AKCIJU SABIEDRĪBA "AUGSTSPRIEGUMA TĪKLS"
(incorporated in the Republic of Latvia as a public limited company with registration number 40003575567)

Second Programme for the Issuance of Notes
in the Amount of up to EUR 100,000,000

Under this Second Programme for the Issuance of Notes in the Amount of up to EUR 100,000,000 (the "**Programme**") described in this base prospectus (the "**Base Prospectus**") akciju sabiedrība "Augstsprieguma tīkls", a public limited company (in Latvian – *akciju sabiedrība*) incorporated in and operating under the laws of the Republic of Latvia, registered with the Commercial Register of the Republic of Latvia under registration number: 40003575567 and having its legal address at Dārzciema iela 86, Riga, LV-1073 (the "**Issuer**" or the "**Company**"), may issue and offer from time to time in one or several series (the "**Series**") non-convertible unsecured and unguaranteed notes denominated in EUR, having maturity up to 10 years from the relevant Issue Date and with fixed interest rate (the "**Notes**"). Each Series may comprise one or more tranches of Notes (the "**Tranches**"). The maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme will not at any time exceed EUR 100,000,000.

To the extent not set forth in this Base Prospectus, the specific terms of any Notes will be included in the relevant final terms (the "**Final Terms**") (a form of which is contained herein). This Base Prospectus should be read and construed together with any supplement hereto and with any other documents incorporated by reference herein, and, in relation to any Tranche of Notes and with the Final Terms of the relevant Tranche of Notes.

This Base Prospectus has been prepared in connection with the offering and listing of the Notes pursuant to the requirements of the Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"), the Financial Instruments Market Law (in Latvian - *Finanšu instrumentu tirgus likums*) and the Commission Delegated Regulation No 2019/980/EU (the "**Delegated Regulation**"), in particular the Annexes 7 and 14 thereof. The Bank of Latvia (in Latvian - *Latvijas Banka*), as competent authority under the Prospectus Regulation, has approved this Base Prospectus and has notified the approval of the Base Prospectus to the competent authority in Lithuania (the Bank of Lithuania (in Lithuanian - *Lietuvos Bankas*)). The Bank of Latvia only approves this Base Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the Issuer nor as an endorsement of the quality of any Notes that are the subject of this Base Prospectus. Investors should make their own assessment as to the suitability of investing in the Notes.

This Base Prospectus is valid for a period of twelve months from the date of approval. The obligation to supplement the Base Prospectus in the event of significant new factors, material mistakes or material inaccuracies as required under Article 23 of the Prospectus Regulation does not apply when the Base Prospectus is no longer valid.

Application will be made to akciju sabiedrība "Nasdaq Riga", registration number: 40003167049, legal address: Vaļņu 1, Riga, LV-1050, Latvia ("**Nasdaq Riga**"), for admitting each Tranche to listing and trading on the official bond list (the Baltic Bond List) of Nasdaq Riga according to the requirements of Nasdaq Riga not later than within 3 (three) months after the Issue Date of the respective Tranche. Nasdaq Riga is a regulated market for the purposes of the Markets in Financial Instruments Directive 2014/65/EU, as amended ("**MiFID II**").

The Notes shall be issued in the bearer dematerialised form and registered with Nasdaq CSD SE, registration number: 40003242879, legal address: Vaļņu 1, Riga, LV-1050, Latvia (the "**Depository**"), in book-entry form. Investors may hold the Notes through participants of the Depository, including credit institutions and investment brokerage firms.

The Notes have not been, and will not be, registered under the U.S. Securities Act 1933 (as amended) (the "**Securities Act**"), or with any securities regulatory authority of any state of the United States. This Base Prospectus or the Final Terms are not to be distributed to the United States or in any other jurisdiction where it would be unlawful. The Notes may not be offered, sold, pledged or otherwise transferred, directly or indirectly, within the United States or to, for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act (the "**Regulation S**")), except to a person who is not a U.S. Person (as defined in Regulation S) in an offshore transaction pursuant to Regulation S.

Investment in the Notes to be issued under the Programme involves certain risks. Prospective investors should carefully acquaint themselves with such risks before making a decision to invest in the Notes. The principal risk factors that may affect the Issuer's ability to fulfil its obligations under the Notes are discussed in Section "*Risk Factors*" below.

Arranger and Dealer

Luminor Bank AS

represented within the Republic of Latvia

by Luminor Bank AS Lithuanian branch

The date of this Base Prospectus is 16 September 2026

TABLE OF CONTENTS

RESPONSIBILITY STATEMENT **4**
IMPORTANT INFORMATION **5**
DISTRIBUTION OF THE BASE PROSPECTUS AND SELLING RESTRICTIONS **7**
PRESENTATION OF FINANCIAL AND OTHER INFORMATION **9**
FORWARD-LOOKING STATEMENTS **14**
OVERVIEW OF THE PROGRAMME **16**
RISK FACTORS **18**
GENERAL TERMS AND CONDITIONS OF THE NOTES **37**
FORM OF FINAL TERMS **52**
USE OF PROCEEDS **54**
INFORMATION ABOUT THE GROUP **57**
INFORMATION ABOUT THE GROUP'S BUSINESS OPERATIONS **63**
ORGANISATIONAL STRUCTURE **69**
ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES **70**
SELECTED CONSOLIDATED FINANCIAL INFORMATION **75**
FINANCIAL AND TREND INFORMATION **77**
ADDITIONAL INFORMATION **78**
THE ECONOMY OF THE REPUBLIC OF LATVIA **79**
TAXATION **83**
GENERAL INFORMATION **86**
INFORMATION INCORPORATED BY REFERENCE **88**

RESPONSIBILITY STATEMENT

This Base Prospectus comprises a base prospectus for the purposes of Article 8 of the Prospectus Regulation and for the purpose of giving information with regard to the Issuer and its subsidiaries taken as a whole (the "**Group**") and the Notes which, according to the particular nature of the Issuer and the Notes, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position and profit and losses of the Issuer.

The Issuer, represented by the members of its Management Board, accepts responsibility for the information contained in this Base Prospectus and in any Final Terms which complete this Base Prospectus for each Tranche of Notes issued hereunder and declares that, to the best of its knowledge, the information contained in this Base Prospectus is in accordance with the facts and that the Base Prospectus does not omit anything likely to affect the import of such information.

Management Board of akciju sabiedrība "Augstsprieguma tīkls":

_____
Chairperson of the Management Board
Rolands Irklis

_____
Member of the Management Board
Baiba Priedīte

_____
Member of the Management Board
Gatis Junghāns

_____
Member of the Management Board
Imants Zviedris

IMPORTANT INFORMATION

To the fullest extent permitted by law, the Arranger and Dealer accepts no responsibility whatsoever for the contents of this Base Prospectus. The Arranger and Dealer accordingly disclaims all and any liability which it might otherwise have in respect of this Base Prospectus.

Neither the Arranger and Dealer nor any of its respective affiliates have authorised the whole or any part of this Base Prospectus and none of them make any representation or warranty or accepts any responsibility as to the accuracy or completeness of the information contained in this Base Prospectus or any responsibility for any acts or omissions of the Issuer or any other person in connection with issue and offering of the Notes.

No person is authorised to give any information or to make any representation not contained in this Base Prospectus and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of the Issuer, the Arranger or the Dealer. Neither the delivery of this Base Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date hereof or the date upon which this Base Prospectus has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Issuer since the date hereof or the date upon which this Base Prospectus has been most recently amended or supplemented or that the information contained in it or any other information supplied in connection with the Notes is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

Neither this Base Prospectus, any Final Terms nor any other information supplied in connection with the offering of the Notes (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer or any of the Arranger or Dealer that any recipient of this Base Prospectus, any Final Terms or any other information supplied in connection with the offering of the Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Base Prospectus nor any other information supplied in connection with the offering of the Notes constitutes an offer or invitation by or on behalf of the Issuer or the Arranger or Dealer, to any person to subscribe for or to purchase any Notes.

Each potential investor in the Notes must make their own assessment as to the suitability of investing in the Notes. In particular, each potential investor should:

(i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained in this Base Prospectus;

(ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;

(iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments is different from the potential investor's currency;

(iv) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant financial markets; and

(v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) Notes are legal investments for it, (ii) Notes can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

The Notes are governed by Latvian law and any disputes arising in relation to the Notes shall be settled exclusively by the courts of the Republic of Latvia in accordance with Latvian law.

DISTRIBUTION OF THE BASE PROSPECTUS AND SELLING RESTRICTIONS

The distribution of this Base Prospectus and any Final Terms may in certain jurisdictions be restricted by law, and this Base Prospectus and any Final Terms may not be used for the purpose of, or in connection with, any offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. No actions have been taken to register or qualify the Notes, or otherwise to permit a public offering of the Notes, in any jurisdiction other than the Republic of Latvia and the Republic of Lithuania. The Issuer, the Arranger and the Dealer expect persons into whose possession this Base Prospectus or any Final Terms comes to inform themselves of and observe all such restrictions. Neither the Issuer nor the Arranger or Dealer accept any legal responsibility for any violation by any person, whether or not a prospective purchaser of the Notes is aware of such restrictions. In particular, this Base Prospectus and any Final Terms may not be sent to any person in the United States, Australia, Canada, Japan, Hong Kong, Singapore or any other jurisdiction in which it would not be permissible to deliver the Notes, and the Notes may not be offered, sold, resold, transferred or delivered, directly or indirectly, in or into any of these countries.

The Notes have not been, and will not be, registered under the U.S. Securities Act 1933 (as amended) (the "**Securities Act**"), or with any securities regulatory authority of any state of the United States. This Base Prospectus or the Final Terms are not to be distributed to the United States or in any other jurisdiction where it would be unlawful. The Notes may not be offered, sold, pledged or otherwise transferred, directly or indirectly, within the United States or to, for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act (the "**Regulation S**")), except to a person who is not a U.S. Person (as defined in Regulation S) in an offshore transaction pursuant to Regulation S.

The Bank of Latvia (in Latvian - *Latvijas Banka*), as competent authority under the Prospectus Regulation, has approved this Base Prospectus and has notified the approval of the Base Prospectus to the competent authority in Lithuania (the Bank of Lithuania (in Lithuanian - *Lietuvos Bankas*)). However, in relation to each member state of the European Economic Area (the "**EEA**") (except the Republic of Latvia and the Republic of Lithuania), the Dealer has represented and agreed that it has not made and will not make any public offer of Notes prior to that EEA member state's authority receiving a certificate of approval of the Bank of Latvia attesting that the Base Prospectus has been drawn up in accordance with the Prospectus Regulation together with a copy of the Base Prospectus.

Accordingly, any person making or intending to make an offer within the EEA of Notes which are the subject of an offering contemplated by this Base Prospectus and the relevant Final Terms (other than the offer of Notes in the Republic of Latvia and in the Republic of Lithuania) may only do so in circumstances in which no obligation arises for the Issuer or the Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation, in each case, in relation to such offer.

