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Leading global energy transition infrastructure fund to invest NOK 286.7 million in Kyoto and make recommended tender offer at substantial premium

Oslo, Norway 14 June 2024 - Kyoto Group AS (“Kyoto” or the “Company”) has entered into a transaction agreement with GF I Kiln HoldCo AS (the “Offeror”), a newly established acquisition vehicle owned by Glentra Fund I K/S (“Glentra”) regarding a directed share issue in Kyoto (the “Investment”) combined with a subsequent recommended voluntary all-cash offer for all outstanding shares (the “Shares”) of the Company (the “Offer”, and together with the Investment, the “Transaction”). Shareholders representing a total of 73.5% of the Shares in Kyoto support the Transaction, and have committed to sell their shares.

Highlights:

- Game-changer for Kyoto: Recognition and strategic investment from a leading global energy transition infrastructure investor
- Investment raising gross proceeds of NOK 286.7 million at a premium of 37.7% to the closing price on 13 June 2024
- Subsequent voluntary all-cash offer to all shareholders for outstanding shares at a premium of 94.3% to the closing price on 13 June 2024
- Kyoto’s three largest investors maintain their ownership interests in the private company
- Pre-committed support for investment and offer resulting in 86.0% ownership for the Offeror
- Intention from Glentra for significant further investment and support in private setting
- Strong balance sheet opens new business opportunities
- The board of Kyoto unanimously supports the combination of the share issue and the Offer

The Investment and Offer are made via the Offeror. Based in Copenhagen and London, Glentra Capital P/S is the manager of Glentra and is a dedicated energy transition infrastructure investor with deep industry insights. Last year, it announced its first fundraise with total commitments of EUR 443 million from anchor investors Novo Holdings and PKA, and several other investors.

The Investment consists of a NOK 286.7 million equity raise where the Offeror will subscribe for 16,867,647 new Shares in Kyoto at a subscription price of NOK 17.00 per share (the “New Shares”). The subscription price represents a premium of 37.7% compared to the closing price of Kyoto's share of NOK 12.35 on 13 June 2024. The net proceeds will be used to accelerate Kyoto's commercial development and to fund the Company's liquidity need and operations going forward. Until completion of the Investment, the Company is expected to cover short-term liquidity needs through agreed customer payments.

Glentra has also expressed an intention to provide further funding for Kyoto in the long term.

The Offer is a voluntary all-cash offer made for all outstanding shares in Kyoto. The offer price is NOK 24.00 per share (the “Offer Price”).

The Offer Price represents a premium of:

- 94.3% to the closing price of NOK 12.35 on 13 June 2024.
- 62.8% to the volume weighted average price of NOK 14.74 over the 3 months up to and including 13 June 2024.
- 59.9% to the volume weighted average price of NOK 15.01 over the 6 months up to and including 13 June 2024.

Kyoto's three largest existing shareholders Spirax Group, Iberdrola and KM New Energy, representing a total of 8,408,082 shares, or 44.5% of total outstanding Shares prior to the Investment, support the strategic rationale of the Transaction and have on certain terms and conditions agreed to reinvest in the Offeror through a contribution of its Shares to the Offeror at the Offer Price against newly issued shares in the Offeror, upon completion of the Offer.

Eivind Reiten, Chairman of Kyoto Group, said: “The board believes that the combination of the share issue and the offer is in the best interest of our shareholders and that having Glentra as a long-term strategic shareholder will benefit the company, employees, partners and customers. This solution will give Kyoto Group the financial resources to accelerate its commercialization and its contribution to the transition to renewable energy in industrial applications.”

Henrik Tordrup, Managing Partner at Glentra, said: “Our investment and partnership with Kyoto is part of our commitment to back companies deploying demand side solutions that promote the low carbon transition. The Heatcube has significant potential to accelerate decarbonization of process heat in Europe and globally. We have been following the company closely and are impressed by the team and the progress made to date. Kyoto is an

excellent strategic fit with Glentra and we look forward to working with Kyoto over many years.”

