2024

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

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

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Scandinavian Enviro Systems AB, Gothenburg 2025
Graphic Design: Anna Larsson Design

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. With the help of Enviro's recycled carbon black, AnVa has since 2016 delivered a large number of high-performance rubber components, including chassis plugs, to leading players in the Swedish automotive cluster, such as Volvo Cars. 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. Also Preem, the Swedish fuel producer, placed orders for our oil and subsequently carried out successful production tests. In 2024, Finnish Neste also successfully processed our pyrolysis oil into raw material for plastics and chemicals.

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 engage a financial partner who can assist in securing the long-term financing and execution of our plan.

In March 2023, Enviro, together with the French infrastructure investor Antin Infrastructure Partners, formed a joint venture company aiming to become the world's first large-scale tire recycling company. The company combines Enviro's unique technology with Antin's expertise in the development and scaling of infrastructure platforms, with the goal of establishing recycling plants across Europe. Enviro and Antin have agreed on a plan to finance the construction of the plants.

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

Februari 2024	The joint venture announces final investment decision for plant in Uddevalla.
Februari 2024	The construction of the joint venture's plant in Uddevalla has received starting notice.
Februari 2024	Fredrik Emilson has assumed the position as CEO of Enviro.
April 2024	Enviro's recovered pyrolysis oil has been successfully processed by Neste into raw materials for chemicals and plastics
Juli 2024	Enviro receives order for 500 tons of tire pyrolysis oil from repeat customer
Oktober 2024	Fredrik Aaben has been appointed new CFO for Enviro
December 2024	In total the Company has received MSEK 132.4 for incurred costs during the year, of which half in cash and half as shares in joint venture

Significant events after year end

April 2025	After the end of the year, the Company announced that the board had decided—subsequently approved at an extraordinary general meeting—on a rights issue of units with preferential rights for existing shareholders, consisting of new shares and warrants, amounting to approximately SEK 298 million before transaction costs. The rights issue is covered up to approximately SEK 240 million through subscription intentions, subscription commitments, and guarantee undertakings, corresponding to about 81 percent of the rights issue. In connection with the rights issue, the Company has secured a bridge loan of SEK 30 million from external investors to ensure sufficient liquidity until the completion of the rights issue.
April 2025	Alf Blomqvist declines re-election to Chairman of the Board of Enviro ahead of Annual General Meeting 2025
April 2025	Scandinavian Enviro System's Nomination Committee proposes Ewa Björling as new Chairman of Enviro's Board of Directors.
May 2025	Notice of Annual General Meeting in Scandinavian Enviro Systems AB including proposal for board members for election.

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 CO_2 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.

A word from the CEO

2024 was the year when Enviro took the step toward full-scale industrialization.

CEO **Fredrik Emilson** >.

In 2024, the starting signal was given for our European expansion with the commencement of construction of the Uddevalla plant. The construction start followed years of preparation, including the establishment of the joint venture company Infiniteria and the signing of SEK 2 billion in offtake agreements with some of Europe's major tire and oil companies.

The ambition to build 1 million tons of recycling capacity for end-of-life tires in Europe remains unchanged, and with Uddevalla 1, we will have taken the first step with 34,500 tons. The goal of reaching 1 million tons is significant and has been set in light of customer demand for larger volumes—both to enable adjustments to their critical product formulations in production, and to achieve their environmental transition goals through the use of recycled/circular raw materials (a transition driven by both customer demand and producer responsibility).

What drives the rapid expansion of recycling capacity in Europe is this customer demand, combined with the need to secure access to raw materials in the form of end-of-life tires. The 2023 decision to form a joint venture company—together with our partners Antin Infrastructure Partners and Michelin, both market leaders in their respective fields—to manage and drive the rollout in Europe was based on the rollout plan's need for speed in plant establishment. The joint venture company, Infiniteria, has the exclusive right to deploy our technology in Europe, but this exclusivity is conditional on a significant capacity buildout within a predefined timeframe.

The speed of the rollout places high demands on financing, as the newly established plants' own cash flows will not generate large enough surpluses to make Infiniteria self-financing during the rollout period. The way to reduce the financing burden was therefore to find a strong financier who shares our vision and can initially provide all the capital—and who over time will cover 70 percent of the total financing need.

At the end of 2024, Enviro owned about 7 percent of the capital (about 8 percent of the votes) of Infiniteria. The ownership share will fluctuate during the construction of the Uddevalla plant as it depends on the amount of capital contributed (the financing of the Uddevalla plant is being fully provided by Antin and will consist entirely of risk capital, i.e., equity). The plan is to refinance the plant in 2026

through bank loans, which will free up capital to be reinvested in the construction of future plants. Going forward, plant construction is expected to be financed primarily through loans and to a lesser extent through equity.

Enviro's option to acquire up to approximately a 30 percent ownership stake in the joint venture company has a term of six months following the issuance of the PAC, Provisional Acceptance Certificate—that is, the point at which the plant we are building has achieved a certain performance level and can therefore be handed over to Infiniteria. This is expected to occur mid 2026.

The cost of the option depends on the amount of capital contributed at the time of full subscription of our ownership stake, as well as the cost of a so-called value appreciation interest, which reflects the advantage we gained by not having to contribute capital early in the construction process. We assess that the risk profile of the plant—and thus of Infiniteria—will decrease significantly at the time of the plant's PAC, thereby substantially improving the conditions for loan financing.

For the sake of clarity, it should be noted that Enviro is building the first plant on behalf of Infiniteria, which is financing the construction itself (through capital contributions from Antin). That Enviro is building the Uddevalla plant is an exception, and going forward, Infiniteria—supported by Enviro—will be responsible for constructing the plants and subsequently operating them, within the framework of the previously mentioned exclusivity agreement.

A significant advantage of having a joint venture that both builds and later operates the plants under its own name is that Enviro can more quickly return its focus to further developing and thereby securing the competitiveness of the technology, reducing the need for financing, and resuming efforts to explore and, at the appropriate time, establish our technology in new markets outside Europe.

Enviro's long-term objective is to become a world-leading (global) recycling company focused on creating value from end-of-life tires. Enviro's business case is based equally on strong financial leverage and significant environmental benefits. Driven by expected investment synergies related to the construction and rollout of our plants (on the CAPEX side), and relatively low operating costs (OPEX)—partly due to access to low-cost raw material—there is potential for very strong net earnings (with associated cash flow) and potentially short payback periods. In the initial phase, we will receive the CAPEX level will be confirmed through the construction of the Uddevalla plant, and already in 2026, when the plant is fully operational, we will also be able to verify the OPEX, and thereby the entire financial business case. As for the environmental benefits, these have already been validated through our own plant in Åsensbruk, where we have conducted commercial production since 2016. For example, our recovered carbon black (rCB) reduces carbon dioxide emissions by approximately 93 percent compared to the use of virgin, fossil-based carbon black (which has historically often been sourced from Russia).

The environmental benefit that Enviro's technology provides can best be described as a sustainability 'triumvirate,' where we solve an unresolved environmental problem related to end-of-life tires (most of which are currently incinerated or landfilled—neither of which is a circular solution), and use these to produce new raw materials for customers who need them to support their own transitions. In doing so, we contribute enormous environmental value in the form of reduced CO_2 emissions, as our recycled materials replace equivalent fossil-based products.

Enviro's main focus now is to ensure that the technology is established at full scale for the first time (and thereby revalidated) by successfully completing the Uddevalla plant, with its recycling capacity of 34,500 tons of tires per year. As a reference point: a plant of this size (the smaller of the two standard sizes we intend to build—the larger is 69,000 tons) annually generates around 10,000 tons of recovered carbon black. This can be compared to Michelin and Bridgestone's 2022 estimate that the demand for recovered carbon black would reach 1 million tons annually by 2030 (not to be confused with our ambition of establishing 1 million tons in annual tire recycling capacity). A great deal of capacity—and many plants—must be built to even come close to meeting those projected volumes.

In 2024, we focused on the Herculean task of documenting the entire plant, which of course includes our pyrolysis process. The scope of this task—which requires both engineering/development and documentation—was underestimated, and as a result, contributed to increased overhead costs for the company. This investment should be seen as a prerequisite for the plant construction, but will also pay off many times over, as all the documentation and all materials will be reused throughout the entire rollout in Europe. In addition, we have spent significant time finding, negotiating with, and contracting the suppliers of all equipment as well as the companies responsible for the actual installation of that equipment. By the end of the year, the majority of the equipment had been procured and ordered. During the first part of 2025, we will complete the documentation and install the equipment. The plan is

to commission the entire plant in Q4 2025, meaning that will be the first time we load tires into all five reactors and begin large-scale recovery of carbon black, oil, and steel—and begin deliveries to customers.

Furthermore, 2024 provided the opportunity for our joint venture, Infiniteria, to build its own organization—one that will both operate the Uddevalla plant (which will ultimately be staffed by around 50 people) and prepare for the rollout across Europe. Intensive preparatory work is already underway to identify the next round of plant locations in Europe. It will be important for Infiniteria to begin deciding on and negotiating new sites already in 2025, since permitting processes—for example, environmental permits—can be time-consuming.

