Gradient Comfort raises additional $9 million in Series A financing led by Climate Investment

The follow-on round brings the total Series A funding to $27.5 Million; Cindi Bough of Climate investment will join the Board

San Francisco, CA, 27 June 2023 – Gradient Comfort, a company built by thermal scientists to rethink heating, ventilation, air conditioning (HVAC) and build products that are good for the planet and great at cooling and heating homes, announced today that it closed a Series A follow-on round of funding of $9 million, bringing its total Series A funding to $27.5 million. The round is led by Climate Investment (“CI”), a specialist decarbonization climate investor. Cindi Bough, Managing Director Ventures at CI, will join the Gradient Comfort Board and Rick Cutright, Technology Director at CI will join as an observer.

Gradient Comfort is CI’s latest investment in the built environment space. The firm currently has a number of investments in its built environment portfolio, including 75F and Aeroseal.

“With 30% and 50% of the energy footprint of U.S. buildings and homes, respectively, coming from heating and cooling, it is essential that buildings have carbon neutral solutions that are effective and affordable,” said Cindi Bough. “Heat pumps are increasingly recognized as a critical technology for buildings’ decarbonization. Innovations are needed to lower purchase and installation costs, reduce complex renovations, improve energy performance, and leverage heat pumps for grid and flexibility. We believe Gradient Comfort’s solution suite delivers on all of these elements.”

According to the International Energy Agency¹, the number of heat pumps installed globally will increase from 180 million in 2020 to around 600 million in 2030. Heat pumps are at least three times more efficient than traditional fossil fuel boilers; installation of heat pumps in individual buildings are expected to increase from 1.5 million per month currently to around 5 million by 2030. According to the Air
Conditioning, Heating, and Refrigeration Institute\(^2\), U.S. annual heat pump sales rose above 4 million units for the first time in 2022, outpacing sales of gas-powered furnaces.

HVAC is a major contributor to greenhouse gases, due to commonly used refrigerants and the use of heating oil and natural gas fuels. As the climate changes, the need for heating and cooling systems increases, creating a vicious cycle.

Gradient Comfort breaks the cycle with products that keep homes cool and comfortable without heating the planet. Its first product, the Gradient, is a window heat pump, designed to give consumers what they want: a beautiful heating and cooling system that does not block the window. Gradient Comfort uses heat pump technology and climate-friendlier refrigerant (R32) to create a product that is quiet, effective, and efficient.

Gradient Comfort will leverage the new capital in several ways, including:

- Design deployment & manufacturability of Gradient Comfort’s air sourced window heat pump units that decarbonize heating for cold climates and deliver air conditioning with climate friendly R32 refrigerants
- Accelerate decarbonization with a focus on solutions for business-to-business channels
- Software services like hardware monitoring, maintenance, leasing, and demand response services including integration with virtual power plants
- Adding headcount in key roles

“We are reimagining the HVAC industry by building products that keep homes comfortable and healthy for the people who inhabit them, without compromising the environment,” said Vince Romanin, Gradient Comfort Co-Founder and CEO. “Support from Climate Investment will enable us to expand our operations, build new products, and achieve a 95% carbon reduction when our products are used to both heat and cool.

In August 2022, Gradient Comfort was awarded a seven-year contract for the development and delivery of 10,000 cold climate packaged window heat pump units. Gradient Comfort was selected by the New York City Housing Authority, New York
 PRESS RELEASE

Power Authority, and New York State Energy Research and Development Authority as a winner of the Clean Heat for All Challenge, giving the company an opportunity to accelerate its vision to transform every home to be more comfortable and healthy without compromising the environment.


2https://www.ahrinet.org/analytics/statistics/monthly-shipments

ENDS

About Gradient Comfort
Gradient Comfort is rethinking HVAC. We build products that are good for the planet and great at keeping your home comfortable, starting with a heat pump for your window. Gradient Comfort was founded by thermal scientists and engineers and flanked by talent from juggernauts like Tesla and Nest, all aligned behind a mission to cool the world. Gradient Comfort aims to reduce the carbon emissions from heating and cooling systems, which represent 20% of emissions globally. Backed by Otherlab, Gradient Comfort has secured more than $9M in non-dilutive government grants from the U.S. Department of Energy, California Energy Commission, and California Strategic Growth Council grants, in addition to venture funding. To learn more, visit gradientcomfort.com.

About Climate Investment
Climate Investment, formerly OGCI Climate Investments, is an independently managed specialist investor focused on accelerating capital-efficient decarbonization of heavy emitting sectors. Operational since 2017, its team of investment and technical experts has built a portfolio of over 30 outstanding technology and business model innovations that have collectively delivered 57 MT CO$_2$e of greenhouse gas reduction in the period 2019-2022.

Climate Investment was founded by member companies of the Oil & Gas Climate Initiative (“OGCI”). They have invested in Climate Investment funds and deployed many
of its portfolio innovations, supporting their early commercial development. Visit www.climateinvestment.com

**Media Contact for Gradient Comfort**
Dacyl Armendariz, Whipsmart PR
gradient@whipsmartpr.com

**Media Contact for Climate Investment**
Anthony Silverman, Apella Advisors
Climateinvestment@apellaadvisors.com; +44 (0)7818 036 579

Climate Investment and/or its affiliates makes no representation as to the accuracy or completeness of this information. Any projections, forecasts and estimates are necessarily speculative in nature and actual results may vary. This communication is not an offer to sell, or a solicitation of offers to buy, securities of any investment fund. You should consult your legal and other advisors.