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9 April 2024

Cindrigo Holdings Limited
(‘Cindrigo’ or the ‘Company’)

Acquisition of Kaipola Energy, Finland, & Financing From Danir

Cindrigo (LSE:CINH) is pleased to announce that it has signed and exchanged a Share Purchase Agreement with Amtroy OÜ (the “Seller”) in respect of the acquisition of the entire issued share capital of Kaipolan Energia OY (“Kaipola Energy”), a Finnish company and holder of a 50-year lease (the “Lease”) of a 110 MW Waste to Energy (“WTE”) combined heat and power (“CHP”) plant located in Kaipola, Finland (the “Plant”), for a consideration of €18.95 million, on materially the same terms as the Memorandum of Understanding (“MOU”) previously announced on 26 February 2024.

Funding of €1.5million in the form of a loan has been provided to Cindrigo by Danir AB, the Company’s largest shareholder, to facilitate the initial phases of the project to prepare the Plant for commercial operations in Q4 2024.

Completion of the acquisition of Kaipola Energy is planned to be on or before 15 April 2024.

Background: The Plant is a 110MW WTE/CHP Plant (capable of generating 25 MW electricity and 85MW steam) and was built and operated by UPM Kymmene Corporation (“UPM”) as an integral part of its paper mill complex in Kapiola Finland. The current owner, Kapiola Green Port OY, a Finnish company who acquired the entire industrial complex in conjunction with UPM's closure of the papermill, has granted a Lease for the 110MW CHP Plant to Kaipola Energy. The Lease comprises the land, buildings and equipment required to operate the Plant.

Purchase Price: The consideration of €18.95 million for 100% of the issued share capital of Kaipola Energy is made up of:

- €15 million in Cindrigo shares, priced at €1.10 per share, being 13,636,364 shares issued to the Seller at Completion;
- €100,000 in cash to be paid 45 days after Completion; and
- A deferred payment of €3.85 million in cash, payable upon the earlier of commencement of commercial operations, or 12 months after Completion.
- A potential earn-out of up to €3 million, subject to meeting EBITDA performance targets within the initial three years after commercial operations commence.
- The total investment (Purchase Price plus repair) for Cindrigo is expected to be approximately €210,000 per MW.

Revenue Projection: Based on current pricing and operational forecasts, the Plant, upon reaching full operational capacity, has the potential to generate revenues of approximately €40 million annually, with EBITDA of c.€10 million.

It is expected that commercial operations will commence in Q4 2024, and the first-year initial revenues are estimated to be approximately €15 million.

Lease Overview: Kaipola Green Port OY has granted Kaipola Energy a Lease covering the land, buildings, and equipment essential for the full operation of the Plant. Lease rent is €30,000 per month for the facility from the commencement of commercial operations, with potential increases up to €70,000 per month, dependent upon output performance. Cindrigo has agreed to undertake and pay for works of repair and improvements to the Plant with the estimated cost of up to €3 million.

Financing: Danir AB is providing the Company with a €1.5 million loan at an interest rate of 10% per annum to ensure the seamless execution of the acquisition and the immediate commencement of upgrade work of the Plant in order to shorten the period to the commencement of commercial operations. In recognition of Danir's exposure to risk at this early stage of the project, Cindrigo has agreed to grant Danir a 10% stake in Kaipola Energy. Cindrigo is committed to refinancing or repaying the loan through external capital sources and cashflows generated by the Plant.

The Company will need to raise an additional circa €5 million to cover the full upgrade of the Plant and fund the deferred consideration payment.

Commenting on the acquisition, Cindrigo's CEO, Lars Guldstrand, said: *"This acquisition marks a significant milestone for Cindrigo as we strengthen our presence in the renewable energy sector. The Kaipola facility represents a valuable asset and significant addition to our portfolio. It also underscores and enhances our capacity to deliver sustainable energy solutions to drive positive change.*

"The Kaipola facility will also be an excellent financial addition to the Company with early income generation expected this year. This transaction aligns with Cindrigo's long stated aim to develop a significant presence in the renewable energy sector through both geothermal and waste to energy projects and supports green domestic energy resources and production."

****ENDS****

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