To summarize the year: Together with Antin and Michelin, we made the decision to construct the Uddevalla plant, which is currently progressing according to plan. The Enviro team has done a tremendous job in designing and documenting a complete plant based on our patented, unique pyrolysis technology. We have continued to contract and deliver our recovered carbon black (rCB) and tire pyrolysis oil (TPO) to customers from our Åsensbruk plant. We have invested in Åsensbruk, significantly increasing productivity.

We have also continued to build our future organization by welcoming new engineers who, together with the rest of the team, are tasked with further developing the technology and delivering service to the plants that will eventually be established across Europe.

Finally, I want to ask our many dedicated shareholders for patience—the progress is real, and even if it doesn't always feel that way, we are making great strides toward the goal of fully industrializing our pyrolysis technology—with speed, low risk, and strong returns. In light of all we have achieved in 2024, I look forward to 2025 with great anticipation!

Fredrik Emilson
Chief Executive Officer

The 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 company's first plant and a crucial springboard for the expansion plan that Infiniteria has developed for Europe. Once Uddevalla 1 operates as intended and the plant meets the requirements for the PAC (Provisional Acceptance Certificate), a final investment decision regarding Uddevalla 2 will be prepared and made. PAC is expected to be achieved mid 2026.

Uddevalla 1 will have an annual capacity to recycle 34,500 tons of tires, and with Uddevalla 2, a total recycling capacity of nearly 70,000 tons of tires per year will be reached. Construction of the Uddevalla plant began in February 2024, and it is expected to be operational by the end of 2025, when deliveries of recycled materials to customers are also scheduled to begin.

HAVATOR
ZMP 498
Bred last

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. Enviro can thereby increase the capacity of a recycling plant by installing additional reactors instead of increasing the capacity of a single reactor. This type of scaling up involves significantly lower risk of production disruptions while also providing economic scale advantages. The project time to construct a plant is estimated at 15–20 months from the start of the project.

Hyper-scaling through joint venture and parallel projects

Enviro's customers are major OEMs in the tire, oil, and chemical industries. These companies operate large-scale production facilities and high-volume production lines. As they now transition to meet their ambitious sustainability goals, they require access to vast amounts of circular materials, since they cannot simply replace virgin carbon black and fossil oil on a one-to-one basis.

To meet this sharp increase in demand, Enviro has chosen to pursue what is known as hyper-scaling—rapidly scaling up our production so we can deliver such large volumes of our recycled materials (carbon black and oil) that we become relevant to the transformation happening in these industries.

To successfully hyperscale, Enviro has opted to establish partnerships where several companies collaborate closely to bring in expertise, maintain focus, and reduce risks. In Europe, we have created the joint venture company Infiniteria together with Antin Infrastructure Partners and Michelin for this purpose. In this joint venture, Enviro contributes the pyrolysis technology, Antin handles financing and scaling, and Michelin represents the customer requirements.

Infiniteria is central to our ability to hyperscale and is tasked with using our designs and documentation to build and operate recycling facilities, as well as supply customers with recycled materials. This collaborative setup within Infiniteria provides crucial operational relief for Enviro and opens the door for us to simultaneously establish a presence in additional markets. Enviro intends to form similar joint ventures in markets outside of Europe as well.

History

1994

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

2016

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

2020

Michelin launches racing tyres for MotoE containing Enviro rCB.

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

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

2021

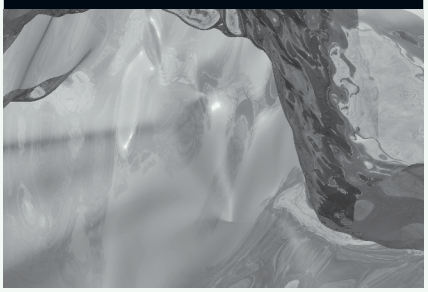
rCB and TPO from Åsensbruk plant receives ISCC sustainability certification.

ISCC
International Sustainability & Carbon Certification

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

2022

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



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

2024

2023

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

ANTIN
INFRASTRUCTURE PARTNERS
MICHELIN

Expansion plan outside Europe

Enviro has, during 2024, initiated an exploration of new markets among both investors and customers.

Through the formation of a joint venture company with Antin Infrastructure Partners, Enviro has secured its expansion plan for Europe. This expansion is based on agreements between Enviro and Antin that combine Enviro's patented technology with Antin's expertise in developing and scaling infrastructure platforms. These agreements ensure that Enviro retains full control over its patented technology and licenses it exclusively to the joint venture within Europe. Outside of Europe, Enviro is free to establish facilities on its own or in partnership with third parties based on its unique technology.

The conditions for expansion outside of Europe are also highly favorable. Globally, more than one billion end-of-life tires are generated each year—a volume projected to increase by 4 to 5 percent annually. Extended producer responsibility (EPR)—regulations that require manufacturers and importers of tires to take responsibility for the collection, recycling, and reuse of end-of-life tires—is common in Europe and is now starting to be implemented in other regions such as North America, Australia, and parts of Asia. EPR increases the need for tire recycling solutions, while major global tire manufacturers have communicated ambitious goals to increase the share of renewable materials in their products. The same applies to leading players in the oil, fuel, and chemical industries.

Enviro is one of the few companies in the world that has successfully developed a functioning industrial method for efficiently recycling valuable raw materials such as recovered carbon black and oil. Using the raw materials that can be recovered through Enviro's method, the tire, oil, and chemical industries can increase both their circularity and environmental sustainability.

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

In 2024, Enviro initiated exploratory efforts in new markets among both investors and customers in, among others, the U.S., selected parts of Asia, and the Middle East. These efforts have been met with significant and genuine interest in both Enviro and its technology. Enviro is continuing to pursue the most promising leads in order to deepen discussions around the possibilities for further global expansion.

Market position

Interest in Enviro, our technology, and our circular products is growing rapidly. The reason is that producers in the rubber, tire, oil, and chemical industries all have clear goals to produce more climate-neutral products in the near future. Here, both Enviro's recovered carbon black (rCB) and tire pyrolysis oil (TPO) play a central role.

For several producers of tires and rubber products, Enviro's rCB can fully replace the fossil-based carbon black currently in use, and for others, a high replacement rate can be achieved. Considering that many tire and rubber products contain around 30 percent fossil carbon black—which can be replaced by Enviro's rCB—this provides a direct and significant positive impact on the companies' ability to achieve climate neutrality. The ISCC certification that Enviro has received for its recovered carbon black shows that the use of Enviro's rCB reduces the CO2 footprint by more than 90 percent compared to the use of fossil carbon black.*

TPO plays an important role in the chemical industry's transition. Among fuel, carbon black, plastic, and base oil producers, there is strong interest in Enviro's recycled pyrolysis oil, as it can help these industries achieve their own climate neutrality goals.

Enviro's collaboration with Michelin is also a key factor in the company's positioning. In addition to being a supplier of rCB to Michelin, we have also established mutually beneficial partnerships in both product development and in industrialization and commercialization. Close collaboration with large companies such as Michelin is important for a company like Enviro because it increases understanding of existing value chains and provides an opportunity to influence and improve them for smarter and more efficient operations.

The same type of collaboration that Enviro has with Michelin is also ongoing with other players in both the rubber and chemical industries. This is very valuable for all parties involved, as it enhances understanding and creates opportunities to transform the value chain to function better—both from an operational and a climate perspective. Enviro is in the process of establishing several additional types of partnerships that the company believes will be valuable for the future.

*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.

Drivers for further development and capacity buildup

At the current stage, the most crucial priority for Enviro is to rapidly build capacity to handle sufficient volumes of end-of-life tires (ELT) and to produce adequate quantities of rCB (recovered carbon black) and TPO (tire pyrolysis oil) for our customers. The driving forces here include both the tire industry's producer responsibility—which requires a solution for managing the large waste streams of ELT—and the demands for climate neutrality and transition faced by our customers. These factors underpin the legally binding long-term supply agreements for rCB and TPO that Infiniteria, our joint venture with Antin Infrastructure Partners, has signed with several leading companies in the tire, rubber, and oil industries. Through Enviro's pyrolysis technology, the company can utilize the waste stream of ELT to produce new raw materials for the value chain that once produced the tire that Enviro has now recovered.

Developments in 2024 regarding rCB and TPO

Enviro is working with a clear focus on developing both our technology and our products. Through many years of supplying leading players in the tire and rubber industries, the company has proven that it holds a very strong position and possesses a robust and efficient technology that produces recycled raw materials of the quality customers demand. At the same time, there are good opportunities to further develop our products in order to offer our customers even greater potential to replace their current fossil-based raw materials.

In parallel with the central goal of building capacity, continuous development of both our recovered carbon black (rCB) and our tire pyrolysis oil (TPO) is ongoing. Enviro has already developed two types of rCB, but the company believes that in the future there will be a need for additional types of rCB, and likely also several different types of TPO. It all comes down to a combination of our own development and customer needs.

