Saules BESS SIA

Second Quarter 2026 Results

August 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 is installing 120 MWh of storage capacity across the Fund's eight operating photovoltaic (PV) sites in Latvia. The second quarter was a defining one for the project. The full financing package was completed, all equipment reached Latvia, and installation began at the first three sites.

Quarterly highlights

In June, the company completed a EUR 22 million issue of senior secured bonds, arranged by Signet Bank AS. More than 80 institutional and private investors from the Baltic states participated in the offering. The bonds carry a coupon of 3M EURIBOR plus 9.00%, mature on 31 December 2029 and are secured by a first ranking commercial pledge over the company's assets and shares, together with a guarantee from Saules Energy SIA (parent company). The bonds will be admitted to trading on the Nasdaq Baltic First North Bond List.

The proceeds from bonds were used to refinance the Signet Bank bridge facility in full, with the outstanding balance of EUR 12.2 million repaid on 30 June 2026. The remaining funds are reserved for completion of the BESS development plans.

In early June, the company also launched a subordinated bond offering of up to EUR 5 million, carrying a 14.00% fixed coupon paid monthly and maturing in June 2030. EUR 2.0 million had been placed by the end of the quarter. The aim is to complete the placement by the end of Q4 2026, after which both instruments will be listed on Nasdaq Baltic First North Bond List.

Construction advanced rapidly. Building authority confirmations were received at all eight sites, confirming that the conditions for commencement of construction have been met, and site preparation works started across all locations. In June, the full 120 MWh of BESS equipment was delivered to the port of Riga in two shipments. By the end of the quarter, 70 MWh had already been installed and placed on foundations at the Cēsis, Kalkūne and Carnikava sites.

At 30 June 2026, total assets stood at EUR 25.6 million and the cash balance was EUR 9.7 million, reserved for the remaining construction works. The company is not yet generating revenue. Borrowing and development costs are capitalized during the construction phase, so the reported loss for the first half of the year was marginal.

Executive summary (Cont'd)

Subsequent events & next steps

In July, the remaining equipment was delivered to the other five sites and placed on foundations. Equipment delivery for the entire 120 MWh BESS development is now complete.

From 1 August 2026, Capalo AI has been appointed as the trading optimizer for the Cēsis, Kalkūne and Carnikava sites. Capalo AI operates an AI-driven BESS trading platform with around 500 MW of operational storage under management and more than 1.6 GWh of signed capacity, alongside over 300 MW of PV capacity live under trading. The platform is active in Sweden, Finland, Poland, Bulgaria, Latvia and Lithuania and provides 24/7 automated dispatch across all revenue streams.

The senior secured notes were admitted to trading on the Nasdaq Baltic First North Bond List with effect from 31 July 2026, and the placement of the subordinated bonds continued after the quarter end, reaching EUR 3.5 million by the end of July. The subordinated bonds are being placed in stages deliberately, aligning with the funding needs of the BESS development and avoiding interest costs on capital that is not yet required.

As required under the terms of the bonds, the Issuer is registering Building Rights over the land plots hosting the BESS units, which will then be mortgaged in favour of the bondholders as additional collateral. The process is progressing as planned, with part of the sites already registered, and everything is expected to be completed in Q3 2026.

The first 70 MWh of BESS commenced commercial operations in the Nord Pool day-ahead market in August 2026. Prequalification of these sites for participation in the mFRR, aFRR and FCR balancing markets will follow. The remaining five sites are expected to receive their test permits during September and October.

Outlook

Management's priorities for the coming quarter are the following – complete the installation and grid connection works, obtain the testing permits, and bring the first 70 MWh into full commercial operation, with the remaining 50 MWh to follow in Q4. The project remains within its EUR 25 million budget, and the timeline is consistent with the undertaking in the terms and conditions of the bonds to reach commercial operations by 31 December 2026.

Completing the subordinated bond placement and listing both instruments on Nasdaq Baltic First North Bond List are the other key milestones for the fourth quarter. 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 June 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
Stage 1 – Cēsis, Kalkūne, Carnikava	70 MWh, COD August 2026
Stage 2 – Zilupe, Brenguļi, Inčukalns, Koknese, Valmiera	50 MWh, COD target 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	Nasdaq Baltic First North Bond List

Subordinated bonds – key terms [2]

Issue size	EUR 5,000,000
Amount outstanding at 30.06.2026	EUR 2,010,000
ISIN	LV0000111805
Coupon	14.00% fixed, paid monthly
Issue date	5 June 2026
Maturity	5 June 2030
Admission to trading	Nasdaq Baltic First North Bond List

[1] Secured by a first ranking commercial pledge 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. Callable from year 1 at 103%, stepping down to 100% six months before maturity.

[2] Subordinated to the senior secured bonds. Callable from year 1 at 101% and at 100% from year 2. Placement of the remaining amount is expected to be completed in Q4 2026.

Balance sheet
As of 30 June 2026

Currency: EUR '000	Q1 2026	Q2 2026
Property, Plant and Equipment [1]	666	11 468
Non-Current Assets	**666**	**11 468**
Prepaid Expense and Accrued Income [2]	407	4 424
Cash and Bank	4 409	9 705
Current Assets	**4 816**	**14 129**
Total Assets	**5 482**	**25 597**
Long-Term Borrowings from Credit Institutions [3]	5 645	0
Secured Notes Issued	0	22 000
Subordinated Notes Issued	0	2 010
Non-Current Liabilities	**5 645**	**24 010**
Trade Creditors	0	1 663
Current Taxes Payable [4]	(165)	(78)
Deferred Income and Accrued Expense	0	0
Current Liabilities	**(165)**	**1 585**
Total Liabilities	**5 480**	**25 595**
Share Capital	3	3
Profit (Loss) for the Period	(0)	(1)
Shareholders' Equity	**3**	**2**
Total Liabilities and Equity	**5 482**	**25 597**

[1] *BESS equipment delivered to sites and capitalized development costs.*
[2] *Primarily advances paid to the EPC contractor KL Systems.*
[3] *Signet Bank AS bridge loan, repaid in full on 30 June 2026 from the bond proceeds.*
[4] *Net VAT receivable arising from input VAT on construction-phase expenditure.*

Statement of Profit or Loss
For the six months ended 30 June 2026 [1]

Currency: EUR '000	Q1 2026	Q2 2026	6M 2026
Operating Expense	0.0	(0.9)	(0.9)
Other Operating Expense	0.0	(0.4)	(0.4)
Other Administrative Expense	0.0	(0.5)	(0.5)
Operating Profit (Loss)	**0.0**	**(0.9)**	**(0.9)**
Other Non-Operating Income and Expense	(0.2)	(0.0)	(0.2)
Profit (Loss) Before Corporate Income Tax	**(0.2)**	**(0.9)**	**(1.1)**
Corporate Income Tax	0.0	0.0	0.0
Net Profit (Loss)	**(0.2)**	**(0.9)**	**(1.1)**

[1] The Company is in the construction phase and does not yet generate revenue. Development expenditure and borrowing costs are capitalized to property, plant and equipment, so the income statement reflects only minor administrative charges. Revenue recognition will commence with the start of BESS commercial operations.

Financial covenants
Senior secured notes (ISIN LV0000112019)

Financial covenant	Threshold	As of 30.06.2026
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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