

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

Update Portfolio Restructure, Near-Term Revenue Generation and Stock Market Listing

Finalised Acquisition of Waste to Energy Plant in Finland
Exits Croatia in favour of German Geothermal Licences
Progressing new proposed Stock Market Listing

Cindrigo Holdings Limited, a clean baseload energy developer, is pleased to update its active growth strategy as the Company focusses on developing sustainable clean energy solutions across Europe and the commencement of revenue generation in the near term. Cindrigo has reorganised and streamlined its portfolio as the Company prioritises more prospective development opportunities, namely a 110 MW Waste to Energy plant in Finland and three geothermal energy projects in Germany. Accordingly, the Company will no longer continue with the Slatina 3 geothermal project in Croatia. Work is also underway to achieve a new stock market listing for its ordinary shares that suitably reflects its enhanced business offering and growth strategy.

Highlights

- Finalised acquisition of a 50-year lease on a 110 MW Waste to Energy ("WTE") combined heat and power ("CHP") plant in Kaipola, Finland ('Kaipola')
- Maintenance and upgrade work currently underway in Kaipola with WTE operations due to commence Q4 2024.
- Signed term sheet to acquire three geothermal energy projects in Germany, which have an initial target of c.80 MW and significant expansion potential, with a total targeted installed capacity exceeding 300MW combined geothermal power and heat.
- Germany has a history of successful geothermal projects with strong Government support.
 - Feed-in tariff for geothermal power of 25 euro cents per kilowatt-hour (kWh) with a 20 year term, provides excellent transparency on revenue potential.
 - Supportive fiscal schemes offer flexible project funding opportunities and reduced capital requirement, as up to 40% of construction capital expenditure will be funded by a federal funding package for geothermal district heat production as part of set targets to increase the country's geothermal heating capacity by 2030.
 - Germany federal development bank KfW is commissioned to develop a new insurance policy to cover the risk and cost liability of explorative geothermal drilling.
- Cindrigo will no longer be pursuing Slatina 3 geothermal project in Croatia and have withdrawn from the Slatina 3 project ('Slatina 3').
 - Underpins Cindrigo's refined strategy to prioritise more strategic lower risk and valuable development opportunities, namely the German geothermal licences.

- The Company will determine its associated loan agreements linked to Croatia with Petrolina LLC and Tri Ri Asset Management, with no further drawdowns for Slatina 3 to occur.
- The Company remains committed to achieving a new stock market listing for its ordinary shares that suitably reflects its enhanced business offering and growth strategy.

Lars Guldstrand, CEO of Cindrigo, commented, “Cindrigo’s operational focus and objective has always been centred on pursuing renewable energy projects in Europe, utilising our team’s broad industry knowledge and experience to capitalise on rising global demands for sustainable baseload energy. To this end, our focus remains unchanged and the demand for projects of this kind is arguably greater than ever as ongoing global conflict and net zero carbon emission targets heighten the need for reliable domestic supplies of clean baseload energy.

“What has changed is our ability to meet these rising demands. Thanks to two strategic acquisitions and the streamlining of our portfolio, we are now in the strongest position we have ever been, with a portfolio that offers flexible, scalable growth, in stable and supportive jurisdictions with impressive value fundamentals. In Finland, we hold a 50-year lease on a 110 MW WTE combined heat and power plant, which is on track to commence operations in Q4 2024, and in Germany we are developing three geothermal energy projects, which have an initial target of c.80 MW and significant additional expansion potential. These assets far outperform previous assets we have sought to develop; namely WTE plant in Ukraine, which due to the ongoing Ukraine war became untenable and the Slatina 3 geothermal project in Croatia, which we have removed from our portfolio to prioritise more prospective opportunities secured in Germany.

“Our focus is now on realising the near-term revenue potential of our assets and delivering value to stakeholders. We are currently completing necessary maintenance work at our existing Kaipola WTE plant so that we can commence commercial operation later this year, with revenues of €15 million expected from the first full year. It is our aim and expectation that this established cashflow will then support our controlled expansion into the German geothermal sector, where we have significant opportunity, strong government support and good revenue potential.

