs		-65,925	-48,466
Gain or loss carried forward		-464,416	-361,657
Capital addition via incentive programs		5,586	5,586
Loss for the year		-83,074	-73,240
		<b>273,250</b>	<b>109,302</b>
<b>Total equity</b>		<b>366,728</b>	<b>167,261</b>
<b>Current liabilities</b>			
Accounts payable		7,210	6,184
Other current liabilities		8,076	498
Accrued costs and prepaid income	19	10,827	8,191
<b>Total current liabilities</b>		<b>26,113</b>	<b>14,873</b>
<b>Total equity and liabilities</b>		<b>392,841</b>	<b>182,134</b>



# Changes in Equity, Parent Company

KSEK	Share Capital*	Reserve- fund	Fund for develop- ment costs	Premium fund	Retained earnings	Result for the period	Total equity
<b>Equity Dec 31, 2021</b>	<b>26,265</b>	<b>502</b>	<b>13,126</b>	<b>544,199</b>	<b>-290,183</b>	<b>-53,408</b>	<b>240,501</b>
Balance of profits of previous year	-	-	-	-	-53,408	53,408	-
Profit/Loss for the year	-	-	-	-	-	-73,240	-73,240
Reserve for additional development costs	-	-	18,221	-	-18,221	-	-
Reserve for outgoing development costs	-	-	-155	-	155	-	-
<b>Equity Dec 31, 2022</b>	<b>26,265</b>	<b>502</b>	<b>31,192</b>	<b>544,199</b>	<b>-361,657</b>	<b>-73,240</b>	<b>167,261</b>
Balance of profits of previous year	-	-	-	-	-73,240	73,240	-
Profit/Loss for the year	-	-	-	-	-	-83,074	-83,074
Reserve for additional development costs	-	-	31,308	-	-31,308	-	-
Reserve for outgoing development costs	-	-	-1,789	-	1,789	-	-
New rights issue	6,000			294,000			300,000
Issue costs				-17,459			-17,459
<b>Equity Dec 31, 2023</b>	<b>32,265</b>	<b>502</b>	<b>60,711</b>	<b>820,740</b>	<b>-464,416</b>	<b>--83,074</b>	<b>366,728</b>

\*The share capital per Dec. 31, 2023 consisted of 32,264,623.56 SEK (806,615,589 shares).

# Cash Flow Statement, Parent Company

KSEK	Note	2023	2022
<b>Operating activities</b>			
Operating profit/loss before financial items		-84,955	-73,438
Adjustment for items not included in the cash flow, etc.	23	7,161	6,443
Interest received		5,138	218
Interest paid		-3,257	-20
		<b>-75,913</b>	<b>-66,797</b>
Increase/decrease in other short-term receivables		45	-1,952
Increase/decrease in accounts payable		1,027	2,999
Increase/decrease in other current operating liabilities		10,214	2,760
<b>Cash flow from operating activities</b>		<b>-64,627</b>	<b>-62,990</b>
<b>Investment activities</b>			
Investments in intangible fixed assets		-31,451	-18,413
Investments in tangible fixed assets		-69	-193
Investments in financial fixed assets		-25	-
Change in long-term receivables		- 3,540	-9,592
<b>Cash flow from investing activities</b>		<b>-35,085</b>	<b>-28,198</b>
<b>Financing activities</b>			
New rights issue		300,000	-
Issue costs		-17,459	-
<b>Cash flow from financing activities</b>		<b>282,541</b>	<b>-</b>
<b>This year's cash flow</b>		<b>182,829</b>	<b>-91,188</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>27,985</b>	<b>119,173</b>
<b>Cash and cash equivalents at the end of the year</b>	25	<b>210,814</b>	<b>27,985</b>

# Notes for Group and Parent Company

## Note 1

### Accounting and valuation principles

#### General accounting principles

Scandinavian Enviro System AB's Annual Report and Consolidated Financial Statements have been prepared in accordance with the Annual Accounts Act and the Swedish Accounting Standards Board's general recommendations BFNAR 2012: 1 Annual Report and Consolidated Financial Statements (K3).

