H1 2021

KYOTO GROUP AS

Half year report

FIRST HALF 2021

KYOTO Group disconnects the time power is made from when it is used by leveraging increasing energy market fluctuations and excess power from wind and solar. We can thereby offer reliable, and efficient storage of energy and seamless delivery of heat to industrial customers, when it is needed.

Two thirds of industrial energy demand is tied to heat, not electricity, and only 9% of current heat generation comes from renewable sources. This is not sustainable. Our thermal battery, Heatcube^{TM}, will make solar and wind more stable and reliable, by adding storage to the system, and has the potential to increase carbon free renewable energy use. By reducing power generation carbon emissions, we are taking part in the ongoing global energy transition. The Heatcube technology is modular and comes in 20-foot containers, offering the potential to rapidly scale, reduce carbon footprint and save cost.

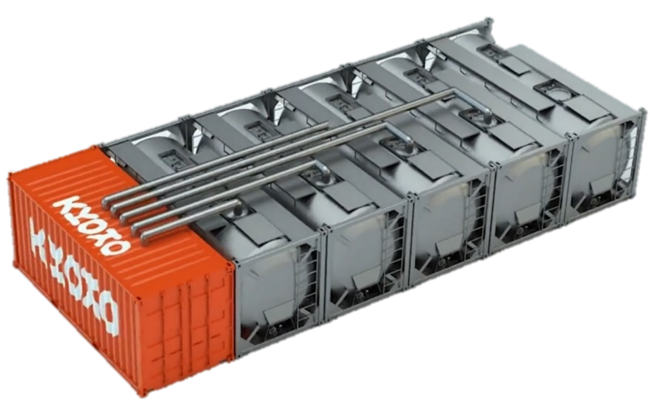
Key events

Operational

- First full-scale Heatcube™ thermal battery ordered for commercial installation as a demonstration unit
- Ongoing activities to broaden project pipeline with leads in the Nordic region
- New board established with extensive industry and renewable energy competence
- Appointed new CEO, CFO and interim CTO
- Scaling organization with 14 additional FTEs to execute on long-term growth strategy

Financial

- Raised NOK 183.3 million of new equity in from four private placements in the first half of 2021
- Shares admitted to trading on Euronext Growth from 24 March
- End of period cash position of NOK 158.9 million



Message from the CEO

Moving from start-up to scale-up

KYOTO Group is founded on the idea that a molten salt thermal battery could reduce carbon emissions in industrial heat generation by reducing wind and solar power productivity fluctuations. Making solar and wind more stable, by adding storage to the system, will increase the amount of carbon free renewable energy available. By reducing carbon emission in power generation, we are taking part in the ongoing global energy transition and green transformation.

We have moved beyond the "idea" phase and have ordered the first Heatcube for commercial installation, backed by an experienced team and industrial owners. Now we are moving from start-up to scale-up with the commercialization of our solution supported by the recent capital raises and Euronext Growth listing and our long-term growth strategy.

Our thermal energy storage (TES) technology offers reliable and efficient heat energy to the industry and a solution for balancing increasing grid fluctuations. We are using energy which is already produced to reduce the climate footprint.

In 2020, we installed our first thermal battery. It is operating with high efficiency and is providing us with important insights. These are being applied to our first commercial Heatcube currently on order for installation with expected start of operations in early 2022.

Commercially, we target industries for which electrification and thermal energy and storage will add value. We are progressing negations on projects for fossil fuel replacement and are on track to deliver on the plan communicated in the listing process supported by organic and structural growth.

We expect strong growth in global demand for electrification, heat and storage solutions. The market is set for a significant long-term expansion if we as a society are to reach the carbon emission targets by 2030 and carbon neutrality by 2050. Two-thirds of industrial energy demand is tied to heat, not electricity, and only 9% of current heat generation comes from renewable sources.

By leveraging increasing energy market fluctuations and cheap excess power from wind at night and solar during daytime, we offer reliable and efficient storage of energy and seamless delivery of heat to industrial customers when it is needed. Thereby increasing availability of carbon free renewable energy available on and off grid.

We are now scaling up our organization to meet increased activity as we seek to capture the electrification and TES market opportunity and expand our project pipeline.