In 2024, Enviro also became involved in the development of a digital product passport for tires. Enviro is indirectly,

via Michelin, connected to CIRPASS-2, a group aimed at evaluating the implementation of a so-called Digital Product Passport (DPP).

A digital product passport of the RFID type (Radio Frequency Identification), which provides central information about the composition of each tire, would facilitate tire recycling. Enviro is convinced that this digitalization of tires is crucial for establishing a more circular economy linked to the tire value chain. We believe that the Digital Product Passport (DPP) for tires will make it easier for manufacturers and the recycling sector to access individual data on tires, which would encourage increased recycling of materials from tires and thereby support the development of more climate-friendly tires.

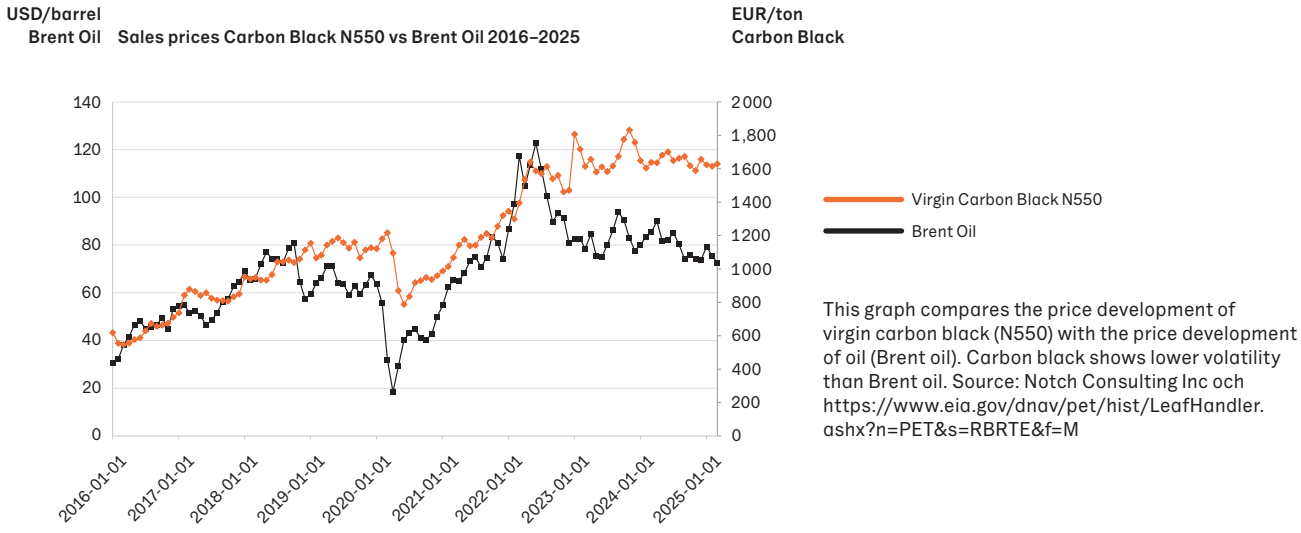
Enviro's recycled materials have a wide range of applications

With the help of its leading pyrolysis technology, Scandinavian Enviro Systems can recycle valuable materials that have several interesting uses. The recycled carbon black has been used for nearly 10 years in the production of commercial products for the automotive industry, and the recycled oil has been used by several leading oil companies for the successful production of biofuels. In 2024, another application was added when the Finnish company Neste successfully processed Enviro's recycled pyrolysis oil to raw material for the manufacture of more sustainable plastics and chemicals. Leading companies in the oil and chemical industries have also shown great interest in using Enviro's recycled products to produce more environmentally sustainable specialty oils and specialty chemicals. Overall, test productions and the great interest from various industrial players demonstrate the additional potential of Enviro's recycled raw materials beyond what today's customers have already identified.

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.



This graph compares the price development of virgin carbon black (N550) with the price development of oil (Brent oil). Carbon black shows lower volatility than Brent oil. Source: Notch Consulting Inc och https://www.eia.gov/dnav/pet/hist/LeafHandler.ashx?n=PET&s=RBRTE&f=M

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. Enabler 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_2 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_2 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.

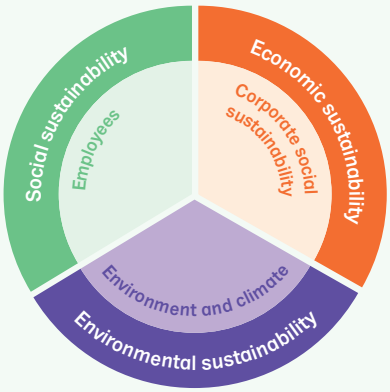
Enviro helps to combat the greenhouse effect through technology and know-how that results in raw materials that when used lead to a reduction in CO2 emissions via rCB (recovered carbon black), renewable and recovered pyrolysis oil, TPO (Tire Pyrolysis Oil) and steel.

For recovered carbon black, the reduction in CO2 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 CO2 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 CO2 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 CO2 emissions by approximately 1.1 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.

* Source: Calculations made by the Company.



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.

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 inter- national 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 interna- tional legislation and requirements.

The electricity consumption per ton of recycled ELT at the Company's facility in Åsensbruk has decreased significantly during the year. The Company has established an action plan aimed at further improving energy and resource efficiency.

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 2024, 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.

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 2024

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 CO2 emissions than the use of virgin carbon black, as indicated in life cycle assessments. The use of recovered oil leads to significantly lower CO2 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 2024 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 2024, 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 eleven years.

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 availability as well as 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 2024, 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 7 (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 8 (7) were made to a 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.

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.

The investments, which amounted to approximately MSEK 10 (8) in 2024, can be divided into the following main categories:

1. Investments intended to increase robustness and operational reliability
2. Investments intended to increase efficiency and capacity
3. Investments intended to verify the technology for future plants
4. 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 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 30–31.

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 2025 Annual General Meeting, the following Nomination Committee has been appointed:

Nomination Committee 2025	
Fabien Gaboriaud	Chairman of the Nomination Committee, appointed by Michelin
Monica Åsmyr	Representing Robur Fonder
Karin Eliasson	Representing Handelsbanken Fonder
Alf Blomqvist	Chairman of the Board of Directors in Scandinavian Enviro Systems AB

The composition was communicated through a press release and on the company's website on November 28, 2024.

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 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 con- tinuously 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 part- nership 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 Annual 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 2024 Annual General Meeting.

Name	Born	Elected year	Roll in board	Decided fee
Alf Blomqvist	1956	2017	Ordförande	400 000
Fabien Gaboriaud	1972	2023	Ledamot	200 000*
Nina Macpherson	1958	2020	Ledamot	200 000
Peter Möller	1952	2017	Ledamot	200 000
Björn Olausson	1964	2019	Ledamot	200 000

*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 Annual General Meeting in 2024, the audit firm Öhrlings PricewaterhouseCoopers AB was re-elected, now with authorized auditor Johan Brobäck as the responsible auditor, replacing the previous responsible auditor Johan Palmgren. During 2024, he was the lead auditor for Plasman Europe, Consensus Asset Management, Getinge Treasury, and Stena Asset Management. 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

Scandinavian Enviro Systems AB's shares are listed for trading on Nasdaq First North Growth Market under the ticker SES.

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. FNCA is the Certified Adviser of the company.

The total number of shares at December 30, 2024 was 806,615,589 (806,615,589). 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, 2024 the last price paid for the share was SEK 1.79 (SEK 1.80) and the market capitalization was SEK 1.442.2 million (SEK 1,450.3 million). The share price decreased with 0.5 percent during 2024. During the year, approximately 412 (689) million shares were traded, corresponding to approximately 51 (97) percent of the average number of shares during the year.

Enviro's owners

At December 30, 2024, Enviro had 20,911 (19,342) 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 Lannebo Kapitalförvaltning.

Share holders list per Dec 30, 2024		
Total number of shares	**806,615,589**	
Number of shareholders	**20,911**	
Share owner	**Number of shares**	**Owner share %**
Michelin Ventures S.A.S	131,323,117	16.3%
Försäkringsbolaget Avanza Pension	61,668,011	7.6%
Handelsbanken Fonder	38,500,000	4.8%
Swedbank Robur Fonder	25,000,000	3.1%
Nordnet Pensionsförsäkring AB	21,752,818	2.7%
Lannebo Kapitalförvaltning	16,213,860	2.0%
Dina Persson	12,301,525	1.5%
CICERO Fonder	7,963,168	1.0%
Coeli Asset Management	7,628,006	0.9%
JULA Holding AB	6,950,000	0.9%
Other share holders	477,315,084	59.2%
Total	**806,615,589**	**100%**

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. Previously Alf has a held positions such as CEO of Ledstiernan, head of Corporate Finance at Swedbank Markets and head of Equity Capital Markets at Carnegie. Current positions: Board member in C Green AB, in Cuibill Luxco 2 Sàrl (Infiniteria), in TRU Property 4:125 AB and Tyre Recycling in Uddevalla AB as well as E14 Invest II, Chairman of the Board in Blomqvist Unlimited AB. Shareholding including close related parties: 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. Fabien is Senior Vice President of the 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 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. Shareholding including close related parties: 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 Corporate Governance Board, board member of Netel Holding AB. Shareholding including close related parties: 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. Shareholding including close related parties: 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 Serneke International Group. Previously CEO at Elof Hansson International, Chairman of the board in Björkemar Construction & Consulting BCC AB, previously Area Vice President, Sales, Asia & Pacific, Metso Fiber and Metso Power. Shareholding including close related parties: 229,249 shares. Direct and indirect ownership LTIP 2021/2025: 900,000. Independent in relation to the company and its larger shareholders.