“In light of our operational refocus, the structure of our Company has altered significantly since we first sought to join the London Stock Exchange by way of a reverse takeover in August 2021. Accordingly, and in consultation with the Financial Conduct Authority, we took the decision to delist our shares in May 2024. We are however firmly committed to achieving a new stock market listing, with work ongoing in support of this aim.

“Looking ahead, I believe we are firmly positioned for sustainable growth. We have a portfolio that combines near term revenue generation with controlled development opportunity in stable jurisdictions that have exemplary regulatory frameworks. Our board and management team have the knowledge and experience to deliver on our growth strategy and the demand for reliable, renewable baseload energy is clear. I very much look forward to the year ahead.”

Further Information

Finland

The Company has a 90% interest in an existing 110MW Combined Heat and Power (“CHP”) plant operating under a 50-year lease. The plant was initially built and operated by UPM Kymmene Corporation as an integral part of its paper mill factory in Kaipiola Finland and its biomass incineration plant has a 25MW electricity and 85MW steam production capacity.

Steam generated by the plant will be sold to the village of Kaipola and tenants in an industrial area close to the plant, with electricity sold to tenants in the same industrial area and to NordPool, which runs the leading power market in Europe.

Germany

Cindrigo has signed a term sheet with Zukunft Geowärme GmbH (ZGW), a German geothermal project developer, to acquire a majority interest in three geothermal energy projects, which have a total licence area of c.125km² (12,500 hectares). The projects are located in the Upper Rhine Valley, which has the highest subsurface temperatures measured so far in Germany with over 170 °C recorded at a depth of 3km and is a mature, producing field, with >1,000 oil & gas and 24 deep geothermal wells already drilled. The projects have an initial target of c.80 MW (c.30 MW each), and a combined target installed potential capacity exceeding 300 MW, encompassing both geothermal power and heat generation. There is also an indicated lithium potential, with the Upper Rhine Valley the most promising area for geothermal lithium extraction in Europe.

Germany has a clear target in place to increase its geothermal output by 2030 and is targeting 10 TWh of geothermal output, which equates to at least 100 additional geothermal projects. In support of this the German Renewable Energy Sources Act (EEG) offers a stable and transparent support scheme for electricity generation using geothermal resources, with a feed-in tariff for geothermal power of 25 euro cents per kilowatt-hour (kWh), during a 20 year term. Additionally, German federal funding is available under the "Bundesförderung für effiziente Wärmenetze" (BEW) a subsidy programme for geothermal district heating which covers up to 40% of construction capital expenditure for heat production facilities. As a result of this supportive framework, high power prices and rising demand the success rate of geothermal heat projects in Germany is 100%.

The German Ministry of Economic Affairs and Climate Action has also commissioned federal development bank KfW to develop a new insurance policy to cover the risk and cost liability of explorative geothermal drilling. Namely, once a company has completed explorative geothermal drilling, if the heat output is zero, i.e. the drilling has not found anything, the full insurance amount is paid out to the company that conducted the drilling, or if it is below expectations, the insurance pays a portion. This insurance policy underpins the German government’s commitment to and support of new geothermal projects, in a country where the success rate of geothermal heat projects to date is 100%.

Croatia

In January 2024, Cindrigo's 46% owned subsidiary, Dravacel Ltd, requested a six-month extension to the exploration licence for its 57,926m² Slatina 3 geothermal project in Croatia, which was due to expire on 22 April 2024. Contrary to Cindrigo's expectations and standard practice, the Croatian Hydrocarbon Agency did not grant the extension despite Cindrigo satisfying previous conditions stipulated by the Croatian Hydrocarbon Agency. In light of these issues, Cindrigo froze all project investment in January 2024, which has resulted in a saving of c.10-15 million euros. The Company has subsequently sought to identify new development opportunities and decided to exit Croatia in order to pursue the newly acquired German geothermal projects, which it deems to be a more stable and prospective investment opportunity given the transparent and supportive operating framework in Germany, coupled with the enhanced value fundamentals of the German licences.