MiFID II PRODUCT GOVERNANCE/TARGET MARKET: A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the "**MiFID Product Governance Rules**"), the Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealer nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

The Final Terms in respect of any Notes will include a legend entitled "MiFID II Product Governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

IMPORTANT – EEA RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to, and should not be offered, sold or otherwise made available to, any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point

(11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended or superseded), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014 (the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

With the exception of certain alternative performance measures ("**APMs**"), the financial information included in this Base Prospectus has been derived from:

- the Group's consolidated and the Company's annual report, representing audited consolidated and standalone financial statements for the financial year ending 31 December 2025 prepared in accordance with the International Financial Reporting Standards as adopted by the EU ("**IFRS**") (the "**2025 Financial Statements"**);

- the Group's consolidated and the Company's annual report, representing audited consolidated and standalone financial statements for the financial year ending 31 December 2024 prepared in accordance with IFRS (the "**2024 Financial Statements**", and together with the 2025 Financial Statements, the "**Audited Financial Statements**").

- the Company's consolidated and abridged financial statements, representing unaudited consolidated and standalone financial statements for the six months period ended 30 June 2025 (the "**2025 Interim Financial Statements**").

- the Company's consolidated and abridged financial statements, representing unaudited consolidated and standalone financial statements for the six months period ended 30 June 2026 (the "**2026 Interim Financial Statements**").

"KPMG Baltics SIA" ("**KPMG**") audited the 2024 Financial Statements and the 2025 Financial Statements and issued an unqualified auditor's report on the aforementioned financial statements.

KPMG also provided limited assurance on the Issuer's consolidated Sustainability Report for 2025, prepared in accordance with the ESRS requirements, and issued an unqualified limited assurance report thereon.

Changes in accounting policies and presentation of financial information

Detailed information on the accounting policies of the Group and the Company is provided in the notes to the Financial Statements. There have been no significant changes in the accounting policies of the Group and the Company.

Alternative performance measures

This Base Prospectus includes certain references to APMs derived from the Financial Statements such as EBITDA, EBITDA margin, net debt, return on equity (ROE), net debt to equity and net debt to EBITDA. The Group uses these APMs to evaluate its performance, and this additional financial information is presented in this Base Prospectus. This information should be viewed as supplemental to the Financial Statements. Investors are cautioned not to place undue reliance on this information and should note that the APMs, as calculated by the Group, may differ materially from similarly titled measures reported by other companies, including the Group's competitors.

The APMs presented in this section are not defined in accordance with IFRS. An APM should not be considered in isolation from, or as substitute for any analysis of, financial measures defined according to IFRS. Investors are advised to review these APMs in conjunction with the Financial Statements contained in this Base Prospectus.

The following tables present the selected APMs of the Group and the Company for the indicated periods or as of the indicated dates:

Group		Company	
Six months ended 30 June Unaudited	**Year ended 31 December**	**Six months ended 30 June Unaudited**	**Year ended 31 December**

		2026	2025	2025	2024	2026	2025	2025	2024
EBITDA	€ thousand	61 376	50 215	92 516	108 272	36 105	20 720	45 283	40 549
Net debt	€ thousand	94 391	134 275	120 012	74 193	33 613	76 770	58 133	32 026
Return on equity (ROE)	percent	5.0%	2.0%	4.5%	3.6%	5.9%	3.3%	4.2%	3.2%
Net debt to equity	percent	14.4%	20.8%	18.4%	11.6%	7.1%	16.7%	12.5%	7.0%
Net debt to EBITDA	ratio	0.9	1.3	1.3	0.7	0.6	1.9	1.3	0.8

Management of the Company uses EBITDA, EBITDA margin, net debt, return on equity (ROE), net debt to equity and net debt to EBITDA measures because the Company believes that these measures are commonly used by lenders, investors and analysts.

These measures are presented for purposes of providing investors with a better understanding of the Group's financial performance, cash flows or financial position as they are used by the Group when managing its business.

EBITDA, EBITDA margin, net debt, return on equity (ROE), net debt to equity and net debt to EBITDA measures should not be used instead of, or considered as alternatives to, the Group's consolidated historical financial results based on IFRS. The non-IFRS measures relate to the reporting periods and are not meant to be predictive of future results. Management of the Group uses the aforementioned measures, as these metrics are commonly applied by lenders, investors, and analysts to assess financial performance, operating efficiency, and capital structure. These measures are presented to provide investors with a more comprehensive understanding of the Group's financial performance and position, as such measures are also utilised by the Group's management in monitoring and managing the business.

EBITDA

EBITDA should not be considered as alternative to profit before tax as defined by IFRS or to cash flows from operating activities (or any other performance measure determined in accordance with IFRS) or as indicator of operating performance or as measure of the Group's liquidity. EBITDA should not be considered as measures of discretionary cash available to the Group to invest in the growth of the Group's businesses.

EBITDA has certain limitations as an analytical tool, and should not be considered in isolation, or as a substitute for financial information as reported under IFRS. Investors should not place undue reliance on this data. EBITDA in this Base Prospectus is presented, for each period, as: earnings before interest, corporate income tax, financial income, share of profit or loss of associates, and depreciation and amortisation.

No statement in this Base Prospectus is intended as a profit/EBITDA forecast and no statement in this Base Prospectus should be interpreted to mean that the earnings of the Group for the current or future years would necessarily match or exceed the historical published earnings of the Group.

The table below presents reconciliation of EBITDA to the net profit:

EBIT

EBIT is a measure of the Group's and the Company's profit that includes all incomes and expenses (operating and non-operating), except interest expenses and income tax expenses, income from participation (investments in the capital of associated undertakings and dividends received from the subsidiary).

EBITDA

EBIT is a measure of the Group's and the Company's profit that includes all incomes and expenses (operating and non-operating), except interest expenses and income tax expenses, income from participation (investments in the capital of associated undertakings and dividends received from the subsidiary), depreciation and amortisation expenses.

EBITDA margin

EBITDA margin is a measure of the Group's and the Company's operating profitability relative to its revenue. EBITDA margin is calculated by dividing EBITDA by revenue for the relevant period.

		Group				Company			
		Six months ended 30 June Unaudited		Year ended 31 December		Six months ended 30 June Unaudited		Year ended 31 December	
		2026	2025	2025	2024	2026	2025	2025	2024
Net profit,	**€ thousand**	**22 470**	**19 066**	**29 252**	**22 672**	**21 055**	**13 163**	**19 496**	**14 764**
Applicable to:									
Company shareholder	*€ thousand*	*18 845*	*13 854*	*21 965*	*17 601*	*21 055*	*13 163*	*19 496*	*14 764*
Non-controlling interest	*€ thousand*	*3 625*	*5 212*	*7 286*	*5 071*	-	-	-	-
Corporate income tax	€ thousand	-3 680	-3 879	-5 280	-2 645	-	-	-	-
Financial income, net	€ thousand	-833	-262	-988	345	-157	179	109	2 233
Income from participation	€ thousand	17	40	40	20	10 094	10 662	13 386	8 191
Depreciation and amortization	€ thousand	-34 410	-27 047	-57 036	-83 320	-24 986	-18 398	-39 282	-36 208
EBITDA	**€ thousand**	**61 376**	**50 215**	**92 516**	**108 272**	**36 105**	**20 720**	**45 283**	**40 549**

Net debt

Net debt consists of borrowings at the end of period, subtracting cash and cash equivalents at the end of the period. Cash and cash equivalents include placed fixed-term deposits with a maturity of less than 3 months.

It is used for the purpose of calculating the debt ratio by which the Group monitors its capital.

The following table illustrates the methodology the Group uses to determine net debt of the Group and the Company:

		Group				Company			
		Six months ended 30 June Unaudited		Year ended 31 December		Six months ended 30 June Unaudited		Year ended 31 December	
		2026	2025	2025	2024	2026	2025	2025	2024
Borrowings	€ thousand	189 048	165 344	186 896	167 038	119 088	100 181	120 435	100 420
Cash and cash equivalents	€ thousand	94 657	31 070	66 883	92 845	85 475	23 411	62 301	68 394
Net Debt	**€ thousand**	**94 391**	**134 275**	**120 012**	**74 193**	**33 613**	**76 770**	**58 133**	**32 026**

Return on equity (ROE)

Return on equity (ROE) is a measure of profitability of the equity, and indicates the efficiency of equity usage in profit generation of the Group and the Company. The ROE is calculated by dividing net profit of the period to the average value of total equity at the beginning and the end of the period. For six-month period, the TTM is used to acquire net profit of last 12 months and the average value of total equity at the beginning of TTM period and the end of the period.

Return on Assets (ROA)

Return on assets (ROA) is a measure of profitability of assets, and indicates the efficiency of asset usage in profit generation of the Group and the Company. The ROA is calculated by dividing net profit of the period to the average value of total assets at the beginning and the end of the period. For the six-month period, the TTM is used to acquire net profit for last 12 months and the average value of total assets at the beginning of TTM period and the end of the period.

Interest Coverage Ratio (ICR)

Interest coverage ratio is a measure of the extent of which earnings are available to meet interest payments. It is calculated as a ratio of EBIT divided by the total interest expense for the period. Within the calculations the total interest expense is comprised of interest expense incurred by the Group and the Company via lending arrangements.

Net Debt to Equity

Net debt to equity is the ratio of net debt at the end of the year to equity at the end of the year and is used as a measure of both indebtedness and borrowing capacity.

Net Debt to EBITDA

Net debt to EBITDA is used as a measure of financial leverage and the Group's and the Company's ability to pay off its debt. The ratio is calculated by dividing the net debt by the TTM EBITDA. The ratio gives an indication as to how long the Group and the Company would need to operate at its current level to pay off all its debt.

Rounding

Certain figures included in this Base Prospectus have been subject to rounding adjustments; accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

Currencies

In this Base Prospectus, financial information is presented in euro (EUR), the official currency of the European Union Member States in the Eurozone.

Date of information

This Base Prospectus is drawn up based on information which was valid as of the date of the Base Prospectus. Where not expressly indicated otherwise, all information presented in this Base Prospectus (including the consolidated financial information of the Group and financial information of the Company, the facts concerning its operations and any information on the markets in which it operates) must be understood to refer to the state of affairs as of the aforementioned date. Where information is presented as of a date other than the date of the Base Prospectus, this is identified by specifying the relevant date.

Certain publicly available information

Certain statistical data and other information appearing in this Base Prospectus have been extracted from public sources identified in this Base Prospectus. None of the Arranger, the Dealer or the Issuer accepts responsibility for the factual correctness of any such statistics or information, but the Issuer accepts responsibility for accurately extracting and transcribing such statistics and information and believes, after due inquiry, that such statistics and information represent the most current publicly available statistics and information from such sources at the dates and for the periods with respect to which they have been presented. The Issuer confirms that all such third-party information has been accurately reproduced and, so far as the Issuer is aware and has been able to ascertain from that published information, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Websites

Information contained in any website referred to herein does not form part of this Base Prospectus, other than the Issuer's Green Bond Factsheet, which is available for viewing on the following website: Bonds | AST and is incorporated by reference to this Base Prospectus and forms a part of this Base Prospectus.

