

KlingeLe, one of Germany's largest paper & packaging manufacturer signs term sheet with Kyoto Group for Heatcube installation

Oslo, Norway 21 December 2023 - Kyoto Group is pleased to announce that it has signed a term sheet for delivering a Heatcube to one of Germany's major paper and packaging manufacturers—KlingeLe. The designated site for installing a first Heatcube is at KlingeLe's facility in Werne, a corrugated board plant in Germany.

KlingeLe Paper and Packaging Group, a global manufacturer with 13 corrugated board plants worldwide, 8 processing plants and 3 paper mills, aims to achieve a reduction of CO2 emissions by the year 2030. At the plant in Werne a reduction of 55% of CO2 emissions is planned by 2030. This goal will be accomplished through the utilization of off-grid wind and solar energy, coupled with the replacement of the existing gas boilers for steam production. To address the intermittent nature of renewables, KlingeLe plans to install Kyoto Group's molten salt thermal energy storage solution, Heatcube. This innovative system will capture electricity when available and supply steam as needed. The recently announced AI-powered back end of Heatcube will also ensure state-of-the-art preventive and predictive maintenance for KlingeLe.

The signed term sheet outlines the project pricing and payment terms for the engineering study that will commence in January 2024 as well as for the Heatcube purchase agreement which the parties aim to sign within April 2024. The purchase agreement is conditional upon receiving public grants and the confirmation of reactivation of an existing windmill.

Tim de Haas, Chief Commercial Officer of Kyoto Group: "Our collaboration with KlingeLe Group is robust and productive and we are looking forward to initiating the engineering and feasibility study immediately. We are committed and determined to support the decisive first movers in this important industry. Addressing the sector's significant demand for dependable, top-tier process heat, Heatcube aligns well with KlingeLe's steam and energy storage needs, actively supporting their ambitious targets to curtail CO2 emissions across their facilities."

With its headquarters in Remshalden, the KlingeLe Group is one of Germany's largest manufacturers of corrugated raw paper, and packaging made from corrugated cardboard. In their recently released Sustainability Report, KlingeLe Group defines the combination of innovations, sustainability, and economic growth as the basis for a successful international business strategy.

"As a pioneer in sustainability, we have been focusing on environmentally friendly and resource-efficient processes in the production of our corrugated board paper and packaging for years. At the same time,

we are constantly investing in technologies and innovations to make our energy generation and energy consumption even more environmentally friendly. We are therefore pleased about the joint project with Kyoto Group, as a further milestone in our renewable energy strategy,” says Dr Jan Klingele, Managing Partner of the Klingele Paper & Packaging Group.

Klingele Paper & Packaging Group’s Heatcube will replace the current natural gas supply and is designed with 10 MW charge capacity, 48 MWh of storage capacity and 7 MW discharge capacity, offering an annual capacity of more than 15 GWh. The Heatcube at the Klingele Werne site will primarily fuel from independently generated electricity through off-grid PV and windmill installations, leading to an annual CO2 reduction of more than 3,400 tons, with the goal of achieving 100% decarbonization of their heat demand.

The parties aim to sign the commercial contract within April 2024 and to install Heatcube within around 12 months thereafter.

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About Kyoto Group

Heat accounts for two thirds of industrial energy consumption. Traditionally, nearly all of it is based on fossil fuels. Kyoto Group’s Heatcube, a thermal energy storage (TES) solution, provides a sustainable and cost-effective alternative by capturing and storing abundant but variable energy from sources such as solar and wind. Founded in 2016, Kyoto Group is headquartered in Oslo, Norway, and has subsidiaries in Spain and Denmark. The Kyoto share is listed on Euronext Growth (ticker: KYOTO). www.kyotogroup.no

About Klingele Group

The Klingele Paper & Packaging Group combines the know-how of over 100 years as a family business with the courage to innovate, an awareness of sustainability and a sense of commitment and responsibility for its employees. Headquartered in Remshalden near Stuttgart and managed in the third generation by Dr Jan Klingele, the internationally active supplier of paper, corrugated board packaging solutions and adhesives has been providing its customers with competent support in a partnership-based approach and with the highest quality standards since 1920. The company continuously invests in state-of-the-art technology and is present in Europe, Africa and Central and South America with three paper mills, thirteen corrugated board plants, eight processing plants and one sheet feeder plant

(including shareholdings). The broad product range includes corrugated base paper based on recycled paper and sustainable virgin fiber, corrugated board formats and innovative and sustainable packaging solutions for numerous industries and sectors. Klingele is very active in supplying energy from renewable sources. In 2019, the company received the World Corrugated Award as the world's most environmentally friendly company in its industry.

Klingele currently offers its 3,200 employees an attractive working environment with long-term prospects. In 2022, the Group achieved a turnover of 1.3 billion euros. As a founding member of Blue Box Partners, the largest European alliance for corrugated cardboard packaging solutions, Klingele is one of the industry leaders. Further information on the Klingele Paper & Packaging Group can be found at: <https://www.klingele.com/>