Christopher Kjølner, CEO

Operational review

KYOTO Group is engaged in executing its strategy of becoming a long-term viable provider of thermal energy and storage, in the Nordic market, and further expanding to meet a growing global demand for electrification, thermal energy and storage solutions. The company's modular design enables rapid expansion, and KYOTO recently ordered its first Heatcube as a commercial pilot installation.

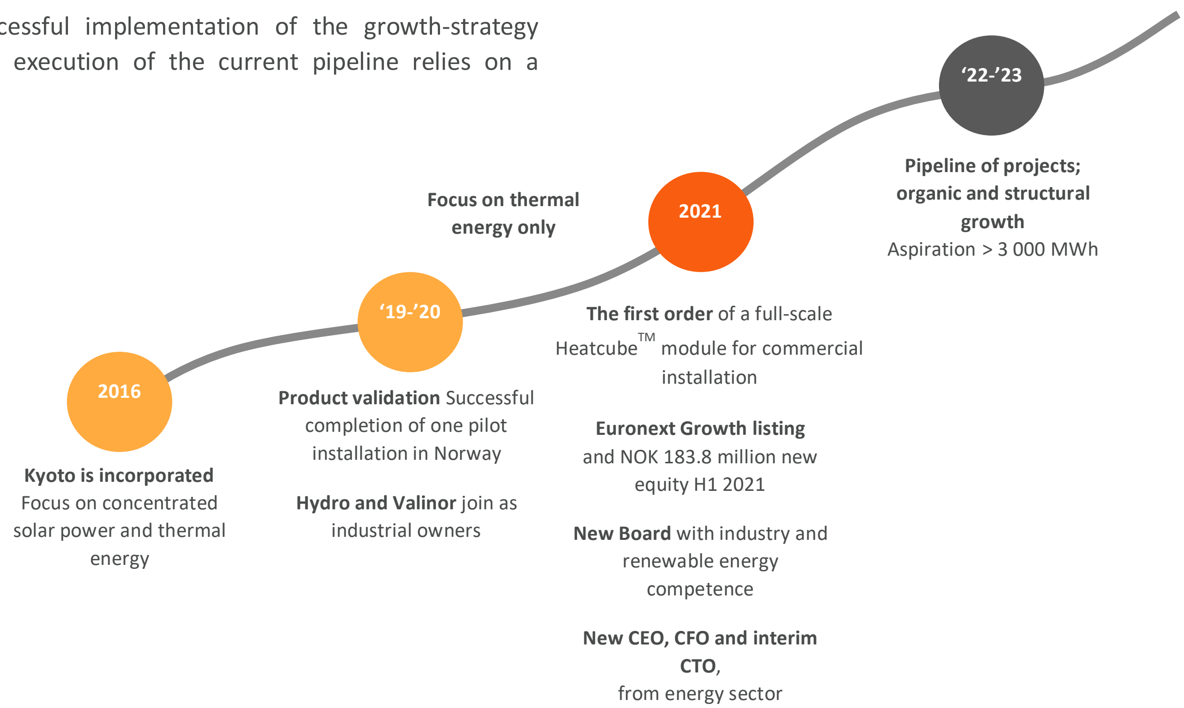
KYOTO recently made progress in line with its growth-strategy by moving towards its first commercial contract with an undisclosed counterpart to install a Heatcube module at a powerplant in Denmark. The commercial proof of concept adds to the momentum for KYOTO Group.

Manufacturing of the first Heatcube has started. It will ensure a stable supply of thermal energy with molten salts as storage medium. This specific unit will be configured with 18 MWh of storage capacity and with a discharge load of 4 MW, as compared to the standard design of 20 MWh of storage 5MW discharge load. The full system is delivered in 20-feet containers on-site, ready for integration.

Beyond the first Heatcube installation, the current project pipeline consists of several leads towards industrial companies in the Nordic region.

Successful implementation of the growth-strategy and execution of the current pipeline relies on a strong commercial effort and the company will scale up the organization from 9 employees to more than 20 employees by the end of 2021. The lead time from first point of contact to installation is expected to be in the range of 12 to 24 months, including sourcing, technical installation and commissioning.

To fund the growth, KYOTO raised NOK 183.8 million of new equity during the first half of 2021, followed by a listing on Euronext Growth in Oslo in March. This will secure continued investments in technology, commercialisation, and the development of the company.