The Company's accounting currency is Swedish Krona (SEK)

The accounting principles remain unchanged in comparison with the previous year.

#### Foreign currencies

Monetary assets and liabilities in foreign currency are valued at the closing day rate. Transactions in foreign currency are translated at the spot rate for the transaction date.

#### Revenue

##### Goods

Sales of goods are reported when material risks and benefits are transferred from sellers to buyers in accordance with the terms of sale. Sales are reported after deduction 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 applicable on the balance sheet date. Deferred taxes are valued based on the tax rates and tax rules which were 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

Remuneration in connection with termination of employment is applicable when any company within the group decides to terminate an employment contract before the normal time for termination of employment or when an employee accepts an offer of voluntary resignation in exchange for such a remuneration. If the remuneration does not give the company a future financial benefit a liability and a cost is reported when the company has a legal or informal obligation to grant such a remuneration. The remuneration is valued to the best estimate of the remuneration that would be required to settle the obligation per balance 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 give the owner the right to acquire the same number of shares at SEK 2.80 per share. The end date of the programme is March 31, 2025.

##### 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 give the owner the right to acquire the same number of shares at SEK 2.80 per share. The end date of the programme is September 30, 2024. In combination with this a stay on bonus was agreed upon, which implies 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 is to be paid out as a one time remuneration in three rates (2022, 2023 and 2024).

#### 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. All individuals in the management team 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.

#### **Write-down of non-financial assets**

When there is an indication that the value of an asset has decreased, a test is done to determine the need for write-down. If the asset has a recoverable amount lower than the carrying amount, it is written down to the recoverable amount. When assessing the need for write-down, the assets are grouped at the lowest levels where there are separate, identifiable cash

flows (cash-generating units). For assets other than goodwill, which were previously written down, a review is made for each balance sheet date to determine whether a reversal should be done.

In the profit and loss statement, write-downs and reversals of write-downs are reported in the function for 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 recognized in the balance sheet include accounts receivable and other receivables, accounts payable and loan liabilities. The instruments are reported in the balance sheet when the company becomes a party to the instrument's contractual terms. Financial assets are derecognized when the right to receive cash flows from the instrument has expired or is transferred and the Group has transferred virtually all risks and benefits associated with ownership. Financial liabilities are derecognized when liabilities have been adjusted or otherwise terminated.

#### **Accounts receivables 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 payable and accounts payables**

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 assets. Write-down occurs if the decline in value is deemed to be permanent. Write-downs are recognized in the income statement Profit from other securities and receivables that are fixed assets.

The impairment need is tested individually for shares and participations and other individual financial 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 26). 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 25.

### **Reclassifications**

No reclassifications have been made.

### **Future outlook and financing**

As previously communicated the company is working on an expansion plan, which contains an ambition to initiate the construction of plants with the capacity to recycle 1,000,000 tonnes of end-of-life tires per year. with part-ownership by 2030. To succeed in this endeavour, the company is in the process of building up the necessary in-house organisation,

establishing new collaborations with industrial operators and identify ways of financing the new plants, as well as the company's operation. Europe is the prioritised market.

During the the year, Enviro announced that it had formed a joint venture company together with Antin Infrastructure Partners to use Enviro's technology as a base for creating the world's first large-scale tire recycling company. Up through 2030, the joint venture plans to construct plants across Europe with a total annual recycling capacity of up to one million metric tons of end-of-life tires per year. The parties in the joint venture have agreed on a plan for financing the construction of the facilities.

Antin is one of Europe's leading infrastructure investors, and will fund the initial investments. Michelin, which is already the largest owner in Enviro, is supporting the joint venture via a multi-year supply contract for recovered materials from the first plants to be established. Michelin plans to become a partner in the joint venture in pace with the construction of future plants. Enviro is not an initial owner of the joint venture company but has an option to acquire an ownership share that ultimately will correspond up to 30 percent. Enviro has already from the start representation in the JV. Enviro will receive revenue through both service fees and an asset fee based on the profitability of the respective plants while having the possibility of building up long-term value through its ownership in the joint venture.