Auditor

Johan Brobäck (born 1985)

Johan Brobäck is a partner at PwC and an authorized auditor with approximately 15 years of experience working with companies in various industries, as well as international groups and publicly listed companies. Examples of companies Johan works with include Plasman Europe, Consensus Asset Management, Getinge Treasury, and Stena Asset Management. 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 Cuibill Luxco 2 Sàrl (Infiniteria), of the subsidiaries Tyre Recycling in Sweden AB, SES IP AB and BSIP AB. Fredrik has worked for Höganäs since 2010 and as of 2017 as CEO. During his time at Höganäs 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. Shareholding including close related parties: 265,348 shares.

Fredrik Aaben (born 1983)
CFO since 2024

Fredrik holds a Master's degree in Engineering from Chalmers University of Technology. He most recently comes from Volvo Cars, where he was a manager with global responsibility for Corporate Finance. During his 7 years at Volvo Cars, Fredrik also worked with Corporate Strategy and Corporate Governance. Fredrik has a background as Group Business Controller at Stena AB and has also worked as a Management and Strategy Consultant focusing on M&A, market strategy, organizational development, and strategic cost-saving programs. He is the Chairman of the Board and a board member of PSINV AB. Shareholding, including closely related parties: 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 Genral Manager Project Execution at Elof Hansson International AB. Shareholding including close related parties: 228,037 shares.

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. Shareholding including close related parties: 0 shares.

Anders Rothelius (born 1981)
Chief Platform Officer since 2024

Master of Science in Mechanical Engineering, KTH. The career began as a process engineer working as a consultant for clients, primarily within the Pulp/Paper industry, and since 2011 has been employed by Valmet AB. There, he held roles such as Lead Process Engineer, Product Sales Manager, and Senior Manager Technology within the Evaporation/Bio business area. Shareholding, including closely related parties: 0.

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. Shareholding including close related parties: 10,000 shares.

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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 2024.

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. The joint venture company Infiniteria is currently working together with Enviro to establish a new full-scale plant in Uddevalla.

Enviro's business model is based on six key conditions and factors.

1. Our business focuses on solving the problem of the absence of a circular recycling model for handling end-of-life tires. We work directly with the end users of our products, which is one of the very few opportunities they have for meeting the demands of the market and legislation for sustainability and transition.
2. The core of Enviro's operation is our unique pyrolysis technology, which has already been tested and proved highly efficient, for recovery of valuable raw materials from end-of-life tires—that is, we are transforming waste into value. Our focus will be on continuing the development of our technology to ensure that it remains competitive, and that it quickly reaches the market and establishes a foothold there.
3. Our customers are major OEMs in their respective industries, with large production facilities and production series. This drives the need—and demand—for rapid expansion of recycling capacity. If the carbon black and oil that our technology recovers are to be relevant, they must be able to meet our customers' significant need for quick access to sufficient volumes. They cannot transition their material formulas and production lines and achieve their highly ambitious sustainability targets by replacing virgin carbon black or fossil-based oil on a ton-for-ton basis—they need much, much larger amounts than that, and all at the same time.
4. These significant needs are the reason we chose to hyper-scale—scaling our production up over a short period of time so that we can achieve volumes that are large enough for the products being recovered by our technology to become relevant in the tire manufacturers' and oil companies' transition.
5. To succeed in hyper-scaling at a sufficiently rapid pace, we have established a partnership in which several companies collaborate closely to add expertise, create focus and reduce risk. The partnership for the European roll-out encompasses three partners—Antin, Michelin, Enviro which all together have created the joint venture company Infiniteria—and is intended to bring together these leading players, all of which have different unique contributions to make. Enviro is responsible for state-of-the-art pyrolysis technology, Antin Infrastructure Partners for financing and experience in scaling up, and Michelin for customer requirements. In this context, it is important to remember that the expansion strategy selected, which is built on hyper-scaling, is also intended to attract infrastructure financing, which requires volume synergies of the type that come from building several plants of the same type with low risk and robust continual cash flows. In other words, there is a clear industrial logic to include hyper-scaling in the business model.
6. The joint venture is central to the roll-out capacity of the business model, creating the conditions for the implementation of hyper-scaling. The joint venture holds a geographic exclusivity—in the context of the aforementioned partnership, this is Europe—and has been tasked with constructing and operating the plants (based on our blueprints) and supplying customers in Europe with recovered material. The joint venture thus crucially relieves Enviro of some of the burden of work and responsibility, opening up possibilities for us to establish ourselves in parallel in additional markets despite the fact that we are not built to completion in one market. The joint venture bears responsibility for building, and then operating, the plants in the geography indicated as an independent company with its own income statement and balance sheet. This set-up has allowed us to start looking at other markets outside Europe. The structure described above is to be regarded as the standard for how we plan to roll our business model out into the world. There can of course be deviations, but this is our basic ambition.

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, CO2

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 CO2 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 year, the company announced that Enviro and Antin have made a final investment decision for the plant in Uddevalla. Furthermore, the company announced that Enviro received SEK 132.4 million during the year. The compensation relates to reimbursement for Enviro's incurred costs. Half of the amount was received in cash and the other half in shares in the joint venture company.

Group structure
Enviro Group is comprised of the parent company, Scandinavian Enviro Systems AB (publ), with its registered office in Gothenburg, as well as three fully-owned Swedish subsidiaries. The subsidiary Tyre Recycling in Uddevalla AB has been sold to the JV during the year.

The company's results and financial position

Group

Net revenues for the period were MSEK 170.8 (13.9). Operating results totalled MSEK 49.9 (-93.6), and earnings after tax were MSEK 53.6 (-92.3).

The increase of the result compared to last year is mainly explained by an increased turnover generated by payments for milestone payments of MSEK 132.4 received from the joint venture that has been formed by Enviro and Antin Infrastructure Partners. Half of the amount is for payment in cash and the other half is for shares in the joint venture. Further, the external costs have been MSEK 1.0 lower than last year mainly due to bank fees in connection with a bridge financing in 2023 as well as lower advisory costs. On the other hand, the raw material costs have been higher mainly due to higher manufacturing volumes. The personnel costs have been MSEK 6.3 higher than last year due to strengthening of the organisation with the group. The depreciation has been MSEK 0.8 higher than previous year. Further, the interest net has been MSEK 2.4 higher than during the same period last year, mainly due to a higher interest level in the savings account as well as a higher interest cost in 2023 for a short-term loan.

Investments of the group in fixed assets amounted to MSEK 193.0 (39.0). The investments mainly consist of Detailed Design (DD), which applies to engineering hours for our technical platform (MSEK 73.3), partly investments in financial fixed assets of MSEK 108.4. MSEK 66.4 of this is related to shares in the joint venture and MSEK 42.2 is share related investments. Finally, additional investments have been made in the plant in Åsensbruk of MSEK 11.7. The cash flow from operating activities after investing activities for the period were MSEK -138.8 (-96.8).

The decrease in the cashflow is mainly due to higher investments than during the same period last year with MSEK 154.0. However, this is largely being compensated by a better operating result by MSEK 146.8 thanks to the heavily increased turnover. The working capital has increased with MSEK 34.7 compared to last year.

As previously communicated, Enviro has an option to acquire an ownership share in the joint venture that over time will ultimately correspond to up to 30 percent.

The group cash amounted to MSEK 75.3 (214.9) at the end of the period.

The equity/assets ratio was 87 (87) percent.

Parent company
The net revenues for the parent company totalled MSEK 158.3 (3.3), and the result after tax was MSEK 55.9 (-83.1). Around 2 percent of the net turnover are sales related to group companies for internal services. The investments in fixed assets amounted to MSEK 182.8 (31.5).

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

Staff and Organisation
The group had 87 (55) full-time resources at the period-end. Out of these, 44 (36) were employed and 43 (19) were consultants.

Future Outlook and financing
The speed of the rollout places high demands on financing, as the newly established plants' own cash flows are not yet able to generate sufficient surpluses to make Infiniteria self-financing during the rollout phase. The way to reduce the financial burden was therefore to find a strong investor who shares our vision and who can initially provide all the capital and, over time, cover 70 percent of the total financing needs.