Financial review

There was no operating income in the first half of 2021, compared to NOK 2.9 million in the same period last year. The operating revenue in the first half of 2020 was exclusively related to public grants.

Total operating expenses were NOK 16.2 million (NOK 9.4 million) with salary and personnel cost and technology and corporate development costs as the main components. EBITDA was negative NOK 16.2 million for the first half of 2021 (NOK 6.4 million).

The net financial income was NOK 56 thousand in in the first half of 2021, mainly reflecting interest and other financial income. Loss before taxes amounted to NOK 16.2 million, and with no tax expenses in the first half of the net loss for the first half of the year was NOK 16.2 million.

Total assets at 30 June were NOK 182 million, compared to NOK 56 million at year-end 2020. The cash position was NOK 159 million (NOK 42 million). Total equity amounted to NOK 175 million (NOK 12 million). The changes from year-end 2020 predominantly reflected the net proceeds from the private placements during the first half of 2021.

Net cash used by operating activities was NOK 15 million in the first half of 2021. Cash consumption is planned to increase in the second half of 2021 as Kyoto Group scales-up the organization and business activity. Investments in building the first commercial thermal battery will also be executed during the second half of the year.

With the capital raised in the first half of the year, including the NOK 125 million private placement ahead of the listing on Euronext Growth, the Board of Directors expect the current business to be funded through mid-2022.

Risk factors

KYOTO Group is in a development stage. While the Heatcube technology is proven through the successful operation of the pilot installation, the company has yet to install and operate the technology at commercial scale.

The first Heatcube thermal battery is ordered, with operation expected to start early 2022. There are inherent technical risks connected to the installation and start-up of any such installation which may affect timing and costs, as well as operations and cash flow generation under an unproven Heat-as-a-Service (HaaS) *(previously referred to as Battery as a Service or BaaS)* revenue model. The company is also subject to various risks, including long lead times, related securing potential additional commercial contracts which are required to build a profitable business over time.

Kyoto is a growth company. It is expected that the private placement will provide funding for the company's growth plans through mid-2022. The company will likely require additional equity capital in the future to finance execution of its long-term growth strategy. Please see the Information Document dated 23 March 2021 available at www.kyoto.group for more detailed information about risk factors.

Outlook

KYOTO Group continues to progress its existing project pipeline. Strengthening the commercial organisation is a priority in the coming months to accelerate commercialisation of the Heatcube and meet the expected growing demand for electrification and TES-solutions.

The current project pipeline reflects potential Battery and Heat as a Service (HaaS) customers with KYOTO owning and operating the Heatcube modules and selling heat energy to the end users. The offering can potentially attract funding opportunities when the installed assets are returning recurring, stable and long-term revenue streams.

Starting with a HaaS-offering to demonstrate the technology, KYOTO expects to also expand its offering to more traditional product sales, Battery as a Product (BaaP) to certain clients, with additional support, maintenance, and service agreements.

The first commercial installation of the Heatcube is expected to provide important technical and commercial validation for new industry partners considering electrification and TES to decarbonize their energy and heat supply.

Declaration from the board of directors and CEO

We hereby confirm that, to the best of our knowledge, that the interim financial statements for the period from 1 January to 30 June 2021 have been prepared in accordance with the Norwegian Accounting Act and NRS 8 - Good accounting practice for small companies, and that the information in the financial statements gives a true and fair view of the group's assets, liabilities, financial position and profit or loss taken as a whole.

We also confirm that, to the best of our knowledge, the interim report for the first quarter gives a true and fair view of important events in the accounting period and their influence on the interim report for the first half of 2021, as well as the principal risks and uncertainties facing the business in the next accounting period.