After the end of the financial year Enviro has received MSEK 107 in two rates of MSEK 53 and MSEK 54. Half of the amount has been received in cash and the other half as shares in the joint venture.

After the end of the financial year, a final investment decision has been taken by Eniro and Antin Infrastructure Partners concerning a new plant in Uddevalla, which is the first plant of the expansion plan.

Enviro has, during the year, secured financing through and later in the year repaid an external loan of MSEK 40.

During Q2 2023 Enviro has successfully completed a directed share issue which raised proceeds of SEK 300 million before transaction costs. A number of new Swedish and international institutional investors, including Swedbank Robur Fonder, Cicero Fonder, Coeli Circulus, Handelsbanken Fonder, Skandia and Öhman Fonder, participated in the share issue.

### **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 judgments 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, reimbursement for technology services and digital support, co-ownership and royalties, with an associated return. The assumptions underlying the valuation is an expansion plan, with the ambition to construct plants across Europe with a total annual recycling capacity of up to one million metric tons of end-of-life-tires per year with part-ownership until 2030. To succeed in this endeavour, the company needs to build up the necessary in-house organisation, establish new collaborations with industrial operators and identify ways of financing the new plants, as well as the company's operation.

After the end of the financial year, a final investment decision has been taken by Eniro and Antin Infrastructure Partners concerning a new plant in Uddevalla, which is the first plant of the expansion plan. The assumptions are based largely on the market conditions that exist in terms of volumes and shortcomings in alternative recovery solutions for end-of-life tires combined with the profitability of the company's process.

Impairment testing of assets is based on the cash flows that are expected to result in the future. The subsidiary, Tyre Recycling in Sweden AB, as of 2016 receives an annual market and sales contribution from the parent company of SEK 25.0 million. This contribution is intended to cover the additional expenses incurred by the parent company's activities for the licencing of the Company's technology. An impairment test, including this contribution, has been implemented and results in positive future cash flows.

The valuation of the company's plant in Åsensbruk occurs according to its commissioning to commercial operation in 2016 as well as the fact that the products it produces can be provisioned. The valuation relies on estimates to a large degree, the most important being the capacity of the plant, 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 reach a continued market acceptance in the customer base.

Before the customer tests that were implemented have resulted in such acceptance, there is an uncertainty in the assessment.

During the year, Enviro announced that it had formed a joint venture company together with Antin Infrastructure Partners to use Enviro's technology as a base for creating the world's first large-scale tire recycling company. The parties in the joint venture have agreed on a plan for financing the construction of the plants. Antin is one of Europe's leading infrastructure investors, and will fund the initial investments. Michelin, which is already the largest owner in Enviro, is supporting the joint venture via a multi-year supply contract for recovered materials from the first plants to be established. Michelin plans to become a partner in the joint venture in pace with the construction of future plants. Enviro is not an initial owner of the joint venture company, but has an option to acquire an ownership share that ultimately will correspond up to 30 percent.

The Board Enviro decided on a directed share issue where the company received proceeds amounting to SEK 300 million before transaction costs. A number of new Swedish and international institutional investors, including Swedbank Robur Fonder, Cicero Fonder, Coeli Circulus, Handelsbanken Fonder, Skandia and Öhman Fonder, participated in the directed share issue. The net proceeds will be utilized by to (i) acquire shares in the JV-company and thereby, together with Antin Infrastructure Partners, finance the first plant at Uddevalla, and (ii) finance the Company's operations for at least 24 months as of the time of the directed share issue.

From the very beginning, Enviro will have representation on the board of the joint venture company. Enviro will receive revenue through both service fees and an asset fee based on the profitability of the respective plants while having the possibility of building up long-term value through its ownership in the joint venture.

After the end of the financial year Enviro has received MSEK 106 in two rates of MSEK 53 per rate. The compensation is for coverage of processed costs. Half of the amount has been received in cash and the other half as shares in the joint venture.

The first full-scale plant that the joint venture will establish will be the previously planned plant in Uddevalla.

