

Kyoto Group: First half 2023 report and business update

Oslo, Norway, 24 August 2023 - Kyoto Group today reported its results for the first half of 2023. The company will also provide a live business update on the commercialization of its Heatcube thermal energy storage solution.

“This year, Kyoto has taken several game-changing steps. We have concluded our first full-scale installation, we have been joined by two world-class strategic investors, and we have built a strong pipeline that we are committed to converting into commercial orders within the year. These events demonstrate the growing number of projects underway to decarbonize industrial heat by replacing natural gas with intermittent renewable energy combined with energy storage. They also confirm the key role the Kyoto Heatcube will play in this transition,” says Kyoto Group CEO Camilla Nilsson.

Highlights from the first half of 2023:

First full-scale Heatcube installation at Nordjyllandsværket

- Connection to grid in July
- Commercial handover completed in August

Game-changing strategic alliances

- World-leading electricity utility Iberdrola and global thermal energy management leader Spirax-Sarco Engineering make strategic investment, join board
- MoU with Iberdrola to jointly commercialize Heatcube
- Partnership agreement with Spirax-Sarco to develop heater for next-generation Heatcube
- Quadrupling of discharge capacity of Heatcube through partnership with Steinmüller Engineering
- Letter of intent with Alfa Laval AB to explore joint research and development
- Letter of intent with Kyotherm SAS covering project financing

Continued strong interest from clients, institutions, and investors

- Kyoto pipeline of 40 projects, currently representing more than 2 700 MWh storage
- Term sheet for Heatcube signed with KALL Ingredients in August
- Several letters of intent with leading companies announced
- EUR 4 million debt financing granted from the Nordic Green Bank (Nefco)
- Private placement in January raised NOK 60 million in gross proceeds

Outlook:

The Kyoto Heatcube at Nordjyllandsværket is established as a full-fledged commercial installation, and Kyoto will continue to realize the extended benefits and values attached to the installation, being

available as a demo installation for potential clients as well as a test center for future technology developments.

The company has earlier communicated the target of signing 5-10 commercial orders for Heatcubes during the second half of 2023. For the first, we signed this week the term-sheet with KALL Ingredients, a food ingredient producer in Hungary, and the next one in Spain is expected to be announced shortly. Both installations will be replacing natural gas as a source for industrial process heat. We aim to sign the commercial contract with KALL Ingredients by the end of October.

In parallel, we are maturing all the commercial offers that have been submitted to industrial clients together with Iberdrola and are targeting signing a number of those.

Out of a total pipeline of 40 projects, we have sent offers to 23 clients of which 8 cases are in the final phases of negotiation, and the remaining are still being matured together with the client. While Kyoto's pipeline continues to grow, we experience that client decision making processes are thorough and time intensive. We direct all our efforts to support our clients in concluding their assessments.

The Kyoto management team will present the business update at 10:00 CEST today. The presentation will be streamed and is expected to last about an hour, including a Q&A session. Questions may be submitted during the presentation through the live-streaming setup. Sign up for access to the live stream: <https://www.kyotogroup.no/business-update-august-2023>

A recorded version of the presentation will be made available on the company's website after the presentation has concluded.

The half-year report is attached to this release.

For further information, please contact:

Håvard Haukdal, Kyoto Group CFO

havard.haukdal@kyotogroup.no

+47 48 10 65 69

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).