Oslo, 19 August 2021
(Signed electronically)

Eivind Reiten Chairman	**Torleif Enger** Board member	**Arne Erik Kristiansen** Board member
Pål Selboe Valseth Board member	**Ivar Valstad** Board member	**Hans Olav Kvalvaag** Board member
	Christopher Kjølner CEO	

Financials

First half 2021

Statement of comprehensive income

All figures in NOK (unaudited)

OPERATING INCOME AND OPERATING EXPENSES	Notes	H1 2021	H1 2020
Government grants	4, 12	0	2,920,119
Total operating income		**0**	**2,920,119**
Personnel expenses	1	7,071,078	3,018,305
Other operating expenses	1	9,165,715	6,344,816
Total operating expenses		**16,236,793**	**9,363,122**
Operating profit		**-16,236,793**	**-6,443,002**
FINANCIAL INCOME AND EXPENSES			
Other interest income		40,586	0
Other financial income		30,113	20,358
Other interest expenses		4,866	35,433
Other financial expenses		9,944	7,476
Net financial items		**55,889**	**-22,550**
Operating result before tax		-16,180,905	-6,465,552
Tax on ordinary result	6	0	0
Ordinary result after tax		**-16,180,905**	**-6,465,552**
Half-year result		**-16,180,905**	**-6,465,552**

Statement of financial position

All figures in NOK (unaudited)

ASSETS	Notes	30.06.2021	30.06.2020
FIXED ASSETS			
INTANGIBLE ASSETS			
Research and development	4	10,522,880	4,249,409
Deferred tax assets	6	5,162,830	5,162,830
Total intangible assets		**15,685,711**	**9,412,239**
TANGIBLE ASSETS			
Equipment and other movables	4	85,216	305,981
Total tangible assets		**85,216**	**305,981**
FINANCIAL FIXED ASSETS			
Investments in shares	2	0	30,000
Other long-term receivables	9	3,792,177	464,493
Total financial fixed assets		**3,792,177**	**494,493**
Total fixed assets		**19,563,104**	**10,212,714**
CURRENT ASSETS			
DEBTORS			
Other short-term receivables	2, 8, 9	3,630,152	1,952,088
Total receivables		**3,630,152**	**1,952,088**
Cash and bank deposits	3	158,899,943	333,085
Total current assets		**162,530,096**	**2,285,173**
Total assets		**182,093,199**	**12,497,887**

EQUITY AND LIABILITIES	Notes	30.06.2021	30.06.2020
EQUITY			
PAID-UP EQUITY			
Share capital	5, 7	252,617	89,126
Share premium reserve	5	163,817,956	3,890,853
Other paid-up equity	5	10,587,753	0
Total paid-up equity		**174,658,326**	**3,979,979**
Total equity		**174,658,326**	**3,979,979**
LIABILITIES			
OTHER LONG-TERM LIABILITIES			
Other long-term liabilities	10	2,400,000	2,400,000
Total of other long-term liabilities		**2,400,000**	**2,400,000**
CURRENT DEBT			
Convertible debt	9	0	2,250,000
Trade creditors	9	3,596,837	2,950,790
Public duties payable	9	883,247	493,733
Other current debt	9	554,789	423,385
Total current debt		**5,034,873**	**6,117,908**
Total liabilities		**7,434,873**	**8,517,908**
Total equity and liabilities		**182,093,199**	**12,497,887**

Statement of cash flows

All figures in NOK (unaudited)

INDIRECT CASH FLOW	Notes	H1 2021	H1 2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/loss before tax		-16,180,905	-6,465,552
Impairment of fixed assets		30,000	0
Change in accounts payable		646,047	2,256,857
Change in other accrual items		944,983	139,096
Net cash flows from operating activities		**-14,559,875**	**-4,069,599**
CASH FLOWS FROM INVESTMENT ACTIVITIES			
Payments to buy intangible assets		-5,398,845	-4,555,390
Net cash flows from investment activities		**-5,398,845**	**-4,555,390**
CASH FLOWS FROM FINANCING ACTIVITIES			
Change in loan, innovasjon Norge		0	2,400,000
Change in convertible debt		-2,250,000	2,000,000
Proceeds from equity		174,165,000	1,340,448
Sale of own shares		6,610,578	0
Net cash flows from financing activities		**178,570,678**	**5,740,448**
Net change in cash and cash equivalents		158,566,858	-2,884,541
Cash and cash equivalents at the start of the period		333,085	3,217,626
Cash and cash equivalents at the end of the period		**158,899,943**	**333,085**

Notes to the half year financial statements

All figures in NOK (unaudited)

Corporate information and basis for preparation

The interim condensed financial statements (‘the Statements’) of Kyoto Group AS for the period ended 30 June 2021 were authorised for issue by the Board of directors on 19 August 2021.