In conjunction with the company's assessment of future investment requirements and liquidity, the company conducted an impairment test. The purpose of this is partly to ensure that the assets have the ability to generate adequate revenue in the future amounting to the balance-sheet values at the closing date, present-valued with a discount rate for future cash flow, and partly to provide a realistic view of the company's future operation and future cash flows under given circumstances. The most important factors which are included in constructing of this calculation are, for example, the level of the calculation interest level, future carbon black, oil prices as well as prices of raw material and contribution margin by recovering valuable substances.



**Note 3**  
**Net sales distributed operation areas**

	Group		Parent Company	
	2023	2022	2023	2022
Net sales are distributed by operational areas according to the following:				
Product sales	13,863	6,029	-	-
Service revenues	76	1,947	3,195	4,199
<b>Total</b>	<b>13,939</b>	<b>7,976</b>	<b>3,195</b>	<b>4,199</b>

**Note 4**  
**Other operating revenues**

	Group		Parent Company	
	2023	2022	2023	2022
Contributions from projects	70	93	70	81
Other contributions and revenues	-	129	-	129
<b>Total</b>	<b>70</b>	<b>222</b>	<b>70</b>	<b>210</b>

**Note 5**  
**Remuneration to the auditors**

	Group		Parent Company	
	2023	2022	2023	2022
<b>PwC</b>				
Audit assignment	-717	-257	-717	-257
Tax services	-45	-37	-45	-37
Other services	-105	-60	-105	-60
<b>Total</b>	<b>-867</b>	<b>-354</b>	<b>-867</b>	<b>-354</b>

**Note 6**  
**Operational leasing agreements**

	Group		Parent Company	
	2023	2022	2023	2022
Future minimum lease fees, to be paid for non-terminable lease agreements:				
To become due within one year	-4,604	-3,842	-2,100	-1,506
To be due later, but within five years	-4,272	-7,000	-1,559	-2,134
	-8,876	-10,842	-3,659	-3,640
Leasing payments expensed during the period	-4,065	-3,245	-1,642	-1,134

The operating lease for rented plants/premises is contained in the corporate accounting. The lease agreement for the Swedish plant runs through Jan 31, 2026. The lease agreement for the office at Herkulesgatan, Gothenburg, did run until Sep 30, 2022. The lease agreement for the office at Frihamnen, Gothenburg, runs until May 31, 2025. The lease agreement for the additional office building in Frihamnen, Gothenburg, runs until Nov 30, 2026.

**Note 7**  
**Salaries, other compensation and social costs**

	Group		Parent Company	
	2023	2022	2023	2022
<b>Average number of employees</b>				
Women	4	4	2	2
Men	28	22	13	10
<b>Total</b>	<b>32</b>	<b>26</b>	<b>15</b>	<b>12</b>
<b>Salaries, compensation, social costs and pension costs</b>				
Salaries and other compensation	29,303	23,330	18,769	15,460
Social payments	9,141	7,286	5,947	5,024
Pension costs	2,494	1,918	2,295	1,779
<b>Total</b>	<b>38,274</b>	<b>32,534</b>	<b>27,011</b>	<b>22,263</b>

#### Board of directors, CEO and Management

Salaries and other compensation	11,514	10,556	11,514	10,556
Pension costs	1,632	1,416	1,632	1,416

#### Other employees

Salaries and other compensation	17,789	12,774	7,255	4,904
Pension costs	862	502	663	363

Out of the group's and parent company's pension costs, SEK 1,632 thousand (SEK 1,416 thousand) applies to the company's management, concerning 8 (6) individuals.

Out of the Group's corporate salary costs, which include board remuneration reported as other costs, SEK 2,467 thousand (SEK 2,353 thousand) applies to the company's board of directors, concerning 5 (5) (after the AGM 2023) individuals.

#### Compensation has been provided to the following individuals:

Thomas Sörensson, CEO SEK 2,834 thousand (SEK 2,361 thousand) as well as pension of SEK 536 thousand (428 thousand)

Alf Blomqvist, chairman of the board, SEK 2,017 thousand (SEK 1,756 thousand). Out of the compensation of SEK 2,017 thousand, SEK 300 thousand consists of the board fee as decided by the AGM and the remaining part of the amount, SEK 1,717 thousand, consists of a compensation according to an agreement with the board.