At the end of 2024, Enviro owned approximately 7 percent of the capital (8 percent of the votes) in Infiniteria. The ownership share will fluctuate during the construction of the Uddevalla plant as it depends on the amount of capital contributed (the financing of the Uddevalla plant is being fully provided by Antin and will consist entirely of risk capital, i.e., equity). The plan is to refinance the plant in 2026 through bank loans, which will free up capital to be reinvested in the construction of future plants. Going forward, plant construction is expected to be financed primarily through loans and to a lesser extent through equity. Enviro's option to acquire up to approximately a 30 percent ownership stake in the joint venture company has a term of six months following the issuance of the PAC, Provisional Acceptance Certificate—that is, the point at which the plant

we are building has achieved a certain performance level and can therefore be handed over to Infiniteria. This is expected to occur mid 2026.

The cost of the option depends on the amount of capital contributed at the time of full subscription of our ownership stake, as well as the cost of a so-called value appreciation interest, which reflects the advantage we gained by not having to contribute capital early in the construction process. We assess that the risk profile of the plant—and thus of Infiniteria—will decrease significantly at the time of the plant's PAC.

For the sake of clarity, it should be noted that Enviro is building the first plant on behalf of Infiniteria, which is financing the construction itself (through capital contributions from Antin). That Enviro is building the Uddevalla plant is an exception, and going forward, Infiniteria—supported by Enviro—will be responsible for constructing the plants and subsequently operating them, within the framework of the previously mentioned exclusivity agreement. A significant advantage of having a joint venture that both builds and later operates the plants under its own name is that Enviro can more quickly return its focus to further developing and thereby securing the competitiveness of the technology, reducing the need for financing, and resuming efforts to explore and, at the appropriate time, establish our technology in new markets outside Europe. Enviro's long-term objective is to become a world-leading (global) recycling company focused on creating value from end-of-life tires.

Enviro's long-term objective is to become a world-leading (global) recycling company focused on creating value from end-of-life tires. Enviro's business case is based equally on strong financial leverage and significant environmental benefits. Driven by expected investment synergies related to the construction and rollout of our plants (on the CAPEX side), and relatively low operating costs (OPEX)—partly due to access to low-cost raw material—there is potential for very strong net earnings (with associated cash flow) and potentially short payback periods. In the initial phase, we will receive the CAPEX level will be confirmed through the construction of the Uddevalla plant, and already in 2026, when the plant is fully operational, we will also be able to verify the OPEX, and thereby the entire financial business case.

After the end of the year, the Company announced that the Board of Directors had decided—subsequently approved at an extraordinary general meeting—on a rights issue of units with preferential rights for existing shareholders, consisting of new shares and warrants, amounting to approximately SEK 298 million before transaction costs. The rights issue is covered to approximately SEK 240 million through subscription intentions, subscription commitments, and guarantee undertakings, corresponding to about 81 percent of the total rights issue. The Board has also decided to issue warrants that will expire in the third quarter of 2026. If all the warrants included in the rights issue are fully exercised, the Company may receive up to approximately SEK 112.0 million in additional capital.

In connection with the rights issue, the Company secured a bridge loan of SEK 30 million from external investors to ensure sufficient liquidity until the completion of the rights issue.

Multi-year comparison

The Group's economic development in summary.

	2024	2023	2022	2021	2020
Net turnover, kSEK	170,755	13,939	7,976	7,592	1,508
EBITDA, kSEK	66,183	-78,145	-69,753	-43,453	-36,969
Equity ratio,%	87.1	87.5	84.0	93.5	90.4
Operating margin, %	29.2	Neg	Neg	Neg	Neg
Return on capital employed, %	15.1	-36.1	-44.2	-30.4	-31.8
Intrest-bearing liabilities, kSEK	4,392	5,208	6,024	777	3,944
Earnings per share before dilution, SEK	0.07	-0.12	-0.13	-0.10	-0.09

Definitions of key performance indicators are presented in Note 1

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

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:

	Tkr
Share premium reserve (including capital addition via incentive programs)	820,740
Carried forward	-618,943
Profit/loss for the year	**55,860**
	257 657

The Board of Directors proposes that the unrestricted equity of kSEK 257,657 be carried forward.

Consolidated Income Statement

kSEK	Note	2024	2023
Operating revenue			
Net turnover	3	170,755	13,939
Changes in inventories of products in progress, finished goods and work in progress on behalf of others		71	-132
Other operating revenue	4	-	70
Total operating revenue		**170,825**	**13,877**
Operating expenses			
Raw materials and consumables		-9,777	-1,383
Other external costs	5,6	-48,700	-50,719
Personnel costs	7	-46,166	-39,921
Depreciation and write-downs of tangible and intangible fixed assets	8,9,10,11,16	-16,250	-15,463
Total operating expenses		**-120,892**	**-107,486**
Operating profit/loss		**49,933**	**-93,609**
Profit/loss from financial items			
Other interest income and similar items	12	5,203	5,477
Interest expenses and similar expenses	13	-1,519	-4,192
Total result from financial items		**3,685**	**1,285**
Profit/loss after financial items		**53,617**	**-92,324**
Tax on profit/loss for the year	15	-	-
Result for the year		**53,617**	**-92,324**

Consolidated Balance Sheet

ASSETS kSEK	Note	Dec 31, 2024	Dec 31, 2023
Fixed assets			
Intangible fixed assets			
Capitalized expenditures for development	16	140,429	73,722
Concessions, patents, licenses and similar rights	10	1,893	2,448
Goodwill	8	-	-
		142,322	**76,170**
Tangible fixed assets			
Machinery and other technical facilities	11	81,172	78,614
Inventory, tools and installations	9	1,667	557
		82,839	**79 171**
Financial fixed assets			
Shares in other companies		108,427	-
		108,427	**-**
Total non-current assets		**333,588**	**155,341**
Current assets			
Inventories etc.			
Raw materials and consumables		68	66
Goods being manufactured		19	18
Finished products and goods for resale		851	648
Spare parts inventory		896	1,383
		1,834	**2,115**
Short-term receivables			
Accounts receivable		2,950	2,607
Receivables from other companies in which there is an ownership interest		20,855	
Tax receivables		885	706
Other short-term receivables		4,726	3,238
Prepaid expenses and accrued revenue	17	4,736	2,493
		34,153	**9,044**
Cash on hand	26	**75,306**	**214,896**
Total current assets		**111 293**	**226 055**
Total assets		**444 881**	**381 396**

Consolidated Balance Sheet (cont.)

EQUITY AND LIABILITIES kSEK	Note	Dec 31, 2024	Dec 31, 2023
Equity	21		
Share capital		32,265	32,265
Other contributed capital		821,242	821,241
Other equity including profit/loss for the year		-466,097	-519,714
Total Equity		**387,409**	**333,792**
Non-current liabilities			
Other liabilities to credit institutions	18, 19	**3,576**	4,392
Total non-current liabilities		3,576	**4,392**
Current liabilities			
Liabilities to credit institutions	19	**816**	**816**
Accounts payable		**17,609**	**10,141**
Other current liabilities		18,231	18,215
Accrued costs and prepaid income	20	17,239	14,040
Total current liabilities		**53,895**	**43,212**
Total current liabilities		**444,881**	**381,396**

Consolidated Statement of Changes in Equity

kSEK	Share capital	Other contributed capital	Other equity	Total Equity I
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**
Profit/loss for the year	-	-	53 617	53 617
Equity Dec 31, 2024	**32,265**	**821,242**	**-466,097**	**387,409**

Consolidated Statement of Cash Flows

kSEK	Note	2024	2023
Operating activities			
Operating profit/loss before financial items		49,933	-93,609
Adjustment for items not included in the cash flow, etc.	24	16,250	15,463
Interest received/losses on fixed assets		5,203	5,477
Interest paid		-1,519	-4,192
		69,868	**-76,861**
Increase/decrease in inventories		-1,202	-24
Increase/decrease in accounts receivable		-343	-1,833
Increase/decrease in other short-term receivables		-24,765	-234
Increase/decrease in accounts payable		7,469	808
Increase/decrease in other current operating liabilities		3,214	20,342
Cash flow from operating activities		**54,241**	**-57,802**
Investment activities			
Investments in intangible fixed assets		-73,260	-31,451
Investments in tangible fixed assets		-11,327	-7,555
Acquisition of long-term financial assets		-108,427	-
Cash flow from financing activities		**-193,015**	**-39,006**
Financing activities			
New rights issue		-	300,000
Issue costs		-	-17,459
Amortization of debt		-816	-816
Cash flow from financing activities		**-816**	**281,725**
This year's cash flow		-139,590	184,917
Cash and cash equivalents at beginning of year		214,896	29,979
Cash and cash equivalents at the end of the year	**26**	**75,306**	**214,896**