Kyoto Group AS was formed in 2016 and is a Norwegian public limited company listed on Euronext Growth Oslo. The company’s head office is in Torggata 15, 0181 Oslo, Norway

Kyoto Group is an energy company providing technology- and software with the aim 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 plans to operate and sell Heatcube thermal batteries, enabling industrial consumption of low-cost heat sourced from excess solar and wind energy (excess meaning low priced electricity). Kyoto will also operate the Kyotopia SCADA and Energy Management System, which manages the consumption of renewable energy ensuring low cost and CO2 neutrality.

Kyoto Group aims to offer a low-cost carbon neutral heat product to end users, while offering balancing services and flexibility to power producers and grid operators. The Company aims to be an early mover thermal company focused on heat sales, integrating both thermal sales and flexibility into a product.

Accounting principles

The half-year accounts have been prepared in conformity with the Accounting Act and NRS 8 - Good accounting practice for small companies. The numbers in the following tables are presented in NOK (Norwegian krone) and unaudited.

Government grants

Government grants are included under operating revenues (gross recognition) as this gives the best picture of the company’s activities. The grants are recognized when the conditions from the grantor are met and accrued in line with the implementation of the eligible activities. The development costs are activated to acquisition cost, and associated government grants are deducted from acquisition cost.

Tax

The tax charge in the profit and loss account consists of tax payable for the period and the change in deferred tax. Deferred tax is calculated at the tax rate at 22 % on the basis of tax-reducing and tax-increasing temporary differences that exist between accounting and tax values, and the tax loss carried forward at the end of the accounting year. Tax-increasing and tax-reducing temporary differences that reverse or may reverse in the same period are set off and entered net.

Classification and valuation of fixed assets

Fixed assets include assets included for long-term ownership and use. Fixed assets are valued at acquisition cost. Property, plant and equipment are entered in the balance sheet and depreciated over the asset's economic lifetime. The depreciation period for real property acquired after 2009 is divided into the part that represents the building and the part that represents fixed technical installations. Property, plant and equipment are written down to a recoverable amount in the case of fall in value which is expected not to be temporary. The recoverable amount is the higher of the net sale value and value in use. Value in use is the present value of future cash flows related to the asset. Write-downs are reversed when the basis for the write-down is no longer present.

Classification and valuation of current assets

Current assets and short-term liabilities normally include items that fall due for payment within one year of the balance sheet date, as well as items that relate to the stock cycle. Current assets are valued at the lower of acquisition cost and fair value.

Shares in subsidiaries

Subsidiaries are valued using the cost method in the company accounts. The investment is valued at acquisition cost for the shares unless a write-down has been necessary. A write-down to fair value is made when a fall in value is due to reasons that cannot be expected to be temporary and such write-down must be considered as necessary in accordance with good accounting practice. Write-downs are reversed when the basis for the write-down is no longer present.

Dividends, group contributions and other distributions from subsidiaries are posted to income in the same year as provided for in the distributor's accounts. To the extent that dividends/ group contributions exceed the share of profits earned after the date of acquisition, the excess amounts represent a repayment of invested capital, and distributions are deducted from the investment's value in the balance sheet of the parent company.

Receivables

Receivables from customers and other receivables are entered at par value after deducting a provision for expected losses. The provision for losses is made on the basis of an individual assessment of the respective receivables.

Pension liabilities

Pension liabilities financed over operations are calculated and entered on the balance sheet under the provision for liabilities. Pension schemes financed through insured schemes are not entered on the balance sheet. The pension premium is treated in these cases as a pension cost and classified together with wage costs.

Cash flow statement

The cash flow statement has been prepared according to the indirect method. Cash and cash equivalents include cash, bank deposits and other short-term, liquid investments.

Note 1 Salary costs and benefits, remuneration to the Chief Executive Officer, Board and auditor

Salary costs	H1 2021	H1 2020
Salaries	5,536,032	2,404,974
Employment tax	808,124	366,997
Pension costs	195,393	197,844
Other benefits	531,529	48,490
Total	**7,071,078**	**3,018,305**
Average number of employees	8.0	5.5

PENSION LIABILITIES: The company is liable to maintain an occupational pension scheme under the Mandatory Occupational Pensions Act. The company's pension schemes satisfy the requirements of this Act.