Stefan Tilk, ex board member, (resigned 22-05-19) SEK 0 thousand (SEK 125 thousand)

Jan Bruzelius, ex board member, (resigned 220519) SEK 0 thousand (SEK 58 thousand)

Peter Möller, board member, SEK 150 thousand (SEK 138 thousand)

Björn Olausson, board member, SEK 150 thousand (SEK 138 thousand.)

Nina Macpherson, board member, SEK 150 thousand (SEK 138 thousand)

Sander Vermeulen, ex board member, (resigned 230614), has declined his board fee) SEK 0 thousand (SEK 0 thousand)

Fabien Gaboriaud, board member, (started 230614), SEK 0 thousand (SEK 0 thousand)

Other management SEK 6,213 thousand (SEK 5,842) thousand) as well as pension of SEK 1,037 thousand (SEK 988 thousand), concerning 7 (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 2023 consultancy fees to P 30 Ltd, (Peter Möller, board member), of MSEK 2.0 (MSEK 1.1) have been included. In addition to that consultancy fees to Blomqvist

Unlimited AB (Alf Blomqvist, chairman of the board) of MSEK 1.5 (MSEK 1.3) have been included. Further, consultancy fees to M & K Industrials AB (Nina Macpherson, board member) of MSEK 0.4 (MSEK 0.3) have been included. These transactions are evaluated by the company to be according to market conditions.

#### Board directors and senior executives

	Group		Parent Company	
	2023	2022	2023	2022
Number of board directors on balance sheet day				
Women	1	1	1	1
Men	4	4	4	4
<b>Total</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>
Number of chief executives and other senior executives				
Women	2	1	2	1
Men	6	5	6	5
<b>Total</b>	<b>8</b>	<b>6</b>	<b>8</b>	<b>6</b>

Of the management group's 8 (6) individuals, 3 (0) 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

	Group	
	2023	2022
Opening acquisition cost	12,191	12,191
This year's changes	-	-
<b>Closing accumulated acquisition costs</b>	<b>12,191</b>	<b>12,191</b>
Opening depreciation	-10,972	-9,753
This year's changes		
-Depreciation	-1,219	-1,219
<b>Closing accumulated depreciation</b>	<b>-12,191</b>	<b>-10,972</b>
<b>Closing residual value according to plan</b>	<b>-</b>	<b>1,219</b>

**Note 9**  
**Inventory, tools and installations**

	Group		Parent Company	
	2023	2022	2023	2022
Opening acquisition cost	685	417	460	267
This year's changes				
-Purchases	204	268	69	193
-Sales	-	-	-	-
<b>Closing accumulated acquisition costs</b>	<b>889</b>	<b>685</b>	<b>529</b>	<b>460</b>
Opening depreciation	-231	-157	-190	-138
This year's changes				
-Depreciation	-101	-74	-64	-52
-Refund in connection with divestment	-	-	-	-
<b>Closing accumulated depreciation</b>	<b>-332</b>	<b>-231</b>	<b>-254</b>	<b>-190</b>
<b>Closing residual value according to plan</b>	<b>557</b>	<b>454</b>	<b>275</b>	<b>270</b>

**Note 10**  
**Concessions, patents, licenses and similar rights**

	Group		Parent Company	
	2023	2022	2023	2022
Opening acquisition cost	8,578	8,385	8,578	8,385
This year capitalized				
Purchases	142	193	142	193
Sales and disposals	-	-	-	-
<b>Closing accumulated acquisition costs</b>	<b>8,720</b>	<b>8,578</b>	<b>8,720</b>	<b>8,578</b>
Opening depreciation	-5,710	-4,975	-5,710	-4,975
Sales and disposals	-	-	-	-
Depreciation for the year	-562	-735	-562	-735
<b>Closing accumulated depreciation</b>	<b>-6,272</b>	<b>-5,710</b>	<b>-6,272</b>	<b>-5,710</b>
<b>Closing residual value according to plan</b>	<b>2,448</b>	<b>2,868</b>	<b>2,448</b>	<b>2,868</b>

