

21 March 2022

Cindrigo Holdings Limited
("Cindrigo" or the "Company")

Cindrigo to Acquire 100% of Energy Co-invest Global Corp

Cindrigo is pleased to announce that, in line with its strategy to broaden its business into new renewable energy sectors and geographies, it has exercised the option agreement entered into, and as announced on 30 November 2021 (the 'Option Agreement'), to acquire the entire issued share capital of Energy Co-invest Global Corp ('ECG') (the 'Acquisition'). ECG is an established international energy developer with interests in a broad base of projects within the renewable energy sector, particularly the geothermal energy sector. The Acquisition will give the Company an immediate position in the geothermal energy sector and a strong platform for future growth, in line with its strategy as a clean baseload power developer.

Highlights

- Acquisition of 100% of ECG positions Cindrigo as a significant renewable energy provider, primarily focussed on geothermal assets
- Geothermal is classed as 'Green Energy' and commands premium power prices due to its decarbonising impacts, grid security and strong demand; with yearly global market growth of 5-9%, the market for geothermal power is expected reach US\$7-9 billion by 2026
- Chief amongst ECG's active projects are three geothermal licence blocks in Croatia:
 - Each have planned capacity of ~20MW with potential expansion on site and additional blocks for a target 100 MW
 - Each project is anticipated to annually produce an EBITDA of £12 million, with potential dividend streams to accrue to project owners, including ECG and/or the Company directly
 - First operational geothermal plant targeted for next year
 - Acquisition brings a short-term debt related to these projects of £1million, with maturity 30 April 2022
- ECG is also the largest shareholder of GEG ehf., a geothermal Engineering, Procurement and Construction (EPC) contractor and project owner with an established portfolio of assets
- Targeting additional expansion opportunities, primarily focussed on Central Europe, with a first round of projects identified in Croatia and Hungary
- Aiming to have contracts in place for geothermal power plant projects with up to 200 MW of installed capacity within a year, up to 450 MW within three years and 1000 MW by 2030
- Ability to achieve these targets will depend on the raising of debt and equity finance, with the financing for each power plant project to primarily be sought on a project-finance basis

Lars Guldstrand, Cindrigo CEO, commented *“I am thrilled that we have completed the acquisition of ECG, which gives us a solid platform and a basis for further development in the geothermal energy sector. With pressures on clean energy supplies globally and power prices forecast to remain high, geothermal energy is expected to contribute significantly to increased clean, domestic decarbonised electricity resources as a unique green baseload power”.*

“Alongside ECG’s established portfolio, there is a plethora of countries in our sights which have plentiful, yet underdeveloped, geothermal resources and we aim to become a formidable player in this exciting clean energy space, aiming to deliver 1000MW of installed capacity by 2030. The market fundamentals are ripe for major geothermal expansion, which essentially harnesses the earth’s natural heat to create energy, in the race to net zero and the push for national energy security. I am excited for the road ahead”.

Further Information

Geothermal is classed as ‘Green Energy’ and commands premium power prices due to its decarbonising impacts and clean operations. It is also preferred by governments and grid operators given it provides ‘baseload energy’, providing stable power to the grid, in contrast to fluctuating solar and wind power. Baseload energy is currently in high demand due to the decommissioning of coal plants, nuclear and other baseload power plants and thus, is of critical importance for grid stability. With a yearly global market growth of 5-9%, the market for geothermal power is expected reach US\$7-9 billion by 2026.

Cindrigo is focussed on becoming a significant renewable energy provider through its consolidation of European geothermal assets and is focusing on geothermal power plants (operating and in development) firstly in Central Europe and secondly in the European Union (‘EU’) periphery and countries with established commercial and financing ties with the EU. Select non-EU jurisdictions with strong energy sectors are also in review where contract revenue structures suitable for project finance can be confirmed.

Specific geothermal resources having been identified for a first round of projects in Croatia and Hungary, in the Pannonian Basin of Central Europe. This includes opportunities to acquire licence blocks with existing wells that have already been drilled that may be suitable for power generation and where available data indicates that project implementation may be accelerated, and project risks mitigated. ECG has three projects in Croatia, with planned installed capacity of 60MW combined. The Company is aiming to have its first operating geothermal plant by next year. The Acquisition of ECG will bring a short-term debt related to these projects of £1million, maturing on 30 April 2022.

The Company is aiming to have contracts in place for geothermal power plant projects with up to 200 MW of installed capacity within a year, up to 450 MW within three years and 1000 MW by 2030. Its ability to achieve these targets will depend on the raising of the debt and equity finance. The financing for each power plant project will primarily be sought on a project-finance basis at the level of the special purpose vehicle utilised for that project.

Each proposed geothermal power plant will be of a similar design and with similar operational and financial plans. Clusters of three to five 20 MW plants on one or several project sites will be planned for each project region. It is expected that this will provide economies of scale with efficiencies from centralised equipment purchasing and operational management as well as diversification of resource risk. Potential expansion to 40 MW or more per site may be possible at later stages.

About Energy Co-invest Global (ECG)

ECG is a holding company and international energy developer with interests in a broad base of projects within the renewable energy sector.

Chief amongst ECG's active projects are three geothermal license blocks in Croatia, each of similar planned capacity of 20MW with potential expansion on site and additional blocks for a target 100 MW. Potential geothermal resources are significant on each site in the range of 150°C to 165°C (power generation typical requires >100°C) with several existing wells already drilled. This reduces risk, cost and supports earlier Commercial Operation Dates (COD) to be achieved.

ECG has invested over £2 million to date and is obliged to continue funding specific projects with finance yet to be raised, failing which could be considered defaults under project agreements. For these and each subsequent project in Croatia based on the same model, project funding of c.£70 million is required with the expectation of standard structured finance terms of 80% debt and 20% equity. Each project is anticipated to annually produce an EBITDA of £12 million for special purpose project companies with potential dividend streams to accrue to project owners, including ECG and/or the Company directly in the case of future ownership consolidations. No final funding agreements are yet in place for specific projects.

There are a number of project expansion possibilities under discussion and negotiations with possible strategic partners for geothermal power projects in these regions and other parts of Central Europe at an advanced pre-contract stage. Opportunities in the United States and Canada are also under review with potential strategic partners.

ECG is also the largest shareholder of GEG ehf., ('GEG') a geothermal Engineering, Procurement and Construction (EPC) contractor and project owner based in the globally recognised geothermal hub of Reykjavik, Iceland. GEG holds rights in certain projects directly including projects in Chile and Kenya, major geothermal markets each with a potential of 20MW in first phases and with combined expansion on the project sites to over 200MW. The team has a history of successfully designing and constructing 15 geothermal power plants and repowering one for the national utilities with totalled installed capacity of 90 MW. The Company is reviewing how best to support GEG in executing their independent project plans.

Consideration Payable under the Option Agreement

The Company has acquired 100% of the issued share capital of ECG for a total consideration of £1,620,000 of which £120,000 is payable in cash with the remainder paid in Cindrigo ordinary shares at an agreed issue price of £1.25 per Cindrigo ordinary share, plus a future 12% carried interest in specific ECG projects that are realised, capped at 3% of the market capitalisation of the Company at the time of exercise.

Cindrigo Director, Jordan Oxley, is indirectly a shareholder in ECG and has thereby declared a conflict of interest and has not participated in the decision by the Board to exercise the Option Agreement.

As announced on 7 March 2022, the Company is continuing the process that should lead to an application for readmission of its issued share capital to the Official List and to trading on the Main Market of the London Stock Exchange with a Standard Listing.

****ENDS****

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