FORWARD-LOOKING STATEMENTS

This Base Prospectus includes statements that are, or may be deemed to be, “forward-looking statements”. These forward-looking statements may be identified by the use of forward-looking terminology, including the terms “believes”, “estimates”, “plans”, “projects”, “anticipates”, “expects”, “intends”, “may”, “will” or “should” or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions.

These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this Base Prospectus and include, but are not limited to, statements regarding the Group’s or the Issuer’s intentions, beliefs or current expectations concerning, among other things, the Group’s results of operations, financial condition, liquidity, prospects, growth, strategies and the industry in which the Group operates.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Forward-looking statements are not guarantees of future performance and the financial position and results of operations of the Group, and the development of the markets and the industries in which members of the Group operate, may differ materially from those described in, or suggested by, the forward-looking statements contained in this Base Prospectus.

In addition, even if the Group’s results of operations and financial position, and the development of the markets and the industries in which the Group operates, are consistent with the forward-looking statements contained in this Base Prospectus, those results or developments may not be indicative of results or developments in subsequent periods. A number of risks, uncertainties and other factors could cause results and developments to differ materially from those expressed or implied by the forward-looking statements. See Section “*Risk Factors*” below.

These forward-looking statements are made only as of the date of this Base Prospectus. Except to the extent required by law, the Issuer is not obliged to, and does not intend to, update or revise any forward-looking statements made in this Base Prospectus whether as a result of new information, future events or otherwise.

All subsequent written or oral forward-looking statements attributable to the Issuer, or persons acting on the Issuer's behalf, are expressly qualified in their entirety by the cautionary statements contained throughout this Base Prospectus. As a result of these risks, uncertainties and assumptions, a prospective purchaser of the Notes should not place undue reliance on these forward-looking statements.

INFORMATION RELATING TO GREEN BONDS ISSUED UNDER THE PROGRAMME

The Issuer has published its Green Bond factsheet for the Programme entitled the "European Green Bond Factsheet" (the "**Programme Factsheet**") detailing the use of proceeds principles and eligibility criteria for European Green Bonds. In connection with European Green Bonds, the Issuer has obtained the Pre-Issuance Review Report, and the Issuer may procure a Post-Issuance Review Report or Impact Report Review (in each case as defined below) to be prepared by an external reviewer. Any Post-Issuance Review, or Impact Report Review will be provided by an external reviewer, as applicable in compliance with the EU Green Bond Regulation.

The Programme Factsheet is incorporated by reference into this Base Prospectus and forms a part of this Base Prospectus. The Programme Factsheet, Pre-Issuance Review Report, Post-Issuance Review Report, and Impact Report Review, if and when prepared, will be accessible through the Issuer's website at: Bonds | AST. However, any information on, or accessible through, the Issuer's website (other than the Programme Factsheet) and the information in such reports or reviews (including the Pre-Issuance Review Report, Post-Issuance Review Report or Impact Report Review) is not part of this Base Prospectus and should not be relied upon in connection with making any investment decision with respect to any Notes to be issued under the Programme. In addition, no assurance or representation is given by the Issuer or any other member of the Group, the Arrangers or the Dealers as to the suitability or reliability for any purpose whatsoever of any opinion, report, review or certification of any third party in connection with the offering of European Green Bonds under the Programme. Any such opinion, report, review or certification and any other document related thereto (other

than the Programme Factsheet) is not, nor shall it be deemed to be, incorporated in and/or form part of this Base Prospectus. Any such opinion, report, review or certification and any other document related thereto is only current as of the date that it was initially issued. Prospective investors must determine for themselves the relevance of any such opinion, report or certification and any other document related thereto and/or the information contained therein and/or the provider of such opinion, report, review or certification for the purpose of any investment in the Notes.

OVERVIEW OF THE PROGRAMME

The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Base Prospectus and, in relation to the General Terms and Conditions of any particular Tranche of Notes, the applicable Final Terms. This overview must be read as an introduction in conjunction with the other parts of this Base Prospectus (including any documents incorporated therein). Any decision to invest in the Notes should be based on a consideration by the investor of this Base Prospectus as a whole.

Words and expressions defined in the General Terms and Conditions of the Notes below or elsewhere in this Base Prospectus have the same meanings in this overview.

This overview constitutes a general description of the Programme for the purposes of Article 25(1) of the Delegated Regulation.

Issuer:	Akciju sabiedrība "Augstsprieguma tīkls"
Legal Entity Identifier (LEI):	64883LC3F12690GATG87
Programme Limit:	Up to EUR 100,000,000 aggregate nominal amount of Notes outstanding at any one time.
Risk Factors:	Investing in Notes issued under the Programme involves certain risks. The principal risk factors that may affect the ability of the Issuer to fulfil its obligations under the Notes are discussed in Section "*Risk Factors*" below.
Arranger of the Programme:	Luminor Bank AS, represented within the Republic of Latvia by Luminor Bank AS Lithuanian branch
Dealer:	Luminor Bank AS, represented within the Republic of Latvia by Luminor Bank AS Lithuanian branch
Method of Issue:	The Notes shall be issued in Series. Each Series may comprise one or more Tranches of Notes. The Notes of each Tranche will all be subject to identical terms, except that the Issue Dates and the Issue Prices thereof may be different in respect of different Tranches.
Form of the Notes:	The Notes will be issued in dematerialized form and book-entered with Nasdaq CSD SE.
Status and Security:	The Notes constitute direct, unsecured and unguaranteed obligations of the Issuer ranking *pari passu* without any preference among each other and with all other unsecured, unguaranteed and unsubordinated indebtedness of the Issuer, save for such obligations as may be preferred by mandatory provisions of law.
Currency:	EUR
Denomination:	The nominal amount of each Note shall be specified in the Final Terms.
Issue Price:	The Notes may be issued at their nominal amount or at a discount or a premium to their nominal amount.
Minimum Investment Amount:	The Notes will be offered for subscription for a minimum investment amount of EUR 100,000 (one hundred thousand euro).
Interest:	The Notes will bear interest at a fixed annual interest rate.
Maturity:	The Notes shall be repaid in full at their nominal amount on the date which will be specified in the Final Terms. Each Series of Notes may have a maturity up to 10 years from the relevant Issue Date.
Early Redemption:	The Issuer is entitled to redeem each Series of Notes, in whole but not in part, at any time during the period of 3 (three) months prior to their maturity

	at a price equal to the nominal amount of the Notes together with the accrued interest, as more fully set out in Clauses 9.3 and 9.4 of the General Terms and Conditions of the Notes.
Redemption for tax reasons:	The Issuer is entitled to redeem the Notes, in whole but not in part, at a price equal to the nominal amount of the Notes together with the accrued interest for tax reasons as described in Clause 11 of the General Terms and Conditions of the Notes.
Change of Control:	Following the occurrence of a Change of Control the Noteholders will be entitled to request the Issuer to redeem or, at the Issuer's option, procure the purchase of their Notes, as more fully set out in Clause 14 of the General Terms and Conditions of the Notes.
Negative Pledge:	The Notes will have the benefit of a negative pledge as described in Clause 15 of the General Terms and Conditions of the Notes.
Cross Default:	The Notes will have the benefit of a cross default provision as described in Clause 16 of the General Terms and Conditions of the Notes.
Listing:	Application will be made to Nasdaq Riga for admitting each Tranche to listing and trading on the official bond list (the Baltic Bond List) according to the requirements of Nasdaq Riga not later than within 3 (three) months after the Issue Date of the respective Tranche.
Taxation:	All payments in respect of the Notes by the Issuer shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature ("**Taxes**"), unless the withholding or deduction of the Taxes is required by the laws of the Republic of Latvia. In such case, the Issuer shall pay such additional amounts as will result in receipt by the Noteholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Note held by or on behalf of a Noteholder which is liable to such Taxes in respect of such Note by reason of its having some connection with the Republic of Latvia other than the mere holding of the Note.
Rating:	As of the date of this Base Prospectus, the Issuer has a credit rating A- by S&P Global Ratings Europe Limited. The outlook is stable. A Series of Notes to be issued under the Programme may be rated or unrated. A rating is not a recommendation to buy or sell or hold Notes and may be subject to suspension, reduction, or withdrawal at any time by the assigning rating agency. Up-to-date information should always be sought by direct reference to the relevant rating agency.
Governing Law:	Latvian law.
Dispute Resolution:	Any disputes relating to or arising in relation to the Notes shall be settled solely by the courts of the Republic of Latvia of competent jurisdiction.
Selling Restrictions:	For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of the Base Prospectus in the United States of America, the EEA (with respect to retail investors), the Republic of Latvia, the Republic of Lithuania and other jurisdictions, see Section "*Distribution of the Base Prospectus and Selling Restrictions*".

RISK FACTORS

Prospective investors are advised to carefully consider the risk factors and other information provided in this Base Prospectus. Investing in the Notes involves certain risks including but not limited to the risks described herein.

The Issuer believes that if one or more of the risk factors described herein emerges, it could have a negative effect on the Issuer's business operations, financial position and/or business results and, thereby, the Issuer's ability to fulfil its obligations under the Notes as well as the market price and value of the Notes. If these risks were to lead to a decline in the market price of the Notes, prospective investors could lose all or part of their investment.

The risks and uncertainties described herein are the risks which the Issuer has deemed material; however, they are not the only factors affecting the Issuer's activities. Therefore, the Issuer does not claim that the statements below regarding the risks of acquiring and/or holding any Notes are exhaustive. Also, other factors and uncertainties than those mentioned herein, which are currently unknown or deemed immaterial, could negatively affect the Issuer's business operations, financial position and/or business results and, thereby, the Issuer's ability to fulfil its obligations under the Notes as well as the market price and value of the Notes.

Most of these risk factors are contingencies which may or may not occur and the Issuer is not in a position to assess or express a view on the likelihood of any such contingency occurring.

The most material risk factors have been presented at the beginning in each category. The order of presentation of the remaining risk factors in each category in this Base Prospectus is not intended as an indication of the probability of their occurrence or of their potential effect on the Issuer's ability to fulfil its obligations under the Notes.

All investors should make their own evaluations of the risks associated with an investment in the Notes and should consult with their own professional advisers if they consider it necessary.

Risks related to macroeconomic conditions

Exposure of business results to geopolitical events

The Group is exposed to geopolitical events and related market disruption, including Russia's war in Ukraine, sanctions and counter-sanctions, geopolitical tensions in the Middle East and changes in global trade policy. This risk is material because the Group operates in the Baltic energy market, where electricity and gas markets, supply relationships, credit and capital markets, funding costs and counterparties can be affected by sanctions, armed conflicts, cyber-attacks, sabotage activity, hybrid actions, tariffs, trade restrictions and political uncertainty. Latvia's borders with Russia and Belarus and the Baltic States' status as former members of the Soviet Union and current members of NATO and the EU heighten the relevance of this risk. As of the date of this Base Prospectus, the restrictive measures imposed and described above have had no material impact on the Group's performance; no operations have been suspended and no significant direct losses related to the sanctions and other restrictive measures have been incurred (see however "Risk of resource supply disruption"). However, as a result of compliance with applicable international sanctions regulations, the Company is involved in one pending arbitration proceeding relating to non-settlement of payments, as further described in "Legal and arbitration proceedings". The Group has not entered into any significant agreement with companies in Russia, Belarus, or Ukraine, which could have a material negative impact on the Group's operations. However, if new sanctions are imposed that lead to the inclusion of the Group's existing partners or their shareholders in the sanctions list, there is a risk that implementation of certain contracts may be suspended.