Remuneration to leading personnel	Chief Executive	Board
Salaries	447,513	0
Other remuneration	1,068	0
Total	**448,581**	**0**

AUDITOR: Audit fees expensed for Q2 2021 amount to NOK 488 950 excl. VAT.

Note 2 Subsidiaries

Kyoto Group AS owns 100% of the shares and votes in the subsidiaries Butterfly Manufacturing AS and Suntrap AS. The subsidiaries were founded in 2014 and 2017, respectively, and have business offices in Oslo. As of the annual accounts for 2020, both companies have lost equity of -54,542 and -381,977, respectively, and has been without significant activity in 2021. Furthermore, it is planned to liquidate both companies in 2021. On this background, the shares value in the books of Kyoto Group AS is written off to zero.

No consolidated financial statements are prepared as Kyoto Group AS with the two subsidiaries, both individually and overall, are of insignificant importance in assessing the group's position and result.

Note 3 Bank deposits

Funds standing on the tax deduction account (restricted funds) are NOK 529 061 at 30.06.2021. It is adequately set aside to cover the liable withheld tax as of this date.

Note 4 Fixed assets / Research and development

	R&D and development expenses	Equipment, fixtures & fittings and other movables	Total
Acquisition cost 01.01.2021	5,783,316	384,216	6,167,532
Additions	5,398,845	0	5,398,845
Disposals	0	0	0
Acquisition cost 30.06.2021	**11,182,161**	**384,216**	**11,566,377**
Acc. depreciation/ impairment 30.06.2021	-659,280	-299,000	-958,280
Book value 30.06.2021	**10,522,880**	**85,216**	**10,608,097**

The Research and Development expenses are related to a storage system for thermal energy from renewable sources. Accrued R&D expenses in 2021 are capitalized from the period in which it is assessed that the company meets the criteria for capitalization of intangible assets in accordance with NRS 19 point 2.3.1. Net R&D expenses before this period, and which is not capitalized amounts to NOK 5,131,440.

The R&D expenses are capitalized at acquisition cost, and the associated government grant is deducted in acquisition cost. In the event of significant impairment, write-downs of capitalized assets have been made when the impairment is due to causes that cannot be expected to be temporary and is considered necessary in accordance with generally accepted accounting principles.

The capitalized R&D expenses will be depreciated when the projects can be compounded with income.

Note 5 Equity capital

	Share capital	Share premium	Other paid-in equity capital	Uncovered loss	Total equity capital
As at 01.01.2021	**113,617**	**5,972,861**	**5,509,175**	**0**	**11,595,653**
Capital increase 21.01.2021 (I)	8,500	4,991,500	-5,000,000		0
Capital increase 19.02.2021 (II)	60,000	49,940,000			50,000,000
Capital increase 16.03.2021 (III)	9,900	3,665,100		0	3,675,000
Capital increase 22.03.2021 (IV)	60,600	125,179,400			125,240,000
Share issue expenses		-9,750,000			-9,750,000
Kruse Smith share based compensation			3,468,000		3,468,000
Profit on sale of own shares			6,610,578		6,610,578
Half-year result				-16,180,905	-16,180,905
Coverage of uncovered loss		-16,180,905		16,180,905	0
As at 31.06.2021	**252,617**	**163,817,965**	**10,587,753**	**0**	**174,658,326**

Kyoto Group AS has made four issues of shares in 2021 with a total of NOK 183,776,000, through issues of 4,633,333 shares, with a nominal value of 0.03 per share. Associated share issue expenses are set off against the capital increase.

Kyoto Group AS has entered into share incentive agreements with its employees, according to the Kruse Smiths model. A total of NOK 3,468,000 has been given in discount to the employees for the purchase of shares in Kyoto Group AS. The discount will be settled through future sales of the shares, and the discount is therefore entered as a receivable in the accounts of Kyoto Group AS. The discount is interest-bearing.

Kyoto Group AS has bought and sold own shares in the period 01.01.2021 - 30.06.2021. The gain associated with this amount to NOK 6 610 578. As of 30.06.2021, the company does not possess any own shares.