**Note 11**  
**Machinery and other technical facilities**

	Group	
	2023	2022
Opening acquisition cost	115,044	100,800
This year's changes		
Purchasing	7 351	14,244
-Sales and disposals	-	-
<b>Closing accumulated acquisition costs</b>	<b>122,395</b>	<b>115,044</b>
Opening depreciation	-36 735	-30,388
Refund in connection with divestment	-	-
This years depreciation	-7,046	-6,347
<b>Closing accumulated depreciation</b>	<b>-43,781</b>	<b>-36,735</b>
<b>Closing residual value according to plan</b>	<b>78,614</b>	<b>78,309</b>

**Note 12**  
**Other interest income and similar profit/loss items**

	Group		Parent Company	
	2023	2022	2023	2022
Interest revenues	5,337	325	5,138	306
Currency gains	140	384	-	89
<b>Total</b>	<b>5,477</b>	<b>709</b>	<b>5,138</b>	<b>395</b>

**Note 13**  
**Interest expenditures and similar profit/loss items**

	Group		Parent Company	
	2023	2022	2023	2022
Other interest costs	-3,912	-212	-3,160	-20
loss items	-280	-302	-97	-177
<b>Total</b>	<b>-4,192</b>	<b>-514</b>	<b>-3,257</b>	<b>-197</b>



**Note 14**  
**Tax on profit/loss for the year**

	Group		Parent Company	
	2023	2022	2023	2022
Tax on profit/loss for the year	-	-	-	-
Reported result before tax	-92,324	-83,588	-83,074	-73,239
Taxes calculated according to current tax rate 20.6% (20.6%)	19,019	17,219	17,113	15,087
Tax effect from non-taxable revenue	15	-	7	-
Tax effect from non-deductible expenses	-67	-57	-61	-44
Tax effect from deductible expenses that are reported against equity	3,597	-	3,597	-
Non-reported part of unused tax losses	-22,564	-17,162	-20,656	-15,043
<b>Reported tax costs</b>	-	-	-	-

Parent company and companies within the Group have accumulated losses carry forward. For the tax year 2023 losses carried forward in the Group amount to SEK 574,427 thousand (SEK 466,114 thousand) and in the parent company SEK 549,941 thousand (SEK 449,671 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 118,332 thousand (SEK 96,020 thousand) and in the parent company to SEK 113,288 thousand (SEK 92,632 thousand).

**Note 15**  
**Capitalized expenditures for development**

	Group		Parent Company	
	2023	2022	2023	2022
Opening acquisition cost	81,250	63,029	81,200	62,979
Capitalized expenditures for the year, development	31,309	18,221	31,309	18,221
<b>Closing accumulated acquisition costs</b>	<b>112,559</b>	<b>81,250</b>	<b>112,509</b>	<b>81,200</b>
Opening depreciation	-32,302	-26,646	-32,302	-26,646
Sales and disposals	-	-	-	-
This years depreciation	-6,535	-5,656	-6,535	-5,656
<b>Closing accumulated depreciation</b>	<b>-38,837</b>	<b>-32,302</b>	<b>-38,837</b>	<b>-32,302</b>
<b>Closing residual value according to plan</b>	<b>73,722</b>	<b>48,948</b>	<b>73,672</b>	<b>48,898</b>

The depreciation period for balanced expenditures is ten years. This is a result of the company's expectation that the capitalized expenses will generate an added value that extends to this length of time at a minimum. The depreciation period is also justified by the company's intellectual property protection which, from a broader perspective, is reflected by the company's patents, through which these expenses are partially tied and essentially extends over a longer period than this.