Statement of Income, Parent Company

kSEK	Note	2024	2023
Operating revenue			
Net turnover	3,28	158,303	3,195
Other Income	4	-	70
Total Operating income		**158,303**	**3,265**
Operating expenses			
Raw materials and consumables		-4,619	-
Other external costs	5,6	-54,662	-55,821
Personnel costs	7	-30,331	-25,238
Depreciation and write-downs of tangible and intangible fixed assets	9,10,16	-7,207	- 7,161
Summa rörelsens kostnader		**-96,818**	**- 88,220**
Operating profit/loss		**61,485**	**-84,955**
Profit/loss from financial items			
Other interest income and similar profit/loss items	12	5,042	5,138
Interest expenditures and similar profit/loss items	13	-659	- 3,257
Total result from financial items		**4,383**	**1,881**
Profit/loss after financial items		**65,868**	**-83,074**
Appropriations	14	-10,008	-
Tax on profit/loss for the year	15	-	-
Result for the year		**55,860**	**-83,074**

Balance Sheet, Parent Company

ASSETS kSEK	Note	Dec 31, 2024	Dec 31, 2023
Non-current assets			
Intangible fixed assets			
Capitalized expenditures for development	16	140,379	73,672
Concessions, patents, licenses and similar rights	10	1,893	2,448
		142,272	**76,120**
Tangible fixed assets			
Inventory, tools and installations	9	1,270	275
		1,270	**275**
Financial non-current assets			
Shares in subsidiaries	27	36,891	36,916
Receivables from group companies	28	67,879	63,311
Shares in other companies		108,427	-
		213,197	**100,226**
		356,739	**176,621**
Current assets			
Receivables			
Accounts receivable		-	-
Receivables from other companies in which there is an ownership interest		20,855	-
Tax receivables		811	632
Other short-term receivables		4,720	3,238
Prepaid expenses and accrued revenue	17	3,729	1,536
		30,115	**5,406**
Cash on hand	26	70,883	210,814
Total current assets		**100,997**	**216,221**
Total assets		**457,737**	**392,841**

Balance Sheet, Parent Company (cont.)

EQUIY AND LIABILITIES kSEK	Note	Dec 31, 2024	Dec 31, 2023
Equity	21		
Restricted equity			
Share capital		32,265	32,265
Restricted reserves		502	502
Reserve for development expenses		132,164	60,711
		164,931	**93,478**
Unrestricted equity			
Premium fund		820,740	881,079
Issue costs		-	-65,925
Gain or loss carried forward		-618,943	-464,416
Capital addition via incentive programs		-	5,586
Profit/loss for the year		55,860	-83,074
		257,657	**273,250**
Total equity		**422,588**	**366,728**
Non-current liabilities			
Other liabilities to group companies		8	-
		8	-
Current liabilities			
Accounts payable		13,768	7,210
Other current liabilities		8,262	8,076
Accrued costs and prepaid income	20	13,110	10,827
Total current liabilities		**35,140**	**26,113**
Total equity and liabilities		**457,737**	**392,841**

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
Equity Dec 31, 2022	**26,265**	**502**	**31,192**	**544,199**	**-361,657**	**-73,240**	**167,261**
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
Equity Dec 31, 2023	**32,265**	**502**	**60,711**	**820,740**	**-464,416**	**-83,074**	**366,728**
Balance of profits of previous year					-83,074	83,074	-
Profit/Loss for the year						55,860	55,860
Reserve for additional development costs	-	-	71,453	-	-71,453		-
Reserve for outgoing development costs					-		
Equity Dec 31, 2024	**32,265**	**502**	**132,164**	**820,740**	**-618,943**	**55,060**	**422,588**

*The share capital per Dec. 31, 2024 consisted of 32,264,623.56 SEK (806,615,589 shares)..

Cash Flow Statement, Parent Company

kSEK	Note	2024	2023
Operating activities			
Operating profit/loss before financial items		61,485	-84,955
Adjustment for items not included in the cash flow, etc.	24	7,207	7,161
Interest received		5,042	5,138
Interest paid		-659	-3,257
		73,075	**-75,913**
Increase/decrease in other short-term receivables		-34,716	45
Increase/decrease in accounts payable		6,558	1,027
Increase/decrease in other current operating liabilities		2,469	10,214
Cash flow from operating activities		**47,386**	**-64,627**
Investment activities			
Investments in intangible fixed assets		-73,260	-31,451
Investments in tangible fixed assets		-1,095	-69
Investments in financial fixed assets		-108,427	-25
Sales of financial fixed assets		25	-
Change in long-term receivables		-4,560	-3,540
Cash flow from investing activities		**-187,317**	**-35,085**
Financing activities			
New rights issue		-	300,000
Issue costs		-	-17,459
Cash flow from financing activities		**-**	**282,541**
This year's cash flow		**- 139,931**	**182,829**
Cash and cash equivalents at beginning of year		**210,814**	**27,985**
Cash and cash equivalents at the end of the year	26	**70,883**	**210,814**

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 renumeration 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 gave the owner the right to acquire the same number of shares at SEK 2.80 per share. The end date of the programme was March 31, 2025. The warrants were not utilized.

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 gave the owner the right to acquire the same number of shares at SEK 2.80 per share. The end date of the programme was September 30, 2024. In combination with this a stay on bonus was agreed upon, which implied 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 was paid out as a one time renumeration in three rates (2022, 2023 and 2024). The warrants were not utilized.

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. Two individuals in the management team work on a consultancy basis, while the others in the group management 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 profitand 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 (FIFU). 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 profitablility 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 26.

Reclassifications
During the year, significant portions of the previous spare parts inventory has been reclassified as fixed assets.

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.

The speed of the rollout places high demands on financing, as the newly established plants' own cash flows are not yet able to generate sufficient surpluses to make Infiniteria self-financing during the rollout phase. The way to reduce the financial burden was therefore to find a strong investor who shares our vision and who can initially provide all the capital and, over time, cover 70 percent of the total financing needs.

At the end of 2024, Enviro owned approximately 7 percent of the capital (8 percent of the votes) in Infiniteria. The ownership share will fluctuate during the construction of the Uddevalla plant as it depends on the amount of capital contributed (the financing of the Uddevalla plant is being fully provided by Antin and will consist entirely of risk capital, i.e., equity). The plan is to refinance the plant in 2026 through bank loans, which will free up capital to be reinvested in the construction of future plants. Going forward, plant construction is expected to be financed primarily through loans and to a lesser extent through equity. Enviro's option to acquire up to approximately a 30 percent ownership stake in the joint venture company has a term of six months following the issuance of the PAC, Provisional Acceptance Certificate—that is, the point at which the plant we are building has achieved a certain performance level and can therefore be handed over to Infiniteria. This is expected to occur mid 2026.

The cost of the option depends on the amount of capital contributed at the time of full subscription of our ownership stake, as well as the cost of a so-called value appreciation interest, which reflects the advantage we gained by not having to contribute capital early in the construction process. We assess that the risk profile of the plant—and thus of Infiniteria—will decrease significantly at the time of the plant's PAC.

For the sake of clarity, it should be noted that Enviro is building the first plant on behalf of Infiniteria, which is financing the construction itself (through capital contributions from Antin). That Enviro is building the Uddevalla plant is an exception, and going forward, Infiniteria—supported by Enviro—will be responsible for constructing the plants and subsequently operating them, within the framework of the previously mentioned exclusivity agreement. A significant advantage of having a joint venture that both builds and later operates the plants under its own name is that Enviro can more quickly return its focus to further developing and thereby securing the competitiveness of the technology, reducing the need for financing, and resuming efforts to explore and, at the appropriate time, establish our technology in new markets outside Europe. Enviro's long-term objective is to become a world-leading (global) recycling company focused on creating value from end-of-life tires.

Enviro's long-term objective is to become a world-leading (global) recycling company focused on creating value from end-of-life tires. Enviro's business case is based equally on strong financial leverage and significant environmental benefits. Driven

by expected investment synergies related to the construction and rollout of our plants (on the CAPEX side), and relatively low operating costs (OPEX)—partly due to access to low-cost raw material—there is potential for very strong net earnings (with associated cash flow) and potentially short payback periods. In the initial phase, we will receive the CAPEX level will be confirmed through the construction of the Uddevalla plant, and already in 2026, when the plant is fully operational, we will also be able to verify the OPEX, and thereby the entire financial business case.

After the end of the year, the Company announced that the Board of Directors had decided—subsequently approved at an extraordinary general meeting—on a rights issue of units with preferential rights for existing shareholders, consisting of new shares and warrants, amounting to approximately SEK 298 million before transaction costs. The rights issue is covered to approximately SEK 240 million through subscription intentions, subscription commitments, and guarantee undertakings, corresponding to about 81 percent of the total rights issue.

In connection with the rights issue, the Company secured a bridge loan of SEK 30 million from external investors to ensure sufficient liquidity until the completion of the rights 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 judgements 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 s 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.

During 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 shareholder in Enviro, supports the joint venture company through multi-year supply agreements for recycled materials from the first facilities being established. Michelin also intends to continue becoming a partner in the joint venture company as future plants are built. As of the turn of the year,

Enviro holds a 7.1 percent of the capital (8.1 percent of the votes) in Infiniteria but has the right to acquire a stake that ultimately amounts to up to 30 percent.