Note 6 Tax

This period's tax expense	H1 2021	H1 2020
Entered tax on ordinary profit/loss:		
Payable tax	0	0
Changes in deferred tax assets	0	0
Tax expense on ordinary profit/loss	**0**	**0**
Taxable income:		
Ordinary result before tax	-16,180,905	-6,465,552
Permanent differences	0	0
Taxable income	**-16,180,905**	**-6,465,552**
Payable tax in the balance:		
Payable tax on this year's result	0	0
Total payable tax in the balance	**0**	**0**

The tax effect of temporary differences and loss for to be carried forward that has formed the basis for deferred tax and deferred tax advantages, specified on type of temporary differences.

	30.06.2021	31.12.2020	Difference
Tangible assets	-756,573	-756,573	0
Total	**-756,573**	**-756,573**	**0**
Accumulated loss to be brought forward	-22,710,835	-22,710,835	0
Basis for deferred tax assets	**-23,467,408**	**-23,467,408**	**0**
Deferred tax assets (22 %)	**5,162,830**	**5,162,830**	**0**

The company has a carry-forward loss of NOK 22,710,835, and is thus not in a taxable position as of 30.06.2021. Changes in deferred tax assets are calculated annually.

Note 7 Shareholders

THE SHARE CAPITAL IN KYOTO GROUP AS OF 30.06.2021 CONSISTS OF:

	Total	Face-value	Entered
Ordinary shares	8,420,560	0.03	252,617
Total	**8,420,560**		**252,617**

OWNERSHIP STRUCTURE

The largest shareholders in % at 30.06.2021:

	Ordinary	Owner interest	Share of votes
Hydro Energi Invest AS	758,332	9	9
Valinor	720,000	8.6	8.6
Terraform AS/Jon Bøhmer	684,063	8.1	8
Møsbu AS	508,000	6	6
Kongsberg Innovasjon AS	485,161	5.8	5.8
KB Management	450,333	5.3	5.3
Asiju Invest	431,751	5.1	5.1
Total >2% ownership share	4,696,140	55.8	55.8
Total other	3 724 420	44.2	44.2
Total number of shares	**8,420,560**	**100**	**100**

SHARES AND OPTIONS OWNED BY MEMBERS OF THE BOARD AND THE GENERAL MANAGER:

Name	Position	Ordinary shares
Hydro Energi Invest AS	Board Member	758,332
Valinor	Board Member	720,000
Asiju Invest/Arne-Erik Christiansen	Board Member	431,751
Christopher Kjølner	CEO	50,000
ThoengAS/Thorleif Enger	Board Member	31,705
Mocca Invest/Eivind Reiten	Chairman	8,000
Total number of shares		**1,999,788**

Note 8 Intercompany balances

Receivables	30.06.2021	30.06.2020
Butterfly Manufacturing AS	0	33,762
Suntrap AS	0	0
Total receivables	**0**	**33,762**

As the subsidiaries are without liquidity and are scheduled to be liquidated in 2021 (ref note 2), the receivables from these companies are written down to zero as of 30.06.2021.

Note 9 Other receivables and debt

Long-term receivables	30.06.2021	30.06.2020
Oslo Idealation AS	0	464,493
Security deposit for rent	285,000	0
*Kruse Smiths share incentive discount	3,507,177	0
Total long-term receivables	**3,792,177**	**464,493**

* Kyoto Group AS has entered into share incentive agreements with its employees, according to the Kruse Smiths model. A total of NOK 3,468,000 has been given in discount to the employees for the purchase of shares in Kyoto Group AS. The discount will be settled through future sales of the shares, and the discount is therefore entered as a receivable in the accounts of Kyoto Group AS. The discount is interest-bearing.