The continuation or escalation of geopolitical tensions could lead to significant market disruption, including volatility in commodity and energy prices, asset prices, international credit and capital markets, supply chain interruptions and deteriorating financing conditions. Any material increase in electricity or gas market prices may also result in new taxes or mandatory caps on energy prices being imposed on the Group in an effort to

protect electricity and gas consumers. Additional tariffs, sanctions, trade and investment restrictions could increase prices for goods, services and raw materials and add inflation risk. These conditions could adversely affect economic growth, the Group's access to, and cost of, funding, its business, results of operations, financial condition and/or prospects, its solvency and the solvency of its counterparties, the value and liquidity of its assets and liabilities, the value and liquidity of the Notes and/or the ability of the Issuer to meet its obligations under the Notes and under its debt obligations more generally.

Exposure of business results to macroeconomic developments

The results of the Group's operations depend on Latvia's macroeconomic situation and wider Baltic, Eurozone and global developments. Material drivers include GDP of Latvia, the level of industrial production, the rate of inflation, electricity prices, the unemployment rate, changes in consumer affluence levels, and the fiscal policy of the Republic of Latvia.

The Group's business is influenced by electricity price trends in local and Nordic markets, commodities prices, consumer behaviour and electricity demand in the Baltic countries, and other indices that may reflect local and global macroeconomic trends and have a material adverse effect on the Group's business and financial position. The Group has a strong balance sheet and operates in a relatively non-cyclical or late-cyclical industry. However, an unexpected economic downturn may negatively affect the Group's growth and results of operations because it affects its customers and may reduce electricity consumption.

Furthermore, although the Group's operations are affected by macroeconomic conditions, and the related changes in electricity and natural gas consumption, the increase in costs of the Group companies may be recovered by the Company in the following tariff regulatory periods pursuant to the Tariff Calculation Methodology for Electricity Transmission System Services (in Latvian - *Elektroenerģijas pārvades sistēmas pakalpojumu tarifu aprēķināšanas metodika*), Tariff Calculation Methodology for Natural Gas Transmission System Service (in Latvian - *Dabasgāzes pārvades sistēmas pakalpojuma tarifu aprēķināšanas metodika*) and Tariff Calculation Methodology for Natural Gas Storage System Service (in Latvian - *Dabasgāzes uzglabāšanas sistēmas pakalpojuma tarifu aprēķināšanas metodika*). As a result, although short-term fluctuations within tariff regulatory periods are possible, in the long-term, the profitability set forth by the Public Utilities Commission is achieved due to the recovery of increase in costs during the following tariff regulatory periods.

Operational Risks

Electricity exchange price fluctuation risk

The Company purchases electricity for transmission losses, technological and economic consumption on the electricity market at market prices. Thus, the discrepancy between the actual and projected electricity prices in the approved tariffs caused by the fluctuations of the market prices creates a liquidity risk in cases when factual electricity costs are higher than the costs included in tariff calculations. The costs related to transmission losses and technological consumption (on average EUR 20 million) account for around 20 per-cent of the Company's total operational costs covered by electricity transmission tariff.

An analysis of changes in electricity prices shows that, following the sharp price increase in 2022, when, as a result of geopolitical events, the average electricity price on the Nord Pool exchange rose by 156%, reaching 226.91 EUR/MWh (compared to 96.97 EUR/MWh in 2021), electricity prices have been gradually declining. In 2023, the average electricity price decreased by 59% compared to 2022, reaching 93.89 EUR/MWh. In 2024, the electricity price decreased by 7%, and in 2025 by 2%, compared to the preceding year.

A 10% rise in electricity prices would increase the Company's transmission losses and technological process costs by approximately EUR 2 million.

Although electricity price increase can affect short term financial liquidity, the Company ensures continuous monitoring of the electricity price in order to react promptly to price changes if necessary. Sufficient funds or credit resources are provided to ensure liquidity.

According to the Tariff Calculation Methodology for Electricity Transmission System Services (in Latvian - *Elektroenerģijas pārvades sistēmas pakalpojumu tarifu aprēķināšanas metodika*), the increase in costs resulting from unplanned changes in the price of electricity is included in the calculation of tariffs in the next tariff period or regulatory period, thus compensating for the negative impact.

Notwithstanding the foregoing, an inability to cover funding costs through revenue streams may have a material adverse effect on the Company's business, financial condition, and results of operations or prospects, which may impact the ability of the Company to meet its payment obligations under the Notes.

Information system, communication network infrastructure and cyber-attack risks

The Company relies on off-the-shelf and custom-made information systems and web-based solutions for everyday business operations and customer services. Total or partial loss of information system data may result from physical infrastructure damage (server, backup, disk array), technological or software failures, power failure (power outages, power surges), fire, floods, natural disasters, human error, third party failures to perform their duties (supplying faulty software or hardware, failing to provide support or maintenance service), distributed denial of service attacks, cyber-attacks, viruses, ransomware, and other forms of malware.

The Company has made significant investments in developing well-functioning and secure information systems and is constantly working on improving such systems and developing adequate contingency procedures:

- information system infrastructure is located in several data centres;
- various information system virtualization technologies are used;
- backup of information systems according to data backup and a maintenance plan of every information system;
- regular continuity tests of information systems.

The Company applies the contingency procedures mentioned above and this reduces the probability of the information system risk; however, the continuity tests are not able to assess all possible scenarios and system unavailability or breakdown remains possible. Breakdowns, interruptions or cyber-attacks may negatively affect the business operations of the Company, causing errors in the execution of transactions, loss of customers, production breakdowns and other business interruptions. Even amid heightened cyberthreat activity, the company has maintained an incident free record for the past 12 months and continues to respond to arising challenges efficiently.

Although the Company manages cyber security activities and monitors critical controls, the Company may be subject to cyber-attack and other security threats to its information systems.

In the event of emergence of the aforementioned circumstances, the Company may be unable to continue conducting its business in an effective manner, or to prevent, respond promptly and adequately to or mitigate the adverse effects of breakdowns or interruptions in its information system infrastructure, with possible adverse effects on its reputation, financial condition, assets, business, and results of operations.

Technical risks

The Company’s operations depend on the maintenance and protection of the electricity transmission infrastructure. Technical failures or damage can disrupt the transmission of electricity to customers and can result from natural disasters, illegal actions of individuals and legal entities (for instance, theft of line elements, vandalism, damage) and equipment defects.

Major risks relating specifically to the electricity transmission infrastructure failures include mass failures in the transmission infrastructure caused by atmospheric surges, branches or trees falling on power lines or power equipment, strong winds, ice, and rapid changes in air temperature. During the last 25 years, the largest mass failures in the distribution infrastructure occurred in 2005 and 2010-2011. The storm of 22 August 2026 resulted

in the most extensive damage to the transmission network in the last 20 years. The storm caused damage to or affected 5 transmission lines operating at 330 kV, 44 transmission lines operating at 110 kV, and 46 substations. Despite the scale of the event, the Company's emergency response procedures were activated immediately, and restoration works were carried out in close coordination with operational staff, maintenance contractors and distribution system operators. As a result, electricity supply had been restored to 70% of the affected substations by the evening of 23 August 2026, and full restoration of electricity supply to all affected substations was completed by 25 August 2026. The financial impact of the event does not have material adverse effect on its financial position or to the Company's ability to provide transmission services.

Other significant risks relate to timely elimination and prevention of technical defects and damage through the implementation of the technical operation process and timely identification of potential risks.

To minimize the technical risks, the Company has implemented a long-term investment programme for electricity transmission infrastructure renovation and reconstruction projects. The Company has also implemented measures in its operations to improve technical operation processes, as well as prevent the occurrence of technical damage and defects, for instance, improving controls of electric power lines (the "**EPL**"), monitoring of trees and objects outside the protection zone, and identification of potentially endangered trees off the route, warning of landowners and felling of trees. In order to mitigate risks that may arise from unlawful actions by third parties, the Company has also secured co-financing from EU funds in the amount of EUR 18.455 million for projects that will strengthen the perimeter protection of the Company's facilities, protect equipment against acts of sabotage, modernize electronic security systems (video surveillance, alarm, and access control systems), install counter-unmanned aerial vehicle equipment, and deploy unmanned aerial vehicle systems intended for the monitoring and protection of the Company's infrastructure.

The Company constantly improves EPL controls, tracks are actively cleaned to prevent dangerous trees from growing near the lines, communication with landowners and third parties is constantly improved, event recording and data analysis have been significantly developed, new and innovative technical solutions have been introduced, reducing the likelihood and impact of risks, as well as improving risk monitoring. Measures have been and are being taken for replacement of unsafe elements (330kV bushings of a specific manufacturer and type, 110kV instrument transformers) in the substations.

In certain circumstances, adequate insurance coverage may not be available or insurance proceeds may be inadequate to fully cover replacement costs for damaged assets, sequential financial losses due to business interruption, liabilities to third parties, and similar costs and expenses associated with such asset damages. Should such risk materialise, it could result in a compensation of damages and additional operating costs for the Company, thus adversely affecting the Company's financial position and the Company's ability to fulfil its obligations under the Notes.

System management risks

The Company is exposed to system management risks relating to sub-standard power supply or power failure caused by frequency or voltage deviation.

These risks are reviewed systematically and periodically and, the event of unforeseen circumstances, an extraordinary risk review may be initiated. System management risks are constantly controlled and monitored.

The most significant system management risks are:

- Deviations in power flows that may occur in line, cross-sectional overload;
- Voltage deviation, which may lead to a power supply interruption and be manifested in low-quality electricity – reduced voltage (including voltage drops) or increased voltage (including overvoltage);
- Threats and damage to electrical equipment caused by voltage deviations in 330 kV lines;
- Real-time network status information is not available and operational control and monitoring is not

possible due to the unavailability of at least one real-time device or device for more than 30 minutes.

Following the successful completion of the synchronization process in February 2025, the Company assumed additional functions relating to market monitoring and ensuring the quality of network parameters. The integration into the European synchronous grid has been completed successfully, without creating additional risks for consumers in the Baltics. The Company benefits significantly from being disconnected from the BRELL (Russian) grid, as it is no longer linked to a country currently at war and one that has experienced reliability issues in maintaining network parameters. Moreover, the Company has achieved full independence and strengthened its capacity to ensure a safe and secure operation of the grid.

The Company has implemented measures in its operations that significantly improve system management processes, as well as assist in avoiding potential occurrence of network deviations, such as dispatching management process is constantly improved, training sessions are performed to ensure the competence of employees and to improve actions in emergency and potential danger situations, information systems that are used to ensure the normal state of the network are constantly improved.

During the last 10 years significant measures have been taken in the development of dispatching information systems, staff competence building, the Company capacity building (calculations, planning, accounting, monitoring, provision of additional services), implementation and improvement of emergency automation.