Camilla Nilsson, CEO of Kyoto Group, said: “I am impressed by Glentra’s drive and dedication, by their operational and financial capability to make a difference to the ongoing energy transition, and by the track record of the people involved. I look forward to working together to commercialize Heatcube, now with a stronger balance sheet that enables us to accelerate in a way that has so far not been possible, including operating heat-as-a-service with assets owned by Kyoto.”

Board Recommendation and equal treatment considerations

The board of Kyoto (the “Board”) believes the Transaction is in the best interests of Kyoto and its shareholders and has unanimously recommended the Offer as well as suggested setting aside the pre-emptive rights of existing shareholders for new shares in connection with the Investment.

Pursuant to the transaction agreement entered into with the Offeror, the Board shall not amend or withdraw its recommendation of the Offer unless it receives a bona fide unsolicited superior competing offer that fulfills certain pre-agreed terms, including an offer price per share of minimum NOK 27, to be further detailed in the Offer Document. When recommending the Offer and the Investment (which includes a deviation of the shareholders' pre-emptive rights), the Board has considered the terms and conditions of the Offer and the Transaction and has also obtained a fairness opinion from its financial advisor, Alpha Corporate Finance, concluding that the Offer is full and fair from a financial point of view. The Board has in particular emphasized that the Investment is from a new strategic investor and no existing shareholders will participate in the Investment, that the Investment will provide the Company with the needed funding in the short and longer term, and that the dilutive effect of the Investment will be partly and indirectly mitigated with the Tender Offer, whereby launch of the Tender Offer is a condition for the Investment. Further, the subscription price of the Investment and in the Tender Offer is the result of extensive negotiations and necessary in order to facilitate the Investment and the Transaction as a whole. In addition, the confirmed intention of Glentra to support further funding of Kyoto and the broad support of the Transaction by the Company's largest shareholders support the Board’s view. Finally, the Board has stressed that the agreed Offer Price provides a liquidity event for the shareholders at a significant premium compared to prevailing trading prices on Euronext Growth Oslo.

Two board members, representing Spirax Group and Iberdrola, did not take part in the resolution due to their reinvestment agreement with the Offeror.

Transaction details

The Company expects later today to issue a notice of a general meeting to be held on 28 June 2024 which will include the proposed resolution related to the Investment. In addition, the Offeror expects to issue an Offer Document in the near future which will set out the complete details relating to the Offer. The offer period (the "Offer Period") is expected to commence shortly after publication of the Offer Document and continue for a period of one week, subject to any extensions of up to ten weeks in total. More details regarding the Offer Period will be included in the Offer Document.

In addition to the reinvesting shareholders referred to above, shareholders representing a total of 5,484,601 shares, or 29.0% of total outstanding Shares prior to the Investment, have signed binding undertakings to accept the Offer, including Valinor AS who is represented on the Board through Pål Selboe Valseth.

Thus, shareholders representing 13,892,683 shares in Kyoto have either committed to contribute their shareholding to the Offeror or have pre-accepted the Offer. Taken together with the New Shares to be issued to the Offeror as part of the Investment, a total of 30,760,330 Shares are committed to being contributed, sold or issued to the Offeror, representing 86.0% of the number of Shares in Kyoto following registration of the share capital increase pertaining to the issuance of New Shares in connection with the Investment.

The Investment will be conditional upon the following conditions for completion:

- The Offer being launched;
- the Company having obtained from Nordic Environment Finance Corporation a consent to the Transaction and thereby waiving any change of control rights in the loan agreement between the Company and NEFCO; and
- the general meeting of the Company resolving the share capital increase pertaining to the issuance of the New Shares.

The Investment will not be conditional upon the completion of the Offer.

