

Kyoto Group announces contemplated private placement and intention to list on Euronext Growth Oslo

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Oslo, 16 March 2021 – Kyoto Group AS, a leading provider of thermal batteries for industrial applications ("**Kyoto Group**" or the "**Company**"), has engaged Fearnley Securities AS and SpareBank 1 Markets AS (the "**Managers**") to advise on and effect a private placement of up to 2,000,000 new shares in the Company, each with a par value of NOK 0.03 (the "**Offer Shares**") with an additional over-allotment option of 400,000 additional shares (the "**Additional Shares**"), to raise gross proceeds of up to NOK 150 million (the "**Private Placement**"), in connection with the contemplated admission to trading of the Company's shares on Euronext Growth Oslo (the "**Listing**").

In connection with the allocation of the Additional Shares, Asiju Invest AS (controlled by board member Arne Erik Kristiansen) has granted Fearnley Securities AS/SpareBank 1 Markets AS (the "**Stabilisation Manager**") on behalf of the Managers, an option to borrow a number of Shares equal to the number of Additional Shares in order to facilitate the over-allotment (the "**Borrowing Option**") and delivery of the Additional Shares. Furthermore, the Company has granted the Stabilisation Manager on behalf of the Managers, an option to issue a number of new shares equal to the number of Additional Shares at a price per share equal to the Offer Price (as defined below) exercisable, in whole or in part, within a 30-day period commencing on the first day of Admission to Trading (the "**Greenshoe Option**").

The net proceeds from the Private Placement will be used to fund execution of the Company's initial commercial project pipeline, build-up of the organization, R&D and technical development, business and market development, and general corporate purposes. The price per share in the Private Placement has been set to NOK 62.50 (the "**Offer Price**"), implying a total value of the Company's currently issued and outstanding shares of NOK 401 million.

Kyoto Group's Board of Directors was recently strengthened by appointment of several senior executives from international industrial and renewable energy companies and comprises of Eivind Reiten as the chairman and board members Thorleif Enger, Hans Olav Kvalvaag (Scatec), Pål Selboe Valseth (Valinor), Ivar Valstad (Hydro) and Arne Erik Kristiansen.

"Our thermal batteries enable renewable energy to decarbonise industrial heat generation, which today is 90% based on fossil fuels. Heat storage represents a growing multi-billion USD market opportunity and Kyoto Group is well positioned to become a market leader. We are now scaling-up for growth based on our proven technology, modular design for rapid industrial roll-out and strong commercial value and environmental proposition to customers," says Christian Blom, the COO and acting CEO of Kyoto Group.

Transaction details

The application period in the Private Placement will commence today, 16 March 2021 at 16:00 CET and close on 17 March 2021 at 16:30 CET. The Managers and the Company may, however, at any time resolve to shorten or extend the application period. If the application period is shortened or extended, any other dates referred to herein may be amended accordingly.

Kyoto Group has on 16 March 2021 applied for the Listing, and the first day of trading on Euronext Growth Oslo is, subject to successful completion of the Private Placement and the necessary approvals from Oslo Børs, expected to be shortly after completion of the Private Placement, currently anticipated on or about 24 March 2021 under the ticker symbol "KYOTO".

The Private Placement will be directed towards Norwegian and international investors, in each case subject to available exemptions from offer prospectus requirements and any other filing or registration requirements in the applicable jurisdictions and subject to other selling restrictions. The minimum application and allocation amount have been set to the NOK equivalent of EUR 100,000. The Company may, however, at its sole discretion, allocate an amount below the NOK equivalent of EUR 100,000 to

the extent applicable exemptions from the prospectus requirements pursuant to the EU Prospectus Regulation (EU) 2017/1129 and ancillary regulations are available.

The completion of the Private Placement is subject to (i) corporate resolutions of the Company required to implement the issue of the Offer Shares, including the Company's board of directors' resolution to proceed with the Private Placement and to issue the Offer Shares, (ii) registration with the Norwegian Register of Business Enterprises (Nw. *Foretaksregisteret*) of the share capital increase pertaining to the issue of the Offer Shares, and (iii) the Offer Shares being issued in the VPS.

The Company reserves the right, at any time and for any reason, to cancel, and/or modify the terms of, the Private Placement. Neither the Company nor the Manager will be liable for any losses incurred by applicants if the Private Placement is cancelled, irrespective of the reason for such cancellation.

Kyoto Group in brief

Kyoto Group aims to capture and manage the abundant energy from variable renewable sources such as solar and wind power and apply it to reduce the CO₂ footprint for industrial thermal loads. The Company, founded in 2016, plans to operate and sell HeatCube thermal batteries with capacity from 5MW and upwards, enabling industrial consumption of low-cost heat sourced from excess solar and wind energy.

The Company's innovative, low-cost and modular solutions for thermal energy storage can use multiple renewable energy sources to heat molten salt up to over 500 degrees Celsius. The high-temperature salt is then used to produce steam or a combination of electricity and hot water for industrial use. The HeatCube also enables highly efficient balancing of the grid by storing cheap excess solar and wind power, with an unlimited number of cycles and at a significantly lower price than electrochemical batteries.

Approximately NOK 50 million has been invested in the past two years to develop and commercialise the technology. In January 2021, the Company completed a NOK 50 million Series A fund raising, and today it has approximately 100 shareholders, including Hydro (~13%), Kongsberg Innovasjon (~8%) and Valinor (~7%).

Kyoto Group's business model includes both Battery as a Service (BaaS) through Build-Own-Operate with sale of heat/power, ancillary services and electricity arbitrage, as well as Battery as a Product (BaaP) agreements based on EPC or direct sales with a profit margin and long-term support, maintenance and service agreements.

Kyoto Group is experiencing strong momentum in developing and commercialising its thermal energy storage solutions for industrial use. Following product validation with two pilot installations completed in 2020, the Company is close to announcing its first two commercial projects with planned delivery to clients in Denmark and Germany in late 2021 and early 2022, respectively.

Advisers

Fearnley Securities AS and Sparebank 1 Markets AS are engaged as financial advisors to the Company and as joint Managers and Bookrunners in connection with the Private Placement and admission to trading. Wikborg Rein Advokatfirma AS is acting as legal advisor to Kyoto Group and Advokatfirmaet CLP DA is acting as legal advisor to the Managers.

For additional information, please contact:

Petter Narvestad, Crux Advisers AS, pn@crux.no, +47 90 60 27 27

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