Notwithstanding the foregoing risk mitigation measures implemented by the Company, the materialisation of system management risks could give rise to damages claims and additional operating costs, thereby adversely affecting the Company's financial position and its ability to fulfil its obligations under the Notes.

Environmental risks

The Company's core business activity – electricity transmission, – include operations with certain assets, mixtures, substances and processes that inherently have increased levels of risk, thus exposing the environment to potential damages or harm due to operational accidents or other sudden and unforeseen occurrences. Certain technological processes involve materials, mixtures or substances that are potentially dangerous in uncontrolled chemical processes, such as fires, explosions, emissions, major accidents or failures of equipment or structures.

The following have been identified as significant environmental aspects which may cause environmental risks:

- noise caused by the operation of the equipment (which usually causes inconvenience only in the immediate vicinity of the objects),
- electromagnetic field (which mostly causes inconvenience only in the immediate vicinity of objects and significantly decreases as you move away from them),
- storage and handling of chemicals and mixtures (especially handling of oils due to their volume).

The Company has implemented measures that significantly improve the state of the environment, as well as prevent the occurrence of environmental pollution, for instance focusing on minimising sulphur hexafluoride leaks, localizing and preventing the further spread of the identified historical pollution.

In recent years, significant measures have been taken on transformer oil collection, repair of underground oil catchment pits, arrangement of oil sewers and installation of separators. Further construction and reconstruction works for oil collection and oil drainage are anticipated only in connection with the 10-year development plan of the transmission network. Measures are also being implemented to reduce the share of SF_6 gas-insulated equipment by selecting more environmentally friendly insulation solutions, namely gas with a GWP<1 or biodegradable insulating oil. AST imposes such requirements on renewable electricity producers as well, requiring them, in order to secure a connection to the transmission grid through constructing or reconstructing switchgear in the possession of the Company, to install high-voltage electrical equipment without SF_6 gas insulation (GWP = 22800), selecting more environmentally friendly solutions.

The consequences of an uncontrolled release of dangerous substances or other environmental risks, such as subsequent loss mitigation activities and clean-up costs, fines, penalties and similar costs imposed in accordance with relevant legislation, third party claims and other legal actions may adversely affect the Company's business and financial position.

Counterparty risk

The Company is exposed to counterparty risk across its business activities. A counterparty's financial distress or suspension of its operation by any governmental and/or other institutional body due to, among other things, enforced economic sanction laws, regulations or embargoes could have a material adverse effect on the Company's business and/or financial position. Counterparty risk could result in material financial losses to the Company, including, but not limited to, revenues not being received from customers, the Company's own funds not being accessible in its current accounts, committed funding not being available, committed capital expenditure projects being suspended or delayed, etc. Suspension of or material delay in any counterparty's committed capital expenditure project that is significant in nominal amount could harm not only the Company's financial position but also its business operations, thus further affecting the quality of services provided by the Company itself or harming the Company's reputation. The Company assesses its counterparties to mitigate risks. The Company has internal procedures in place for identifying and assessing counterparties.

The Company has a significant concentration of receivables risk in relation to a single counterparty or a group of similar counterparties. However, this risk to certain extent is limited due to the fact that the main cooperation partner of the Company is AS Latvenergo, a state-owned company, as well as its group companies. To mitigate counterparty risk, the Company requires its partners to provide performance security for the provision of balancing services, as well as deposits for reserving grid connection capacity for constant system connection services.

As to financial counterparties, the Company's policy is, among other things, to evaluate and group financial counterparties by the credit rating assigned to them by an independent credit rating agency. In accordance with the Company's financial risk management policy, counterparties with a minimum credit rating of at least investment grade set by the international credit rating agency itself or the parent bank are accepted in cooperation with banks and financial institutions.

Although, the Company monitors and manages its counterparty risk, an occurrence of the risk may have an adverse impact on the Company's business and financial position.

Legal and Regulatory Risks

Regulated company risk

The Company is operating as a regulated transmission system operator and is the only transmission system operator providing electricity transmission system services in Latvia under the Electricity Market Law (in Latvian – *Elektroenerģijas tirgus likums*) and the licence issued by the Public Utilities Commission. Therefore, its revenues are significantly dependent on the transmission system tariffs which are approved by the Public Utilities Commission under the Electricity Market Law and the law "On Regulators of Public Utilities" (in Latvian – *likums "Par sabiedrisko pakalpojumu regulatoriem"*). Draft tariffs are calculated and evaluated in accordance with the Tariff Calculation Methodology for Electricity Transmission System Services (in Latvian - *Elektroenerģijas pārvades sistēmas pakalpojumu tarifu aprēķināšanas metodika*), whereas capital costs are calculated in accordance with The Methodology for Accounting and Calculating Capital Costs (in Latvian - *Kapitāla izmaksu uzskaites un aprēķināšanas metodika*), both developed and approved by the Public Utilities Commission. The calculation methodology is based on the revenue cap model. The regulatory period varies from 2 to 5 years, where the Company has at the date of this Base Prospectus opted to apply a 3-year regulatory period for its tariffs. Nevertheless, the Company may opt to apply a different regulatory period after the expiry of the existing tariff regulatory period in 2029. The calculation methodology foresees the requirement for tariff to include only costs that are necessary for provision of efficient transmission and power maintenance

services and economically justified. Therefore, there is a risk that not all costs of the Company will be covered under the tariff.

The calculation methodology also foresees the requirement for the Public Utilities Commission to evaluate the level of regulated asset base and an obligation for the Company to use rate of return on capital that has been approved by the Public Utilities Commission. Therefore, there is a risk that not all costs will be covered by such regulated tariffs due to an unduly low regulatory asset base or because the rate of return on capital included in the calculation of the transmission system service tariffs will not correspond to the market rate. As the calculation methodology does not allow inclusion of financial costs in the tariff, the permitted return on capital must be sufficient to effectively attract financing and to cover its financing costs.

Also, there is a risk of material adverse effect on the Company due to delayed regulatory decisions by state authorities or due to changes in the local or EU legislative environment governing relevant regulatory matters.

The electricity transmission system service tariffs are set by the Public Utilities Commission, *inter alia*, by evaluating the submitted draft tariffs and requesting additional information substantiating the draft tariffs. The total review and approval period of the tariff is 120 days, which can be extended in case of requesting additional information. Hence, the Company may not be able to adjust its revenues with sufficient flexibly to respond to changes in costs by revising the prices of services provided, which may adversely affect the Company's net sales.

To mitigate these risks, the tariff methodology includes a regulatory account mechanism that accumulates differences between the costs projected in the tariff application and the actual costs incurred. If the actual justified transmission service costs exceed those forecast and incorporated into the tariff for the current regulatory period, the difference is carried forward and recovered through tariffs in the subsequent regulatory period. Nevertheless, short-term mismatches between actual and forecast costs, as well as delays in their recovery, may still adversely affect the Company's revenues and liquidity, and there is no assurance that this mechanism will fully or timely offset such mismatches.

There is a risk that not all costs of the Company will be covered by such regulated tariffs due to an unduly low regulatory asset base or because the rate of return on capital included in the calculation of the price of the electricity transmission system service tariffs will not correspond to the market rate, which could have a material adverse effect on the Company's business, results of operations, financial condition and/or prospects.

Regulatory actions and investigations risk

The Company is subject to regular investigations, examinations, inspections or audits by several authorities, including the Public Utilities Commission, the State Audit Office, the Competition Council, and the State Revenue Service. These reviews cover areas including, but not limited to, certification requirements, payments, reporting, and corporate governance. This risk is material because the Company operates in a regulated sector and its business depends on continued compliance with applicable laws, regulations and authority requirements.

Any determination by the authorities that the Company has not acted in compliance with all the applicable laws and regulations could have serious legal, reputational and financial consequences for the Company, including exposure to fines, criminal and civil penalties and other damages, increased prudential requirements or even business disruption in the respective fields. Such outcomes could adversely affect the Company's business, financial condition and results of operations.

International and national sanctions risk

The Group complies with the Law on International Sanctions and National Sanctions of the Republic of Latvia (in Latvian – *Starptautisko un Latvijas Republikas nacionālo sankciju likums*), covering sanctions imposed by the United Nations (the "**UN**") and the EU, and additionally observes sanctions imposed by the United States (the "**US**"). Russia's invasion of Ukraine has led to unprecedented EU and US government sanctions against Russian and Belarusian companies and individuals. The scope, interpretation and enforcement of sanctions may change rapidly and may be expanded to include additional persons, entities, sectors, securities, services,

products, transactions, ownership structures or jurisdictions. Sanctions may also apply indirectly, including where a counterparty, investor, borrower, beneficial owner, guarantor, security provider, intermediary, service provider or other relevant person is owned or controlled by, acting on behalf of, or otherwise connected with, a sanctioned person or jurisdiction. Further sanctions could also lead to additional checks being required and performed by banks, custodians, investment firms, Nasdaq CSD, counterparties and other intermediaries, which may prolong the execution time of payments, delay settlement, restrict transfers of the Notes, freeze assets, prevent distributions or repayments, result in rejection of transactions, require additional information or documentation, or otherwise jeopardise concluded contractual obligations. To mitigate this risk, the Group has developed an internal control system, a package of measures including activities to be taken to ensure compliance with sanctions requirements. Failure to comply with Latvian national sanctions or international sanctions could have serious legal and reputational consequences for the Group, including exposure to fines, asset freezes, transaction restrictions, termination of contracts, inability to perform payment or settlement obligations, as well as criminal and civil penalties, and any of the foregoing could have a material adverse effect on the Group's business, results of operations, financial condition and/or prospects.

Money laundering, terrorist financing and proliferation financing risk

The Group is exposed to money laundering, terrorist financing and proliferation financing risk. This risk is material because non-compliance with AML/CTF requirements could affect the ability of the Group to receive accounting and legal services, receive or grant loans, or open accounts for the Group's companies. The Group conducts its business operations in compliance with all applicable AML/CFT regulatory requirements and has implemented an internal control system designed to ensure ongoing compliance with such requirements.

The failure to comply with AML/CFT requirements would most likely lead to serious financial, legal and reputational consequences for the Group, including exposure to fines, as well as criminal and civil penalties. Such consequences could have a material adverse effect on the Group's business, results of operations, financial condition and/or prospects.

General Data Protection Regulation (GDPR) risk

The Company’s data protection policy and regulations are aligned with the requirements of the General Data Protection Regulation (EU) 2016/679 (GDPR). As a part of its efforts to further enhance its organizational governance, the Company is currently implementing a new GDPR data governance model, under which the Company’s personnel would carry out the day-to-day practical activities required to ensure GDPR compliance, while independent control, employee training and advisory functions related to data protection will be outsourced to an external service provider. The Company regularly monitors GDPR compliance. However, any failure to establish and implement appropriate technical and organizational measures could have serious financial, legal and reputational consequences for the Company, including exposure to fines and penalties. Such consequences could adversely affect the Company’s business, financial condition and results of operations.