**Note 16**  
**Prepaid expenses and accrued revenue**

	Group		Parent Company	
	Dec 31, 2023	Dec 31, 2022	Dec 31, 2023	Dec 31, 2022
Prepaid interest revenue	4	-	-	-
Prepaid rents	1,051	975	426	391
Other items	1,442	1,615	1,110	1,505
<b>Total</b>	<b>2,493</b>	<b>2,590</b>	<b>1,536</b>	<b>1,896</b>

**Note 17**  
**Non-current liabilities**

	Group	
	Dec 31, 2023	Dec 31, 2022
<b>Long-term liabilities apply to payments according to the following:</b>		
Liabilities to credit institutions		
Between 1 and 5 years	3,246	3,246
Between 5 and 10 years	1,146	1,962
<b>Total</b>	<b>4,392</b>	<b>5,208</b>

**Note 18**  
**Liabilities that apply to several items**

	Group	
	Dec 31, 2023	Dec 31, 2022
<b>Long-term liabilities</b>		
Other liabilities to credit institutions	4,392	5,208
<b>Short-term liabilities</b>		
Other liabilities to credit institutions	816	816
<b>Summa</b>	<b>5,208</b>	<b>6,024</b>

**Note 19**  
**Accrued cost and prepaid income**

	Group		Parent Company	
	Dec 31, 2023	Dec 31, 2022	Dec 31, 2023	Dec 31, 2022
Accrued interest expenses	-	1	-	-
Accrued salaries	1,195	995	1,122	945
Accrued vacation pay	3,236	2,625	1,984	1,638
Accrued social contributions	1,585	1,611	1,324	1,116
Special pay roll tax	1,084	914	988	773
Other items	6,940	4,465	5,409	3,719
<b>Total</b>	<b>14,040</b>	<b>10,611</b>	<b>10,827</b>	<b>8,191</b>

**Note 20**  
**Share capital**

Share capital as of December 31, 2023 consisted of 806,615,589 (656,615,589) shares with a ratio value SEK 0,04 (0,04) per share.

**Note 21**  
**Pledged collateral**

	Group		Parent Company	
	Dec 31, 2023	Dec 31, 2022	Dec 31, 2023	Dec 31, 2022
Personal deductions and liabilities				
Concerning liabilities to credit institution				
Corporate mortgages	10,000	10,000	-	-
Blocked funds	211	184	51	50
<b>Amount of pledged collateral</b>	<b>10,211</b>	<b>10,184</b>	<b>51</b>	<b>50</b>

Out of the total of SEK 1,102 thousand of reported patents, a certain amount is pledged on behalf of a subsidiary.

**Note 22**  
**Contingent liabilities**

	Group		Parent Company	
	Dec 31, 2023	Dec 31, 2022	Dec 31, 2023	Dec 31, 2022
<b>Contingent liabilities</b>				
Guarantees for subsidiary	-	-	5,208	6,024
<b>Total contingent liabilities</b>	<b>-</b>	<b>-</b>	<b>5,208</b>	<b>6,024</b>

**Note 23**  
**Adjustment for items not included in cash flow**

	Group		Parent Company	
	2023	2022	2023	2022
Depreciation	-15 463	-14,031	-7,161	-6,443
<b>Total adjustments</b>	<b>-15,463</b>	<b>-14,031</b>	<b>-7,161</b>	<b>-6,443</b>

**Note 24**  
**Non-material cash transactions in investment and financing operations**

During the year, no non-material cash transactions were executed.

**Note 25**  
**Liquid assets**

	Group		Parent Company	
	2023	2022	2023	2022
Bank holdings	214,896	29,979	210,814	27,985
<b>Liquid funds in the cash flow statement</b>	<b>214,896</b>	<b>29,979</b>	<b>210,814</b>	<b>27,985</b>

Out of corporate group's bank balance, SEK 211 thousand (SEK 184 thousand) consists of blocked bank funds.  
Out of parent company's bank deposits, SEK 51 thousand (SEK 50 thousand) consists of blocked bank funds.

