Saules BESS SIA

Third Quarter 2026 Results



November 2026
Saules BESS SIA
Reg. No. 40203716498
https://saulesbess.com/

Executive summary

Overview

Saules BESS SIA (the Issuer), a 100% subsidiary of Saules Energy SIA, was incorporated in January 2026 as the dedicated owner and operator of the battery energy storage system (BESS) assets of Merito Sustainable Energy FUND I AIF. The company has installed 120 MWh of storage capacity across the Fund's eight operating photovoltaic (PV) sites in Latvia. The third quarter marked the transition from construction to operations. Installation was completed at all eight sites ahead of schedule, the first 90 MWh entered commercial operation, and the company recorded its first revenue.

Quarterly highlights

The financing programme was completed during the quarter. The senior secured bonds were admitted to trading on the Nasdaq Baltic First North Bond List with effect from 31 July 2026. The subordinated bond placement was finalized shortly after, bringing the full EUR 5.0 million outstanding by quarter end, and the subordinated bonds were admitted to trading on the same list as of 30 September 2026.

Construction was completed ahead of plan. Equipment installation and grid connection works were finalized at all eight locations, covering the full 120 MWh of contracted capacity. Commercial operations in the Nord Pool day-ahead and intraday markets began in August at Cēsis, Kalkūne and Carnikava, with Valmiera and Brenguļi following in September. By quarter end, 90 MWh of BESS were generating revenue.

Capalo AI has been appointed as trading optimizer for the operating sites, covering Cēsis, Kalkūne and Carnikava from 1 August and Valmiera and Brenguļi from 1 September. Each site follows a structured commissioning sequence. Commissioning is carried out jointly with the equipment manufacturers and the distribution system operator *(AS Sadales tīkls)*, which issues the test permit required to commence commercial operations. Prequalification testing with the transmission system operator *(AS Augstsprieguma tīkls)* then follows. Once complete, the sites gain access to the balancing market, which is where the assets reach their full revenue generation potential.

The company recorded its first revenue in the quarter. Income from core activities reached EUR 0.8 million in Q3, translating into an operating profit of EUR 0.1 million. Under the cooperation agreements with the PV project companies, the Issuer receives all revenue generated by the hybrid assets (BESS and PV combined) in the first instance and then settles with the PV project companies for the share attributable to the PV plants. Reported revenue therefore reflects the full hybrid income, with the PV compensation subsequently passed on to the project companies. As only part of the portfolio was operational during Q3 and only in the day-ahead and intraday markets, these figures are not indicative of project run-rate revenue or profitability. At 30 September 2026, total assets stood at EUR 27.5 million. This included EUR 5.4 million held in cash and in a dedicated investment account, reserved for the remaining development costs.

Executive summary (Cont'd)

Subsequent events & next steps

In October, the collateral package securing the senior secured bonds was completed ahead of the contractual deadlines. Building Rights and related servitudes were registered in the Issuer's name at all eight sites, covering 100% of the installed capacity against the 70% required under the bond terms, and first ranking mortgages over the Building Rights were registered in favour of the Collateral Agent for the benefit of the bondholders.

The remaining three sites, Koknese, Zilupe and Inčukalns, entered commercial operation in October. With this, the full 120 MWh portfolio is now generating revenue in the Nord Pool day-ahead and intraday markets. Trading coverage was extended accordingly. Capalo AI took over the optimization of the Zilupe and Inčukalns sites from 1 October, while a local trading provider, EngyCell, specializing in BESS, was appointed for the Koknese site. Operating two optimizers in parallel allows management to benchmark trading performance and decide on the future allocation of the portfolio among traders.

Prequalification of all sites for participation in the mFRR, aFRR and FCR balancing markets has been initiated. All sites are expected to be active in these markets by the end of January 2027, adding balancing revenue streams to the day-ahead and intraday trading income.

Outlook

Management's priorities for the final quarter are to complete the balancing market prequalification across the portfolio, bring all sites to full commercial operation and continue optimizing trading performance. The undertaking in the terms and conditions of the bonds to reach commercial operations by 31 December 2026 has been met ahead of schedule.

No material operational issues, delays, disputes or litigation arose during the reporting period, and there were no adverse regulatory developments affecting the project.

Saules BESS SIA (the Issuer)
Issuer and project summary
As of 30 September 2026

Date of incorporation	22 January 2026
Ownership	100% Saules Energy SIA
BESS portfolio	120 MWh across 8 PV sites
Equipment supplier	Kehua Tech (Tier 1)
EPC contractor	KL Systems SIA
Trading optimizers	Capalo AI (7 sites), EngyCell (1 site)
In operation at 30.09.2026	90 MWh (5 sites)
Zilupe, Inčukalns, Koknese	30 MWh, in operation from Q4 2026
Total development budget	EUR 25.0m (excluding VAT)

Senior secured bonds – key terms [1]

Issue size and amount outstanding	EUR 22,000,000
ISIN	LV0000112019
Coupon	3M EURIBOR + 9.00%, paid quarterly
Issue date	30 June 2026
Maturity	31 December 2029
Admission to trading	First North Bond List from 31 July 2026

Subordinated bonds – key terms [2]

Issue size and amount outstanding	EUR 5,000,000
ISIN	LV0000111805
Coupon	14.00% fixed, paid monthly
Issue date	5 June 2026
Maturity	5 June 2030
Admission to trading	First North Bond List from 30 September 2026

[1] Secured by first ranking commercial pledges over the assets and shares of Saules BESS SIA and the shares of Saules Energy SIA, together with a corporate guarantee from Saules Energy SIA.