Cybersecurity risk

The Company is a provider of essential services within the meaning of the National Cybersecurity Law, as it is the only operator in the energy sector that provides electricity transmission services within the territory of Latvia. As a subject of the National Cybersecurity Law, the Company has specific obligations for managing cybersecurity risks, including appointing a cybersecurity manager who implements and oversees cybersecurity measures, developing a cyber risk management and information and communication technology business continuity plan, and ensuring regular employee training for the effective implementation of the measures included in the plan.

The Company has implemented these requirements, including the measures described in Section “Information System, Communication Network Infrastructure and Cyber-Attack Risks” above; however, it cannot be fully ruled out that the Company may, at some point, have some deficiencies in its compliance with the National Cybersecurity Law.

In the event of a material non-compliance with the requirements set out in the law, the supervisory authority may impose a fine on the essential service provider of up to EUR 10 million; however, if the essential service provider's total net turnover for the last financial year exceeds EUR 500 million, the fine may amount to up to two percent of the provider's total net turnover for the last financial year. Such fines could adversely affect the Company's financial condition and results of operations.

Fraud and corruption risk

The Company is exposed to the risk of corruptive, fraudulent, coercive or collusive practices by its employees, board and council members, or in connection with transactions involving the Company. Nevertheless, the Company has developed and implemented fraud and corruption risk management rules to mitigate this risk.

To reduce the risk, the Company maintains internal anti-corruption policies and procedures that, among other things, limit the giving and receiving of gifts, restrict the holding of multiple positions that could give rise to conflicts of interest, require personnel to disclose any conflicts of interest, and provide for periodic training on business ethics, fraud prevention and anti-corruption. The Company periodically reviews its internal control procedures against recognised good practice. If such prohibited practices occur, they could adversely affect the Company's reputation, business and financial position. They could also involve the Company in legal proceedings and disputes, including claims in relation to actions by regulatory and supervisory institutions.

Competition risk

The Company has a dominant position in the Latvian transmission system service market within the meaning of the Competition Law (in Latvian – *Konkurences likums*) due to the historically existing transmission system service monopoly in Latvia established also by the Electricity Market Law (in Latvian - *Elektroenerģijas tirgus likums*). This risk is material because the Company's market position exposes it to scrutiny by the competent authorities and requires compliance with competition law obligations applicable to dominant undertakings. If the Competition Council found violations of the Competition Law, this could have serious legal, financial and reputational consequences for the Company. As at the date of this Base Prospectus no violations of the Competition Law committed by the Company has been found by the Competition Council.

REMIT regulation risk

The Company, as a transmission system operator, operates in the wholesale energy market and is subject to the European Parliament and Council Regulation No 1227/2011 on Wholesale Energy Market Integrity and Transparency (REMIT), including a prohibition on market manipulation and a duty to publish inside information as well as provide information to the regulator and the Agency for the Cooperation of Energy Regulators.

To mitigate this risk, the Company has implemented internal processes and technical solutions designed to ensure compliance with REMIT requirements, including the monitoring, identification and timely disclosure of inside information, as well as the reporting obligations towards competent authorities. In addition, the Company maintains professional liability insurance covering its market monitoring function.

A breach of REMIT could have serious legal, financial and reputational consequences for the Company. Such consequences could adversely affect the Company's business, financial condition and results of operations.

Information disclosure risk

The Issuer's outstanding debt securities are listed on the Nasdaq Riga Baltic Bond List, which imposes information disclosure requirements that the Issuer must follow on a continuing basis. These requirements determine when and how information should be disclosed to the market. If the Issuer fails to comply with the information disclosure requirements, Latvijas Banka (the Bank of Latvia) or Nasdaq Riga may impose a fine for violation of these requirements, or in the worst-case scenario, the delist the Issuer's outstanding debt securities.

The Group has implemented internal processes and developed internal guidance, the Inside Information Disclosure Rules, which include a list of potential events that would require disclosure to investors. However, these rules do not eliminate the risk of a failure to disclose information to the market. Such failure, and the

potential reputational harm to the Group, along with the risk of fines or delisting of the Issuer's debt securities, could have a material adverse effect on the Group's business, results of operations, financial condition and/or prospects.

Changes in legislation

The Company is exposed to changes in the legislative environment governing the electricity market and to political and social decisions at local and EU level. Such developments include, among others, the European Green Deal, which aims to transform the EU into a fair and prosperous society, with a modern, resource-efficient and competitive economy achieving net-zero emissions of greenhouse gases in 2050 and decoupling of economic growth from resource use. The European Green Deal is supplemented by the Fit for 55 package, a set of laws aiming to reduce EU greenhouse gas emissions by at least 55% and to increase the share of renewables in the EU's overall energy consumption to 42.5% (striving to 45%) by 2030, and other initiatives aimed at reducing greenhouse gas emissions, and changing the structure of the electricity market. These developments are expected to significantly change electricity market and availability of capacities for ancillary services, integration of diverse energy sources. As a backbone of electricity market, the Company will be required to provide appropriate technical and IT solutions for grid security and stability, as well as availability of optimal transmission system capacity and flexibility. These requirements may expose the Company to additional costs that might negatively impact the Company's financial situation, and, as a result, adversely affect its business, financial condition and results of operations.

Financial Risks

Mandatory prepayment of the Company's debt portfolio

The Company has a valid loan agreement with AS Luminor Bank with an outstanding principal amount of EUR 20 million), notes in principal amount of EUR 100 million issued under the base prospectus of the Issuer, dated 21 September 2021 and the respective final terms, maturing on 20 January 2027, and available credit line of EUR 110 million with AS SEB banka. The loan agreement, the credit line and the base prospectus contain financial covenant clauses and other obligations and representations, the violation of which could lead to an event of default and acceleration of repayment of the loan.

While the Company has not breached such provisions in the past, its ability to comply with covenants and restrictions may be affected by events beyond its control, including prevailing economic, financial, legal, and industry conditions. If these obligations were breached, the creditors could declare an event of default pursuant to the relevant loan agreements and require prepayment of outstanding loan amounts and redemption of the outstanding bonds. Due to cross-default clauses in the loan agreements, the Company might need to refinance a substantial part of its outstanding debt. Limited refinancing and renegotiation options could cause significant going concern risk for the Company and adversely affect its financial condition and ability to meet its obligations.

The risk is mitigated by the Company's policy for raising and managing borrowed funds, which is designed to address the risk of mandatory prepayment of the Company's debt portfolio. This requires, among other things, the Company to maintain a common list of covenants included in its loan agreements and bond documentation. Furthermore, financial covenants are considered in the business planning process.

Downgrade of the Company's credit rating

A downgrade of the Company's credit rating could increase costs of funding and/or reduce its access to funding and could require the Company to provide additional security under contracts. This risk is material because the Company relies on access to funding and contractual arrangements to finance its business, and a downgrade can increase the transaction costs.

The Company's credit rating might be downgraded due to a deterioration in the Company's own credit quality. The Company's credit rating might also be downgraded if the credit rating of the Republic of Latvia is

downgraded due to weaker macroeconomic conditions or a change of the support assumptions provided by the Republic of Latvia. Higher funding costs, reduced access to funding or requirements to provide additional security could adversely affect the Company's financial condition, results of operations and ability to finance its activities.

Financing and refinancing risk

The Company will need to raise further debt from time to time in order, among other things:

- to finance or refinance capital expenditures;
- to refinance debt.

This exposes the Company to financial and capital market risk resulting from mismatches between the capital requirements of the Company and its access to capital. The ability of the Company to raise funding may be influenced by, among other things, its own operating performance and general economic, financial, legal and industry conditions. If these conditions deteriorate, there could be an adverse effect on the Company's ability to finance or refinance capital expenditures and/or to refinance its existing debt as and when they are due. A lack of available funding, or funding available only on less favourable terms, could adversely affect the Company's financial condition, results of operations and ability to implement its capital expenditure programme.

The Group has a Financial Risk Management Policy in place to address refinancing risk, including a policy to diversify funding sources.

Liquidity risk

The Company is exposed to liquidity risk if it is unable to meet its obligations within the set deadlines. Unpredictable cash flow fluctuations and short-term liquidity risk caused by operational risk can affect the Company's ability to settle liabilities when due. The Company provides a reserve in the form of cash or credit to address short-term liquidity needs.

The Company observes prudent liquidity risk management, by monitoring cash flow, forecasting short-term and long-term cash flow and ensuring the availability of sufficient financial resources to settle liabilities within the set deadlines. If, despite these measures, the Company is unable to maintain sufficient liquidity, this could adversely affect its financial condition, results of operations and ability to meet its payment obligations under the bonds.

Interest rate risk

The Company is exposed to interest rate risk primarily through borrowings with a variable interest rate. An increase in interest rates would increase significantly the Company's finance costs on such borrowings.

To limit the risk, the Group's financial risk management regulations require, among other things, to maintain a certain portion of fixed interest rate borrowings in its debt portfolio.

The Company analyses its interest rate positions on a regular basis and models different scenarios, including possible refinancing of loans, renewal of existing positions and possible hedging activities. These measures do not however eliminate interest rate risk. A significant increase in finance costs could adversely affect the Company's financial condition, results of operations and ability to finance its activities.

Risk of decrease of investment value in AS Conexus Baltic Grid

The Company's sole subsidiary, AS Conexus Baltic Grid, is the unified natural gas transmission and storage operator in Latvia. It manages Inčukalns underground natural gas storage facility and the main natural gas transmission system, which directly connects the Latvian natural gas market with Lithuania and Estonia. AS Conexus Baltic Grid provides natural gas transmission and storage services in accordance with the tariffs set by the Public Utilities Commission.

Although a unified financial risk management policy is implemented within the Group to reduce the potential negative impact of operational and financial risks on financial results, the materialisation of certain operational risks (macroeconomic, technical or other) or financial risks (liquidity, counterparty or other), as a result of which AS Conexus Baltic Grid incurs losses, may have a negative impact on the Group's financial results.

Risks related to the Notes

Possibility to forfeit interest and principal amount invested

Investors are exposed to the Issuer's credit risk during the term of the Notes. This risk is material because, if the Issuer becomes insolvent or legal protection proceedings or out-of-court legal protection proceedings of the Issuer are initiated during the term of the Notes, the Issuer's ability to make payments on the Notes would be impaired. In those circumstances, an investor may forfeit interest payable on, and the principal amount of, the Notes in whole or in part. This would adversely affect the value of the Notes and the investor's return on the investment. An investor is always solely responsible for the economic consequences of its investment decisions.

No guarantee or security

The Notes will constitute obligations of the Issuer only and will not be guaranteed by any other person. Noteholders will therefore rely solely on the Issuer's ability to meet its payment obligations under the Notes.

The Notes are unsecured debt instruments. In the event of the Issuer's insolvency, legal protection proceedings or out-of-court legal protection proceedings, the Noteholders would be unsecured creditors of the Issuer. As a result, Noteholders may recover less than the full amount of interest and principal due under the Notes, and the value of the Notes could be adversely affected.