**Note 26**  
**Shares in group companies**

	2023	2022
Opening acquisition value	36,891	36,891
Acquisitions during the year	25	-
<b>Closing balance acquisition value</b>	<b>36,916</b>	<b>36,891</b>
<b>Closing residual value according to plan</b>	<b>36,916</b>	<b>36,891</b>

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
Tyre Recycling in Uddevalla AB	559419-2550	Gothenburg	100.0

Parent company	Capital-share %	Voting rights share %	Number of shares	Equity	Book value Dec. 31, 2023	Book value Dec. 31, 2022
Tyre Recycling in Sweden AB	100	100	1,000,000	3,879	24,600	24,600
SES IP AB	100	100	500	28	50,	50
BSIP Innovation AB	100	100	100	47	12,241	12,241
Tyre Recycling in Uddevalla AB	100	100	25,000	25	25	0
<b>Total</b>				<b>3,979</b>	<b>36,916</b>	<b>36,891</b>

## Note 27

### Transactions with closely related parties

In the parent company, for 2023 consultancy fees to P 30 Ltd, (Peter Möller, board member), of MSEK 2.0 (MSEK 1.1) have been included. In addition to that consultancy fees to Blomqvist Unlimited AB (Alf Blomqvist, chairman of the board) of MSEK 1.5 (MSEK 1.3) have have been included. An additional compensation to the resolved board fee at the AGM of SEK 300 thousand, SEK 1,717 thousand, has been paid out according to an agreement with the board. Further, consultancy fees to M & K Industrials AB (Nina Macpherson, board member) of MSEK 0.4 (MSEK 0.3) have been included. These transactions are evaluated by the company to be according to market conditions.

	2023	2022
<b>Sales to group companies</b>		
Share of annual purchases and sales related to Group companies is provided below.		
Purchase, (%)	45	50
Sales, (%)	100	77
<b>Loan to group companies</b>		
Loan to Tyre Recycling in Sweden AB:		
Opening balance	59,771	50,031
Additional loan	3,540	9,740
Amortization	-	-
<b>Closing balance</b>	<b>63,311</b>	<b>59,771</b>

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 28

### Events following balance date

- Enviro and Antin have made a final investment decision for plant in Uddevalla
- Enviro has received MSEK 106 in two rates of MSEK 53 per rate. The compensation is for coverage of processed costs. Half of the amount has been received in cash and the other half as shares in the joint venture.
- Fredrik Emilson has assumed the position as CEO of Enviro
- The construction of the Enviro's plant in Uddevalla has received starting notice
- The subsidiary Tyre Recycling in Uddevalla AB has been sold to the JV.

## Note 29

### Suggestion for results disposition

Unrestricted equity according to the balance sheet:

Share premium reserve (including capital addition via incentive programs)	820,740
Carried forward	-464,416
<b>Profit/loss for the year</b>	<b>-83,074</b>
	<b>273,250</b>

The Board of Directors proposes the following results disposition:

To be carried forward	273,250
	<b>273,250</b>



**The income statements and the balance sheets will be submitted to  
the Annual General Meeting on June 13, 2024, for determination**

Gothenburg May 23, 2024

**Alf Blomqvist**  
Chairman

**Fabien Gaboriaud**

**Nina Macpherson**

**Peter Möller**

**Björn Olausson**

**Fredrik Emilson**  
CEO

Our audit report was submitted on May 23, 2024.

PricewaterhouseCoopers AB

**Johan Palmgren**  
Certified public accountant

# Auditor's report, unofficial translation to the general meeting of the shareholders of Scandinavian Enviro Systems AB (publ), corporate identity number 556605-6726

## Report on the annual accounts and consolidated accounts

### Opinions

We have audited the annual accounts and consolidated accounts of Scandinavian Enviro Systems AB (publ) for the year 2023. The annual accounts and consolidated accounts of the company are included on pages 38–61 in this document.

In our opinion, the annual accounts and consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company and the group as of 31 December 2023 and their 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.

### Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and can be found on pages 1–37. The Board of Directors and the Managing Director are responsible for the other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this 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's and the 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, to cease operations, or has no realistic alternative but to do so.

### 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 Revisorsinspektionen's website: [www.revisorsinspektionen.se/revisornsansvar](http://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 (publ) for the year 2023 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's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the 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.

### 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 Revisorsinspektionen's website: [www.revisorsinspektionen.se/revisornsansvar](http://www.revisorsinspektionen.se/revisornsansvar). This description is part of the auditor's report.

Gothenburg May 23, 2024  
PricewaterhouseCoopers AB

Johan Palmgren  
Authorized Public Accountant