After the end of the year, the Company announced that the Board of Directors had decided—subsequently approved at an extraordinary general meeting—on a rights issue of units with preferential rights for existing shareholders, consisting of new shares and warrants, amounting to approximately SEK 298 million before transaction costs. The rights issue is covered to approximately SEK 240 million through subscription intentions, subscription commitments, and guarantee undertakings, corresponding to about 81 percent of the total rights issue.

In connection with the rights issue, the Company secured a bridge loan of SEK 30 million from external investors to ensure sufficient liquidity until the completion of the rights issue.

During the year, the company announced that Enviro and Antin have made a final investment decision for the facility in Uddevalla. Furthermore, the company announced that Enviro received SEK 132.4 million during the year. The compensation relates to reimbursement for Enviro's incurred costs. Half of the amount was received in cash and the other half in shares in the joint venture company.

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. Finally, both Infiniteria's rollout of facilities and the previously mentioned "Asset Fee" are important factors.

Note 3
Net sales distributed operation areas

	Group		Parent Company	
	2024	**2023**	**2024**	**2023**
Net sales are distributed by operational areas according to the following:				
Product sales	15,629	13,863	-	-
Service revenues	155,125	76	158,303	3,195
Total	**170,755**	**13,939**	**170,755**	**3,195**

Note 4
Other operating revenues

	Group		Parent Company	
	2024	**2023**	**2024**	**2023**
Contributions from projects	-	70	-	70
Other contributions and revenues	-	-	-	-
Total	**-**	**70**	**-**	**70**

Note 5
Remuneration to the auditors

	Group		Parent Company	
	2024	**2023**	**2024**	**2023**
PwC				
Audit assignment	-791	-717	-791	-717
Tax services	-52	-45	-52	-45
Other services	-143	-105	-143	-105
Total	**-986**	**-867**	**-986**	**-867**

Note 6
Operational leasing agreements

	Group		Parent Company	
	2024	**2023**	**2024**	**2023**
Future minimum lease fees, to be paid for non-terminable lease agreements:				
To become due within one year	-3,432	-4,604	-870	-2,100
To be due later, but within five years	-5,124	-4,272	-	-1,559
	-8,556	-8,876	-870	-3,659
Leasing payments expensed during the period	-5,025	-4,065	-2 ,356	-1,642

The operating lease for rented plants/premises is contained in the corporate accounting. The lease agreement for the Swedish plant runs through Dec 31, 2027. 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. After end of the year, the contract for this premises ended as of March 31 2025 according to an agreement between the landlord and the company.

Note 7
Salaries, other compensation and social costs

	Group		Parent Company	
	2024	**2023**	**2024**	**2023**
Average number of employees				
Women	4	4	2	2
Men	29	28	14	13
Total	**33**	**32**	**16**	**15**
Salaries, compensation, social costs and pension costs				
Salaries and other compensation	34,091	29,303	22,830	18,769
Social payments	10,607	9,141	7,185	5,947
Pension costs	3,431	2,494	3,212	2,295
Total	**48,130**	**40,938**	**33,226**	**27,011**
Board of directors, CEO and Management				
Salaries and other compensation	9,384	11,514	9,384	11,514
Pension costs	1,841	1,632	1,841	1,632
Other employees				
Salaries and other compensation	24,707	17,789	13,446	7,255
Pension costs	1,371	862	1,371	663

Out of the group's and parent company's pension costs, SEK 1,841 thousand (SEK 1,632 thousand) applies to the company's management, concerning 6 (8) individuals.

Out of the Group's corporate salary costs, which include board remuneration reported as other costs, SEK 2,397 thousand (SEK 2,467 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:

Fredrik Emilson, CEO from 2025-02-01, SEK 2,763 thousand as well as pension of SEK 594 thousand

Thomas Sörensson, CEO until 2024-02-01, employed by the company until 2024-09-30, SEK 2,772 thousand (SEK 2,834 thousand) as well as pension of SEK 379 thousand (536 thousand)

Alf Blomqvist, chairman of the board, SEK 1,877 thousand (SEK 2,017 thousand). Out of the compensation of SEK 1,877 thousand, SEK 400 thousand consists of the board fee as decided by the AGM and the remaining part of the amount, SEK 1,477 thousand, consists of a compensation according to an agreement with the board.

Peter Möller, board member, SEK 173 thousand (SEK 150 thousand)

Björn Olausson, board member, SEK 173 thousand (SEK 150 thousand,)

Nina Macpherson, board member, SEK 173 thousand (SEK 150 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 3,848 thousand (SEK 6,213) thousand) as well as pension of SEK 869 thousand (SEK 1,037 thousand), concerning 5 (7) 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 2024 consultancy fees to P 30 Ltd, (Peter Möller, board member), of MSEK 1.1 (MSEK 2.0) have been included. In addition to that consultancy fees to Blomqvist Unlimited AB (Alf Blomqvist, chairman of the board) of MSEK 1.4 (MSEK 1.5) have been included. Further, consultancy fees to M & K Industrials AB (Nina Macpherson, board member) of MSEK 0.03 (MSEK 0.4) have been included. These transactions are evaluated by the company to be according to market conditions.

Board directors and senior executives

	Group		Parent Company	
	2024	**2023**	**2024**	**2023**
Number of board directors on balance sheet day				
Women	1	1	1	1
Men	4	4	4	4
Total	**5**	**5**	**5**	**5**
Number of chief executives and other senior executives				
Women	2	2	2	2
Men	4	6	4	6
Total	**6**	**8**	**6**	**8**

Of the management group's 6 (8) individuals, 2 (3) 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	
	2024	**2023**
Opening acquisition cost	12,191	12,191
This year's changes	-	-
Closing accumulated acquisition costs	12,191	12,191
Opening depreciation	-12,191	-10,972
This year's changes		
-Depreciation	-	-1,219
Closing accumulated depreciation	-12,191	-12,191
Closing residual value according to plan	-	-

Note 9
Inventory, tools and installations

	Group		Parent Company	
	2024	**2023**	**2024**	**2023**
Opening acquisition cost	889	685	529	460
This year's changes				
-Purchases	1,270	204	1,095	69
-Sales	-	-	-	-
Closing accumulated acquisition costs	**2,159**	**889**	**1,624**	**529**
Opening depreciation	-332	-231	-254	-190
This year's changes				
-Depreciation	-161	-101	-99	-64
-Refund in connection with divestment	-	-	-	-
Closing accumulated depreciation	**-492**	**-332**	**-353**	**-254**
Closing residual value according to plan	**1,667**	**557**	**1,270**	**275**

Note 10
Concessions, patents, licenses and similar rights

	Group		Parent Company	
	2024	**2023**	**2024**	**2023**
Opening acquisition cost	8,720	8,578	8,720	8,578
This year capitalized Purchases	18	142	18	142
Sales and disposals	-	-	-	-
Closing accumulated acquisition costs	**8,738**	**8,720**	**8,738**	**8,720**
Opening depreciation	-6,272	-5,710	-6,272	-5,710
Sales and disposals	-	-	-	-
Depreciation for the year	-573	-562	-573	-562
Closing accumulated depreciation	**-6,846**	**-6,272**	**-6,846**	**-6,272**
Closing residual value according to plan	**1,893**	**2,448**	**1,893**	**2,448**

Note 11
Machinery and other technical facilities

	Group	
	2024	**2023**
Opening acquisition cost	122,395	115,044
This year's changes		
Purchasing	10,057	7,351
Spare Parts*	1,483	-
Sales and disposals	-	-
Closing accumulated acquisition costs	**133,935**	**122,395**
Opening depreciation	-43,781	-36,735
Refund in connection with divestment	-	-
This years depreciation	-8,982	-7,046
Closing accumulated depreciation	**-52,763**	**-43,781**
Closing residual value according to plan	**81,172**	**78,614**

*During the year, significant portions of the previous spare parts inventory were reclassified as fixed assets.

Note 12
Other interest income and similar profit/loss items

	Group		Parent Company	
	2024	**2023**	**2024**	**2023**
Interest revenues	5,203	5,337	5,042	5,138
Currency gains	-	140	-	-
Total	**5,203**	**5,477**	**5,042**	**5,138**

Note 13
Interest expenditures and similar profit/loss items

	Group		Parent Company	
	2024	**2023**	**2024**	**2023**
Other interest costs loss items	-1,092	-3,912	-329	-3,160
Currency losses	-427	-280	-330	-97
Total	**-1,519**	**-4,192**	**-659**	**-3,257**

Note 14
Appropriations

	Group		Parent Company	
	2024	**2023**	**2024**	**2023**
Received/ provided group contributions	-	-	-10,008	-
Total adjustments	**-**	**-**	**-10,008**	**-**

Note 15
Tax on profit/loss for the year

	Group		Parent Company	
	2024	**2023**	**2024**	**2023**
Tax on profit/loss for the year	-	-	-	-
Reported result before tax	52,385	-92,324	55,860	-83,074
Taxes calculated according to current tax rate 20.6% (20.6%)	-11,045	19,019	-11,507	17,113
Tax effect from non-taxable revenue	1	15	1	7
Tax effect from non-deductible expenses	-47	-67	-40	-61
Tax effect from deductible expenses that are reported against equity	-	3,597	-	3,597
Non-reported part of unused tax losses/profits	11,091	-22,564	11,546	-20,656
Reported tax costs	**-**	**-**	**-**	**-**

Parent company and companies within the Group have accumulated losses carry forward. For the tax year 2024 losses carried forward in the Group amount to SEK 520,591 thousand (SEK 574,427 thousand) and in the parent company SEK 493,892 thousand (SEK 549,941 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 107,242 thousand (SEK 118,332 thousand) and in the parent company to SEK 101,742 thousand (SEK 113,288 thousand).