Claims cannot be enforced against the Issuer's key assets

The Issuer holds a number of assets which, under applicable laws of the Republic of Latvia, can be owned only by the Issuer. Pursuant to Section 20.[1] (4) of the Energy Law (in Latvian - *Enerģētikas likums*), the infrastructure objects of the electricity transmission system belonging the Issuer cannot be disposed or used as a collateral to secure loans or other liabilities. These assets form part of the Issuer's key regulated transmission infrastructure but are non-transferable and cannot be used as security for claims. Because of the non-transferable nature of these assets, no claims, either on the ground of the Notes or otherwise, can be enforced against them. In the event of the Issuer's insolvency, these assets will not be used for settling the creditors' claims and the recovery prospects may be limited.

The Notes do not contain covenants governing the Issuer's operations and do not limit its ability to merge or otherwise affect significant transactions that may have a material adverse effect on the Notes and the Noteholders

The Notes do not contain provisions designed to protect the Noteholders from a reduction in the creditworthiness of the Issuer. Except for the Change of Control provision (see Clause 14 the General Terms and Conditions of the Notes), the Notes do not restrict the Issuer's ability to increase or decrease its share capital, to enter into a merger or other significant transaction that could materially alter its existence, jurisdiction of organization or regulatory regime and/or its composition and business. Such transactions could affect the Issuer's credit profile without giving Noteholders broader covenant protection. In the event that the Issuer enters into such a transaction, Noteholders could be materially adversely affected. Furthermore, the Change of Control condition does not restrict the current shareholder of the Issuer, the Republic of Latvia, from disposing any or all of its shareholdings, in case the law, which at the date of this Base Prospectus restricts privatisation or alienation of the shares of the Issuer, is changed.

No limitation on issuing additional debt

The Issuer is not prohibited from issuing further debt. If the Issuer incurs significant additional debt of an equivalent seniority with the Notes, it will increase the number of claims that would be equally entitled to receive

the proceeds, including those related to the Issuer's possible insolvency. Further, any provision which confers, purports to confer, or waives a right to create security interest in favour of third parties, such as a negative pledge, is ineffective against third parties since: (i) it is an issue of a contractual arrangement only being binding upon the parties to such contractual arrangement; (ii) there is no specific legislation in Latvia providing beneficiaries of negative pledge undertakings or covenants with a preferred position vis-a-vis the claims of third parties; and (iii) no registry or public record exists in Latvia through which negative pledge undertakings or covenants could be filed to obtain a preferred position. Should the Issuer breach its obligations under such undertakings and covenants and create a security interest in favour of a third party, such third party would obtain a valid and enforceable security interest over the pledged asset.

In respect of any Notes issued as European Green Bonds, there can be no assurance that the use of an amount equal to such proceeds will be suitable for the investment criteria of Investors

The Issuer may choose to apply an amount equal to the net proceeds from the issue of any Notes specifically to finance and/or refinance in whole or in part the project(s) described in the applicable Final Terms in accordance with the EU Green Bond Regulation and the Programme Factsheet. See also "Use of Proceeds" for further detail. Regardless of whether any Notes are listed or admitted to trading on any dedicated "green", "environmental", "sustainable" or other equivalently-labelled segment of any stock exchange or securities market, no assurance is given by the Issuer or any other member of the Group, the Arrangers or the Dealers that the use of an amount equal to such net proceeds for any projects in accordance with the EU Green Bond Regulation will, in each case, satisfy, whether in whole or in part, any present or future Investor expectations or requirements as regards any investment criteria or guidelines with which such Investor or its investments are required to comply whether by any present or future applicable law or regulations or by its own by-laws or other governing rules or investment portfolio mandates, in particular with regard to any direct or indirect environmental, sustainability or social impact of any projects or uses, the subject of or related to, any such projects.

In addition, in the event that the Issuer for whatever reason does not apply the proceeds of European Green Bonds, as the case may be, in accordance with the eligibility criteria set out in the Programme Factsheet or in compliance with the EU Green Bond Regulation, such failure would not result in an Event of Default, cancellation, acceleration or early redemption event under the Notes.

Any failure to apply the net proceeds of any issue of European Green Bonds in connection with European Green Bonds in compliance with the EU Green Bond Regulation, or the withdrawal of the Pre-Issuance Review Report, Post-Issuance Review or Impact Report Review, or in the event that any such Notes are no longer being listed or admitted to trading on any stock exchange or securities market, may have a material adverse effect on the value of such Notes and also potentially the value of any other European Green Bonds of the Issuer, as the case may be, or result in adverse consequences for certain investors with portfolio mandates to invest in securities to be used for a particular purpose. Prospective investors must determine for themselves whether the proposed European Green Bonds, as the case may be, meet their requisite investment criteria and conduct any other investigations they deem necessary to reach their own conclusions as to the suitability of any investment in such Notes for their purposes.

There is currently no globally accepted market consensus as to what constitutes a "green" or an equivalently-labelled project, nor can any assurance be given that such a clear consensus will develop over time or that any prevailing market consensus will not significantly change. In the EU, a basis for the determination of the definitions of "green" has been established with the publication in the Official Journal of the EU on 22 June 2020 of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 (the "**EU Taxonomy Regulation**") on the establishment of a framework to facilitate sustainable investment (the "**EU Taxonomy**"). The EU Taxonomy Regulation establishes a single EU-wide classification system, or "taxonomy", which provides companies and investors with a common language for determining which economic activities can be considered environmentally sustainable. The EU Taxonomy is at the core of the European Green Bonds which can only be qualified as such if use of proceeds is Taxonomy-aligned.

The EU Taxonomy Regulation has been and remains subject to further development by way of the implementation by the European Commission, through delegated regulations, of technical screening criteria for the environmental objectives set out in the EU Taxonomy Regulation. Any further delegated act that is adopted by the European Commission in the implementation of the EU Taxonomy Regulation may evolve over time with changes to the scope of activities and other amendments to reflect technological progress, resulting in regular review to the relating screening criteria. Additionally, although the aforementioned technical screening criteria are generally prescriptive in nature, their application will involve the exercise of judgement and, in certain instances, the technical complexity of such criteria may give rise to uncertainty or differing interpretations as to whether particular activities qualify, or continue to qualify, as environmentally sustainable under the EU Taxonomy Regulation. In addition, the Issuer may make changes to the Programme Factsheet in the future so as to adapt it to updates to the EU Taxonomy or then relevant applicable standards or guidelines for green bonds or to include additional economic activities. Any such changes to the Programme Factsheet may have a negative impact on the market value and the liquidity of any European Green Bonds issued prior to the implementation of such changes.

No assurance is or can be given by the Issuer, any other member of the Group, the Arrangers or the Dealers to investors in European Green Bonds that the projects, assets, expenditures or other uses financed or refinanced with the net proceeds of any European Green Bonds, notwithstanding any compliance with the EU Green Bond Regulation, will meet any or all investor expectations or requirements regarding "green", sustainable or other equivalently labelled performance objectives, or that no adverse environmental, social or other impacts will arise in connection with the implementation of such projects, assets, expenditures or uses. Although the Issuer has included in the Programme Factsheet certain information regarding the expected environmental benefits of the use of proceeds and the manner in which the Issuer assesses compliance with the "do no significant harm" criteria under the EU Taxonomy Regulation, such information is subject to assumptions, estimates, methodologies and limitations and should not be regarded as a guarantee that the relevant European Green Bonds will satisfy the investment criteria, sustainability objectives or portfolio requirements of any particular investor. Neither the Arranger nor any Dealer has independently verified, or assumes any responsibility for verifying, the Taxonomy alignment of any Eligible Green Projects, the Issuer's compliance with the EU Green Bond Regulation, the Programme Factsheet or any related review or report. Any assessment of such matters is subject to the assumptions, methodologies, limitations and qualifications set out in the relevant Programme Factsheet, Pre-Issuance Review Report, Post-Issuance Review, Impact Report Review or other applicable disclosure.

No assurance is given on the accuracy and reliability of EU Green Bond reports

In connection with the issue of European Green Bonds under the Programme, Standard & Poor's has issued the Pre-Issuance Review Report related to the Programme Factsheet. An external reviewer (i) shall also issue a post-issuance review in relation to the allocation report drawn up after the full allocation of the proceeds of the European Green Bond as set out in Article 11 of the EU Green Bond Regulation (a "**Post-Issuance Review**") and (ii) may also issue a review in relation to any impact report as set out in Article 12 of the EU Green Bond Regulation (an "**Impact Report Review**").

The Pre-Issuance Review Report, Post-Issuance Review or Impact Report Review may not reflect the potential environmental impact of the issue of any Notes, nor the potential impact of all risks related to the structure, market, additional risk factors discussed above and other factors that may affect the value of any Notes or the projects financed or refinanced. The Pre-Issuance Review Report, Post-Issuance Review or Impact Report Review does not constitute a recommendation by the Issuer, the Arrangers or the Dealers to buy, sell or hold securities and would only be current as of the date each is released and each may be updated, suspended or withdrawn by the relevant provider(s) at any time. A withdrawal of the Pre-Issuance Review Report, Post-Issuance Review or Impact Report Review may affect the value of such Notes and/or may have consequences for certain investors with portfolio mandates to invest in green assets. None of the any Pre-Issuance Review Report, any Post-Issuance Review nor any Impact Report Review is incorporated in, or forms part of, this Base Prospectus.

As at the date of this Base Prospectus, not all providers of green evaluations are subject to any specific regulatory regime or other regime or oversight, while providers of a Pre-Issuance Review Report, Post-Issuance Review or Impact Report Review must be registered and comply with the requirements of the EU Green Bond Regulation. Prospective investors must determine for themselves the relevance of the Pre-Issuance Review Report, Post-Issuance Review or Impact Report Review for the purpose of any investment in the Notes. In particular, no assurance or representation is made or given that the Pre-Issuance Review Report, Post-Issuance Review or Impact Report Review reflects any present or future requirements, investment criteria or guidelines which may apply to any Investor or its investments.

Risks in connection with European Green Bonds issued under the Programme

Further, the EU Green Bond Regulation has applied from 21 December 2024 and introduces a voluntary label (the "**EU Green Bond Standard**") for issuers of "green" use of proceeds bonds where the proceeds will be invested in economic activities aligned with the EU Taxonomy. Where indicated in the applicable Final Terms, Notes issued under this Programme will be issued as European Green Bonds in accordance with the EU Green Bond Regulation.

In order to be able to issue a European Green Bond, the Issuer must fulfil the requirements of the EU Green Bond Standard. Noteholders should note that the technical screening criteria applicable to economic activities under the EU Taxonomy Regulation may be amended from time to time. The EU Green Bond Regulation includes grandfathering provisions applicable to such changes to technical screening criteria in relation to European Green Bonds in issue. Nevertheless, such grandfathering provisions may not be adequate and changes to the technical screening criteria may impact the ability of the Issuer to comply with the EU Green Bond Regulation.