The Company made its decision to exit Croatia in favour of Germany using a stringent investment criteria:

1. **Equity Stake and Ownership:** Cindrigo holds a 46% equity stake in Slatina 3, significantly less than the 85% equity stake in the German geothermal projects.
2. **Output Capacity:** Slatina 3 would have an initial 20MW output with potential to increase to a maximum of 80MW, whereas the German projects are expected to produce c.80MW in their initial phase and could reach c.300MW CHP.
3. **Funding and Dilution:** Financing Slatina 3, with its imminent estimated costs of €20 million to reach exploitation status (under an extremely tight time schedule, if extension were granted) and further investments thereafter for the potential 20MW output, would lead to significant dilution for Cindrigo shareholders. In contrast, the three German licences are expected to deliver 80MW, potentially increasing to 300MW, for a similar capital expenditure but with reduced financing liability as the licences could receive up to 40% of construction capital from German government subsidies.
4. **Electricity Tariff:** The tariff for electricity in Croatia is €0.175 (subject to government auction/qualification), whereas in Germany, it is a feed in tariff set at €0.255 at the municipality level.
5. **Revenue Start Date:** Slatina 3's revenue start date was projected for Q1 2027, while the German projects are expected to begin generating revenue by Q3/Q4 2027 but with greater development potential. The Kaipola project in Finland is anticipated to start generating revenue much earlier in Q4 2024.
6. **Project/Capital risk:** licencing delays and lack of transparency from the Croatian Hydrocarbon Agency create operating concerns and increase investment risk. In contrast, the German government has an established and supportive geothermal development framework in tariffs, grants and drilling risk, which is underpinned by domestic targets to increase geothermal energy generation.

The Company's withdrawal from Slatina 3 includes a write down of c.4 million GBP Cindrigo has also terminated its loan agreements linked to Croatia with Petroline LLC and Tri Ri Asset Management and will not draw down any loans or invest any further funds into the Slatina 3 project.

Corporate

Cindrigo first acquired a listing on the London Stock Exchange back in August 2021 by way of a reverse takeover. At that time, the Company firmly believed it would be able to recommence trading quickly following the publication of a prospectus (the ‘Prospectus’). However, global events such as the outbreak of the war in Ukraine meant the Company’s initial operational focus, namely a WTE operation in Ukraine, was untenable. Accordingly, Cindrigo refocussed its activities and procured new development opportunities. This resulted in significant necessary changes to the Prospectus that had first been drafted in August 2020, which then delayed its planned re-listing timetable. Following consultation with the Financial Conduct Authority (‘FCA’) the Company decided to cancel its listing on the main market of the London Stock Exchange (‘LSE’) (see RNS dated 29 April 2024 for further information). The listing was cancelled with effect from 31ST May 2024.

The Company remains committed to achieving a new stock market listing for its ordinary shares, that suitably reflects the Company’s new operational focus and strategy, with work and discussions are underway in support of this objective.

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For more information please contact:

Cindrigo Holdings Limited Lars Guldstrand CEO	+44 (0) 7408 861 667
Hannam & Partners (Financial Advisor & Corporate Broker) Samuel Merlin, Sean Urquhart	+44 (0) 20 7907 8500
St Brides Partners Ltd (PR) Paul Dulieu, Charlotte Page	+44 (0) 20 7236 1177 cindrigo@stbridespartners.co.uk

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About Cindrigo Holdings Limited

Cindrigo Holdings Limited is an active clean baseload energy developer focussed on developing sustainable energy solutions across Europe. This includes a 110 MW ready built Biomass combined heat and power plant in Kaipola, Finland, planned for operational start in Q4 2024.

The Company is also finalising the acquisition of a majority interest in three geothermal energy projects in the Upper Rhine Valley of Germany, which have an initial target of c.90 MW (c.30 MW each), and a combined target installed potential capacity exceeding 400 MW, encompassing both geothermal power and heat generation.