Short-term receivables	30.06.2021	30.06.2020
Butterfly Manufacturing AS	0	33,762
Grants from Innovation Norway	2,261,651	1,149,730
VAT receivable	876,958	532,777
Prepaid expenses	435,946	38,684
Other short-term receivables	55,598	197,135
Total short-term receivables	**3,630,152**	**1,952,088**

Convertible debt	30.06.2021	30.06.2020
Helvig Holding AS	0	250,000
Han Herman Bøhmer	0	0
Hydro Energi Invest AS	0	2,000,000
Total convertible debt	**0**	**2,250,000**

Short-term debt	30.06.2021	30.06.2020
Accounts payables	3,551,737	2,950,791
Withholding tax	529,060	194,386
Social security tax	354,187	299,347
Holiday pay	554,789	233,896
Other short-term debt	0	189,489
Total short-term debt	**4,989,773**	**3,867,909**

Note 10 Long-term debt

A loan of NOK 2,400,000 has been granted from Innovation Norway. The loan is treated as a serial loan with a maturity time of 4 years, and the interest is calculated at 4.2% nominal interest rate and 1.7% effective interest rate per year. The loan is instalment-free in the first 15 instalments and interest-free for the first 10 instalments.

Note 11 Events after the balance sheet date and going concern

The corona pandemic that occurred in January 2020 has no significance for the interim report 2021, and the incident is not considered to have created significant uncertainty about the company's ability to continue operating. The company works with technology development within renewable energy and has during 2020 and 2021 carried out some capitalization where new shareholders have also joined. Further information about the issues made in 2021 are given in notes 5 and 7.

Note 12 Government grants

Kyoto Group AS receives grants from Innovation Norway for ongoing Research and Development projects. Grants received are deducted from capitalized R&D expenses from the period in 2020 that has been assessed that the company meets the criteria for capitalization of intangible assets.

Grants	H1 2021	H1 2020
Revenue recognized grants	0	2,920,119
Grants deducted from capitalized R&D expenses	0	0
Total	**0**	**2,920,119**

Forward looking statement

This report contains certain forward-looking statements that involve risks and uncertainties. In some cases, the Company uses words such as "ambition", "continue", "could", "estimate", "expect", “believe”, "focus", "likely", "may", "outlook", "plan", "strategy", "will", "guidance" and similar expressions to identify forward-looking statements. All statements other than statements of historical fact, including, among others, statements regarding plans and expectations with respect to Kyoto Group’s development and returns, balance sheet and long-term underlying earnings growth; market outlook and future economic projections and assumptions; capital expenditure guidance; production guidance; development and construction activities; projected unit of production cost; accounting decisions and policy judgments, ability to put new facilities into profitable production, and the impact thereof; expected dividend payments; estimated provisions and liabilities; planned acquisitions and divestments; and the projected impact or timing of administrative or governmental rules, standards, decisions or laws, including with respect to and future impact of legal proceedings are forward-looking statements.

You should not place undue reliance on these forward- looking statements. Our actual results could differ materially from those anticipated in the forward-looking statements for many reasons.

These forward-looking statements reflect current views about future events and are, by their nature, subject to significant risks and uncertainties because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements, including levels of industry product supply, demand and pricing; price and availability of alternative fuels; currency exchange rate and interest rate fluctuations; the political and economic policies of operating countries; general economic conditions; political and social stability and economic growth in relevant areas of the world; global political events and actions; economic sanctions, security breaches; changes or uncertainty in or non-compliance with laws and governmental regulations; the timing of bringing new plants on stream; an inability to exploit growth or investment opportunities; material differences from reserves estimates; an inability to find and develop new plants; ineffectiveness of crisis management systems; adverse changes in tax regimes; the development and use of new technology; geological or technical difficulties; operational problems; operator error; inadequate insurance coverage; the lack of necessary transportation infrastructure when a field is in a remote location and other transportation problems; the actions of competitors; the actions of partners; the actions of governments; counterparty defaults; natural disasters and adverse weather conditions, climate change, and other changes to business conditions; an inability to attract and retain personnel; relevant governmental approvals; industrial actions by workers and other factors discussed elsewhere in this report. For additional information on risk factors see the admission document to Euronext Growth dated 23 March 2021 and the most recent annual report available at www.kyoto.group.

Although the Company believes that the expectations reflected in the forward-looking statements are reasonable, it cannot assure that its future results, level of activity, performance or achievements will meet these expectations. Moreover, neither the Company nor any other person assumes responsibility for the accuracy and completeness of these forward-looking statements. Any forward-looking statement speaks only as of the date on which such statement is made, and, except as required by applicable law, the Company undertakes no obligation to update any of these statements after the date of this report, whether to make them either conform to actual results or changes in our expectations or otherwise.

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