Note 16
Capitalized expenditures for development

	Group		Parent Company	
	2024	**2023**	**2024**	**2023**
Opening acquisition cost	112,559	81,250	112,509	81,200
Capitalized expenditures for the year, development	73,242	31,309	73,242	31,309
Closing accumulated acquisition costs	**185,801**	**112,559**	**185,751**	**112,509**
Opening depreciation	-38,837	-32,302	-38,837	-32,302
Sales and disposals	-	-	-	-
This years depreciation	-6,534	-6,535	-6,534	-6,535
Closing accumulated depreciation	**-45,371**	**-38,837**	**-45,371**	**-38,837**
Closing residual value according to plan	**140,429**	**73,722**	**140,379**	**73,672**

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.

Not 17
Prepaid expenses and accrued revenue

	Group		Parent Company	
	Dec 31, 2024	**Dec 31, 2023**	**Dec 31, 2024**	**Dec 31, 2023**
Prepaid interest revenue	2	4	-	-
Prepaid rents	1,206	1,051	565	426
Other items	3,529	1,437	3,164	1,110
Total	**4,736**	**2,493**	**3,729**	**1,536**

Note 18
Non-current liabilities

	Group	
	Dec 31, 2024	**Dec 31, 2023**
Long-term liabilities apply to payments according to the following:		
Liabilities to credit institutions		
Between 1 and 5 years	3,246	3,246
Between 5 and 10 years	330	1,146
Total	**3,576**	**4,392**

Note 19
Liabilities that apply to several items

	Group	
	Dec 31, 2024	**Dec 31, 2023**
Long-term liabilities		
Other liabilities to credit institutions	3,576	4,392
Short-term liabilities		
Other liabilities to credit institutions	816	816
Total	**4,392**	**5,208**

Note 20
Accrued cost and prepaid income

	Group		Parent Company	
	Dec 31, 2024	**Dec 31, 2023**	**Dec 31, 2024**	**Dec 31, 2023**
Accrued salaries	92	1,195	-	1,122
Accrued vacation pay	3,131	3,236	1,625	1,984
Accrued social contributions	1,342	1,585	1,063	1,324
Special pay roll tax	1,463	1,084	1,336	988
Other items	11,211	6,940	9,086	5,409
Total	**17,239**	**14,040**	**13,110**	**10,827**

Note 21
Share capital

Share capital as of December 31, 2024 consisted of 806,615,589 (806 615 589) shares with a ratio value SEK 0.04 (0.04) per share.

Note 22
Pledged collateral

	Group		Parent Company	
	Dec 31, 2024	**Dec 31, 2023**	**Dec 31, 2024**	**Dec 31, 2023**
Personal deductions and liabilities				
Concerning liabilities to credit institution				
Corporate mortgages	10,000	10,000	-	-
Blocked funds	213	211	52	51
Amount of pledged collateral	**10,213**	**10,211**	**52**	**51**

Out of the total of SEK 128 thousand of reported patents, a certain amount is pledged on behalf of a subsidiary.

Note 23
Contingent liabilities

	Group		Parent Company	
	Dec 31, 2024	**Dec 31, 2023**	**Dec 31, 2024**	**Dec 31, 2023**
Garantees for subsidiary	-	-	4,392	5,208
Total contingent liabilities	**-**	**-**	**4,392**	**5,208**

Note 24
Adjustment for items not included in cash flow

	Group		Parent Company	
	2024	**2023**	**2024**	**2023**
Depreciation	-16,250	-15,463	-7,207	-7,161
Total adjustments	**-16,250**	**-15,463**	**-7,207**	**-7,161**

Note 25
Non-material cash transactions in investment and financing operations

During the year, the company announced that Enviro received SEK 132.4 million. The compensation relates to reimbursement for Enviro's incurred costs. Half of the amount was received in cash and the other half in shares in the joint venture company. No other non-cash flow affecting transactions were carried out during the year.

Note 26
Liquid assets

	Group		Parent Company	
	2024	**2023**	**2024**	**2023**
Bank holdings	75,306	214,896	70,883	210,814
Liquid funds in the cash flow statement	**75,306**	**214,896**	**70,883**	**210,814**

Out of corporate group's bank balance, SEK 213 thousand (SEK 211 thousand) consists of blocked bank funds.
Out of parent company's bank deposits, SEK 52 thousand (SEK 51 thousand) consists of blocked bank funds.

Note 27
Shares in group companies

	2024	2023
Opening acquisition value	36,916	36,891
Acquisitions during the year	-	25
Sales during the year	-25	-
Closing balance acquisition value	**36,891**	**36,916**
Closing residual value according to plan	**36,891**	**36,916**

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

Parent company	Capital-share	Voting rights share %	Number of shares	Equity	Book value Dec. 31, 2024,	Book value Dec. 31, 2023
Tyre Recycling in Sweden AB	100	100	1,000,000	1,637	24,600	24,600
SES IP AB	100	100	500	28	50	50
BSIP Innovation AB	100	100	100	40	12,241	12,241
Tyre Recycling in Udde-valla AB (sold in 2024)	-	-	-	-	-	25
Total				**1,705**	**36,891**	**36,916**

Note 28
Transactions with closely related parties

In the parent company, for 2024 consultancy fees to P 30 Ltd, (Peter Möller, board member), of MSEK 1.1 (MSEK 2.0) have been included. In addition to that consultancy fees to Blomqvist Unlimited AB (Alf Blomqvist, chairman of the board) of MSEK 1.4 (MSEK 1.5) have been included. An additional compensation to the resolved board fee at the AGM of SEK 400 thousand, MSEK 1,477, 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 0.03 (MSEK 0.4) have been included. These transactions are evaluated by the company to be according to market conditions.

	2024	2023
Sales to group companies		
Share of annual purchases and sales related to Group companies is provided below.		
Purchase, (%)	42	45
Sales, (%)	2	100
Loan to group companies		
Loan to Tyre Recycling in Sweden AB:		
Opening balance	63,311	59,771
Additional loan	4,564	3,540
Amortization	-	-
Closing balance	**67,875**	**63,311**

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 29
Events following balance date

- The Board of Directors of Enviro has resolved on a partially guaranteed rights issue of units of approximately SEK 298 million, which later has been approved in an Extraordinary General Meeting
- Alf Blomqvist declines re-election to Chairman of the Board of Enviro ahead of Annual General Meeting 2025
- Scandinavian Enviro System's Nomination Committee proposes Ewa Björling as new Chairman of Enviro's Board of Directors
- Notice of Annual General Meeting in Scandinavian Enviro Systems AB including proposal for board members for election

Note 30
Suggestion for results disposition

Unrestricted equity according to the balance sheet:

Share premium reserve	820,740
Carried forward	-618,943
Profit/loss for the year	**55,860**
	257,657

The Board of Directors proposes the following results disposition:

To be carried forward	257,657
	257,657

The income statements and the balance sheets will be submitted to the Annual General Meeting on June 10, 2025, for determination

Gothenburg May 20, 2025

Alf Blomqvist
Chairman

Fabien Gaboriaud

Nina Macpherson

Peter Möller

Björn Olausson

Fredrik Emilson
CEO

Our audit report was submitted on May 20, 2025.

PricewaterhouseCoopers AB

Johan Brobäck
Certified public accountantr

Auditor's report to the general meeting of the shareholders of Scandinavian Enviro Systems AB, corporate identity number 556605-6726

Report on the annual accounts and consolidated accounts

Opinions

We have performed an audit of the annual accounts and consolidated accounts of Scandinavian Enviro Systems AB for year 2024. The annual accounts and consolidated accounts of the company are included on pages 37–62 in this document.

In our opinion, the annual accounts and the consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company and the group as of 31 December 2024 and its 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 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 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 is found on pages [1–36]. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual 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.

Responsibility 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 determines 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 and 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, cease operations or has no realistic alternative to doing any of this.

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. This description is part of the auditor's report.

Report on other requirements according to laws and other constitutions

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 for year 2024 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 in relation of the parent company and 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.

Responsibility 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 and group's type of operations, size and risks place on the size of the parent company's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the management of the company's affairs. This includes among other things continuous assessment of the company and 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. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets 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 can be found on the Auditor's Inspection's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

Göteborg the date indicated by our electronic signature
Öhrlings PricewaterhouseCoopers AB

Johan Brobäck
Authorized Public Accountant

This is a translation of the Swedish language original. In the event of any differences between this translation and the Swedish language original, the latter shall prevail.

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