[2] Subordinated to the senior secured bonds. Callable from year 1 at 101% and at 100% from year 2. Fully placed as of 30 September 2026.

Balance sheet
As of 30 September 2026

Currency: EUR '000	Q1 2026	Q2 2026 [2]	Q3 2026
Property, Plant and Equipment [1]	666	11 307	17 210
Non-Current Assets	**666**	**11 307**	**17 210**
Short-Term Investments [3]	0	0	4 906
Prepaid Expense and Accrued Income [4]	407	4 424	4 877
Cash and Bank	4 409	9 705	488
Current Assets	**4 816**	**14 129**	**10 271**
Total Assets	**5 482**	**25 436**	**27 481**
Long-Term Borrowings from Credit Institutions [5]	5 645	0	0
Secured Notes Issued	0	22 000	22 000
Subordinated Notes Issued [6]	0	2 010	5 000
Non-Current Liabilities	**5 645**	**24 010**	**27 000**
Trade Creditors	0	1 502	28
Current Taxes Payable [7]	(165)	(78)	(72)
Deferred Income and Accrued Expense [8]	0	0	401
Current Liabilities	**(165)**	**1 424**	**357**
Total Liabilities	**5 480**	**25 434**	**27 357**
Share Capital	3	3	3
Profit (Loss) for the Period	(0)	(1)	121
Shareholders' Equity	**3**	**2**	**124**
Total Liabilities and Equity	**5 482**	**25 436**	**27 481**

[1] BESS equipment delivered to sites and capitalized development costs.
[2] Restated financials for Q2 2026.
[3] Fully liquid funds held in an interest-bearing investment account with Signet Bank, generating a return on liquidity reserved for the remaining development costs.
[4] Advances paid to the EPC contractor KL Systems and accrued income from BESS operations.
[5] Signet Bank AS bridge loan, repaid in full on 30 June 2026 from the bond proceeds.
[6] Subordinated bonds fully placed (EUR 5.0m) by 30 September 2026.
[7] Net VAT receivable arising from input VAT on construction-phase expenditure.
[8] Accrued amounts payable to the PV project companies under the BESS cooperation agreements.

Statement of Profit or Loss
For the nine months ended 30 September 2026 [1]

Currency: EUR '000	Q1 2026	Q2 2026	Q3 2026	9M 2026
Income From Core Activities [2]	0.0	0.0	842.8	842.8
Cost of Core Activities [3]	0.0	0.0	(212.1)	(212.1)
Gross Profit (Loss)	**0.0**	**0.0**	**630.6**	**630.6**
Operating Expense	0.0	(0.9)	(506.4)	(507.3)
Other Operating Expense	0.0	(0.4)	(0.0)	(0.4)
Other Administrative Expense [4]	0.0	(0.5)	(506.4)	(506.9)
Operating Profit (Loss)	**0.0**	**(0.9)**	**124.2**	**123.3**
Other Non-Operating Income and Expense	(0.2)	(0.2)	(1.9)	(2.3)
Net Finance Costs	0.0	0.0	0.0	0.0
Profit (Loss) Before Corporate Income Tax	**(0.2)**	**(1.0)**	**122.3**	**121.1**
Corporate Income Tax	0.0	0.0	0.0	0.0
Net Profit (Loss)	**(0.2)**	**(1.0)**	**122.3**	**121.1**

[1] The Company commenced first commercial operations in August 2026.
[2] Electricity trading revenue from hybrid operations in the Nord Pool day-ahead and intraday markets, net of trading fees.
[3] Electricity purchase costs and re-invoiced expenses from the distribution system operator.
[4] Primarily amounts payable to the PV project companies under the BESS cooperation agreements, covering compensation of PV plant revenues.

Financial covenants
Senior secured notes (ISIN LV0000112019)

Financial covenant	Threshold	As of 30.09.2026
Equity Ratio [1]	≥ 30%	n/a [2]
Interest Coverage Ratio (ICR)	≥ 1.5x	n/a [2]
Net Debt / EBITDA	< 4.0x	n/a [2]

[1] Equity is defined in the Terms and Conditions as the total book equity plus subordinated debt.
[2] In accordance with Clause 13.1 of the Terms and Conditions of the notes, the financial covenants apply from 1 January 2028, tested quarterly, and will first be calculated and tested as of Q1 2028. Covenant calculations against the applicable thresholds will be reported from that quarter onwards.

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