The Offer will be conditional upon the following conditions for completion, each of which may be waived by the Offeror:

- i) the Offeror shall receive acceptances of the Offer which together with the Investment and the shares contributed by the largest existing shareholders will lead to the Offeror holding 90% of the shares in the Company,
- ii) the Board shall not have amended or withdrawn its recommendation of the Offer,

- iii) the roll-over agreement and shareholder agreement for ownership in the Offeror post completion of the Offer shall have been executed by each of Spirax Group, Iberdrola and KM New Energy,
- iv) the Company shall conduct its business in the ordinary course,
- v) no material breach by the Company of the transaction agreement shall have occurred,
- vi) no material adverse change shall have occurred between the date of this Agreement and until settlement of the Offer, and no court or other governmental, regulatory authority of competent jurisdiction or other third party shall have taken or threatened to take any legal action in relation to the Offer or the closing thereof, which would result in a material adverse change.

The Offer will not contain any conditions as to financing or due diligence.

Following completion of the Offer, and subject to the Offeror reaching a 90% shareholding in Kyoto, the Offeror intends to carry out a compulsory acquisition of remaining Shares not held by the Offeror and delist Kyoto from Euronext Growth Oslo.

Advisers

Alpha Corporate Finance is acting as financial adviser to Kyoto Group. Advokatfirmaet Wiersholm AS is acting as legal adviser to Kyoto Group. Advokatfirmaet Schjødt AS is acting as legal adviser to Glentra.

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This information is considered to be inside information pursuant to the EU Market Abuse Regulation and is subject to the disclosure requirements pursuant to Section 5-12 the Norwegian Securities Trading Act. This stock exchange notice was published by Håvard Haukdal, CFO of the Company, on the time set out herein.

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 Glentra Capital

Glentra Capital P/S ('Glenra') is the registered alternative investment fund manager of Glentra and was founded in 2022 by senior executives from the renewable energy and fund management industries, with the vision to generate attractive risk-adjusted returns while accelerating the global energy transition for a clean and sustainable future. Glentra will contribute to this vision by investing in and growing exceptional companies that deliver the energy infrastructure of tomorrow via investments in development platforms ranging from offshore wind to solar and sustainable fuels and in their supply chain companies as well as in energy optimisation and integration businesses. The mix of industry and investment experience among Glentra's partners and team of employees secures a unique platform for growth and value creation for portfolio companies and investors. Glentra has offices in Copenhagen and London. www.glenra.com

Important notice

The Offer and the distribution of this announcement and other information in connection with the Offer may be restricted by law in certain jurisdictions. The Offeror and the Company assume no responsibility in the event that there is a violation by any person of such restrictions. Persons who are in possession of this announcement or such other information are required to inform themselves about and to observe any such restrictions.

The Offer and the distribution of this announcement and other information in connection with the Offer may be restricted by law in certain jurisdictions. When published, the Offer Document and related acceptance forms will not and may not be distributed, forwarded or transmitted into or within any jurisdiction where prohibited by applicable law, including, without limitation, Canada, Australia, New Zealand, South Africa, Hong Kong and Japan.

The Offeror does not assume any responsibility in the event there is a violation by any person of such restrictions. Persons into whose possession this announcement or such other information should come are required to inform themselves about and to observe any such restrictions.

This announcement is not a tender Offer document and, as such, does not constitute an offer or the solicitation of an offer to acquire the Shares. Investors may accept the Offer only on the basis of the information provided in the Offer Document. Offers will not be made directly or indirectly in any jurisdiction where either an offer or participation therein is prohibited by applicable law or where any tender offer document or registration or other requirements would apply in addition to those undertaken in Norway.

This announcement contains certain forward-looking statements within the meaning of the securities and laws and regulations of various international, federal, and state jurisdictions. All statements, other than statements of historical fact, included herein, including without limitation, statements regarding the Offer, future plans and objectives of Company or the Offeror are forward-looking statements that involve risk and uncertainties. There can be no assurances that such statements will prove to be accurate and actual results could differ materially from those anticipated in such statements.