In order to ensure compliance with the requirements under the EU Green Bond Regulation, the national competent authority is responsible for supervision of compliance with the EU Green Bond Regulation and in this capacity shall have certain supervisory powers, including the power to impose administrative sanctions and take other administrative measures in relation to failure to comply with applicable provisions of the EU Green Bond Regulation. Noteholders should therefore note that the competent authority may, under Article 45 of the EU Green Bond Regulation, among other things, order the temporary suspension or prohibition of an offer or admission of European Green Bonds to trading on a regulated market or prohibit an issuer from issuing European Green Bonds if such issuer violates the requirements of the EU Green Bond Regulation. The relevant competent authority may also have the power to publicise the fact that the relevant issuer does not comply with the EU Green Bond Regulation. If any of these interventions were to occur in respect of the Issuer and/or European Green Bonds issued under the Programme, such measures may have a negative impact on the market value of the European Green Bonds and the Issuer's reputation.

In addition, in accordance with the EU Green Bond Regulation, an external reviewer should be appointed in relation to any European Green Bonds issued under the Programme. Pursuant to Recital 55 and Article 69 of the EU Green Bond Regulation, in order to facilitate the provision of services by external reviewers while ensuring that ESMA has the appropriate time to develop the framework for registration and supervision of external reviewers, a transitional period will apply to external reviewers providing services according with the EU Green Bond Regulation until 21 June 2026. External reviewers providing services during this transitional period shall provide such services only after notifying ESMA to that effect and providing the required information. During the transitional period external reviewers will be required to use 'best efforts' to comply with relevant provisions of the EU Green Bond Regulation.

Holders of European Green Bonds should also note that the EU Green Bond Regulation does not provide for any direct rights that Noteholders could assert with regard to any enforcement of the European Green Bond Standard in law. In particular, this entails the risk that in the event of non-compliance with the requirements (including, a non-taxonomy-compliant use of proceeds or a failure to meet post-issuance reporting obligations), the relevant Noteholder will not be granted any rights to demand the acceleration, cancellation or early repayment of a European Green Bond. This also applies in the event of any administrative or sanctioning measures which may be taken by the competent authority.

Refinancing risk

The Issuer may be required to refinance certain or all of its outstanding debt, including the Notes. The Issuer's ability to successfully refinance its debt depends on the conditions of debt capital markets and its own financial condition. If those conditions deteriorate, the Issuer's access to refinancing, or its ability to refinance on favourable terms, can be restricted. The Issuer's inability to refinance its debt obligations on favourable terms, or at all, could have a negative impact on the Group's operations, financial condition, earnings and on the Noteholders' recovery under the Notes.

Since the Notes bear interest at a fixed interest rate, movements in market interest rates can adversely affect the value of the Notes

The Notes bear interest on their outstanding principal amount at a fixed interest rate. A holder of a security with a fixed interest rate is exposed to the risk that the value of such security could fall as a result of changes in the market interest rate. While the nominal compensation rate of the Notes is fixed during the life of the Notes, the current interest rate on the capital market (market interest rate) typically changes on a daily basis.

If the market interest rate increases, the value of a security such as the Notes typically falls until its yield is approximately equal to the market interest rate. If the market interest rate falls, the value of a security such as the Notes typically increases until its yield is approximately equal to the market interest rate. Movements of the market interest rate can therefore adversely affect the value of the Notes and can lead to losses for the Noteholders if they sell their Notes.

The market price volatility risk

The market price of the Notes could be subject to significant fluctuations in response to actual or anticipated variations in the Group's operating results and those of its competitors, adverse business developments, changes to the regulatory environment in which the Group operates, changes in financial estimates by securities analysts and the actual or expected sale of a large number of the Notes, as well as other factors. In addition, in recent years the global financial markets have experienced significant price and volume fluctuations, which, if repeated in the future, could adversely affect the market price of the Notes without regard to the Group's results of operations, prospects or financial condition. Factors including increased competition or the Group's operating results, the regulatory environment, general market conditions, natural disasters, pandemics, terrorist attacks and war may have an adverse effect on the market price of the Notes. Such price movements could adversely affect the value of the Notes and the return realised by Noteholders if they sell their Notes before maturity.

An active market for the Notes may not develop

Application(s) will be made for the Notes to be admitted to trading on Nasdaq Riga stock exchange, but there is no assurance that such application(s) will be accepted and the Notes will be admitted to trading. Admission to trading is relevant to investors' ability to trade the Notes after issue, but admission of the Notes on a regulated market does not guarantee that a liquid public market for the Notes will develop or will be maintained. Neither the Issuer, nor the Arranger or Dealer is under any obligation to maintain a market for the Notes. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. A lack of liquidity may have a material adverse effect on the market value of the Notes.

Exchange rate risk

The Issuer will pay principal and interest on the Notes in EUR. This creates exchange rate risk for an investor whose financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than EUR. This risk is material because investor's return and the value of payments received under the Notes depend on the exchange rate between EUR and the Investor's Currency. Exchange rates may significantly change (including due to devaluation of EUR or revaluation of the Investor's Currency) and authorities with jurisdiction over the Investor's Currency may impose or modify currency exchange controls.

An appreciation in the value of the Investor's Currency relative to EUR would decrease the Investor's Currency-equivalent: (i) yield on the Notes; (ii) value of the principal payable on the Notes; and (iii) market value of the Notes. This could reduce the investor's return and adversely affect the value of the Notes for that investor.

Credit ratings

One or more independent credit rating agencies may assign credit ratings to the Issuer or the Notes, if applicable. As of the date of this Base Prospectus, the Notes may be unrated, unless otherwise specified in the relevant Final Terms. The Issuer is not obliged to obtain, maintain, update or publish any credit rating in respect of the Issuer or any Issue, unless such obligation is expressly provided in the relevant Final Terms. The ratings may not reflect the potential impact of all risks related to the Issuer, the Group, the Notes, their legal and financial structure, subordination or ranking, market, liquidity, collateral or lack of collateral, enforcement risk, refinancing risk, additional factors discussed above, and other factors that may affect the value of the Notes. A rating may also be based on information, assumptions, methodologies and forecasts that subsequently prove to be incomplete, inaccurate or no longer applicable. Different rating agencies may apply different methodologies and may assign different ratings to the Issuer or the Notes.

A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the rating agency at any time. A credit rating does not constitute an audit, valuation, investment advice, confirmation of the Issuer's solvency, confirmation of the Issuer's ability to repay the Notes, or assessment of the suitability of the Notes for any particular investor. Any downgrade, suspension, withdrawal or failure to obtain a rating may adversely affect the market price and liquidity of the Notes and may limit the ability of certain investors to purchase or hold the Notes.

If any rating is assigned to the Issuer or the Notes, such rating may be solicited or unsolicited. If a rating is unsolicited, the Issuer may not have participated in the rating process and the rating may be based on publicly available or otherwise limited information. Even where a rating is solicited, there can be no assurance that the rating will remain in effect for any period of time or that the rating will not be revised, suspended or withdrawn.

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes in the EEA, unless such ratings are issued by a credit rating agency established in the EEA and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances. Such general restriction will also apply in the case of credit ratings issued by third-country non-EEA credit rating agencies, unless the relevant credit ratings are endorsed by an EEA-registered credit rating agency or the relevant third country rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances. The list of registered and certified rating agencies published by ESMA on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list.

Investors regulated in the UK are subject to similar restrictions under the CRA Regulation as it forms part of UK domestic law by virtue of the EUWA (the "**UK CRA Regulation**"). As such, UK regulated investors are required to use for UK regulatory purposes ratings issued by a credit rating agency established in the UK and registered under the UK CRA Regulation. In the case of ratings issued by third country non-UK credit rating agencies, third country credit ratings can either be: (a) endorsed by a UK registered credit rating agency; or (b) issued by a third country credit rating agency that is certified in accordance with the UK CRA Regulation. Note this is subject, in each case, to (a) the relevant UK registration, certification or endorsement, as the case may be, not having been withdrawn or suspended, and (b) transitional provisions that apply in certain circumstances.

If the status of any rating agency rating the Issuer or the Notes changes for the purposes of the CRA Regulation or the UK CRA Regulation, relevant regulated investors may no longer be able to use the rating for regulatory purposes in the EEA or the UK, as applicable. This may have an adverse effect on the regulatory treatment for certain investors, which may impact the value of the Notes and their liquidity in the secondary market. The

same may apply if the relevant rating is downgraded, withdrawn, suspended, no longer endorsed or certified, or otherwise ceases to satisfy the requirements applicable to regulated investors.

No assurance on change of laws or practices

The Notes are governed by the laws of the Republic of Latvia. Latvian laws (including but not limited to tax laws) and regulations governing the Notes may change during the life of the Notes, and new judicial decisions can be issued and/or new administrative practices may be adopted. Such changes can affect the Issuer's obligations under the Notes and the legal and tax treatment of the Notes after the date of this Base Prospectus. No assurance can be given as to the impact of any of such possible changes of laws or regulations, or new judicial decision or administrative practice taking place after the date of this Base Prospectus. Such change may have a material adverse effect on the Issuer's business, financial condition, results of operations and/or future prospects and, thereby, the Issuer's ability to fulfil its obligations under the Notes, as well as taxation of the Notes, and the market price of the Notes. Such events may also result in material financial losses or damage to the Noteholders.

Redemption prior to maturity

The Notes are redeemable before maturity at the Issuer's option at a price equal to the nominal amount of the Notes together with the accrued interest (as more fully set out in Clauses 9.3 and 9.4 of the General Terms and Conditions of the Notes). The Notes are also redeemable for tax reasons at a price equal to the nominal amount of the Notes together with the accrued interest (as more fully set out in Clause 11 of the General Terms and Conditions of the Notes). In addition, the Notes are redeemable on the occurrence of a Change of Control at a price equal to the nominal amount of the Notes together with the accrued interest (as more fully set out in in Clause 14 of the General Terms and Conditions of the Notes). If 75 (seventy-five) per-cent or more in principal amount of the Notes then outstanding have been redeemed based on a Change of Control, the Issuer is entitled to redeem the remaining Notes at a price equal to the nominal amount of the Notes together with the accrued interest. This risk is material because early redemption affects the expected term and return profile of the Notes.

If the Notes are redeemed at a time when prevailing interest rates are relatively low, investors may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the Notes. The Issuer may also not have sufficient funds at the time of the occurrence of a Change of Control to make the required redemption of Notes.

No voting rights

Only the shareholder of the Issuer has voting rights in the shareholders' meetings of the Issuer. The Notes carry no such voting rights. Consequently, the Noteholders cannot influence any decisions by the Issuer's shareholder concerning, for instance, the capital structure of the Issuer. As a result, decisions taken by the Issuer's shareholder may affect the Issuer or the Notes without Noteholders having any voting rights in the Issuer. Such decisions could adversely affect the value of the Notes or the position of Noteholders.

Amendments to the Notes bind all Noteholders

The General Terms and Conditions of the Notes contain provisions for Noteholders to consider matters affecting their interests generally. Decisions of Noteholders (including amendments to the General Terms and Conditions of the Notes) are subject to defined majorities requirements and will be binding on all Noteholders, including Noteholders who did not vote and Noteholders who voted in a manner contrary to the majority. Such decisions may cause financial losses, among other things, to all Noteholders, including the Noteholders who did not vote and Noteholders who voted in a manner contrary to the majority.

Certain material interests

The Arranger and the Dealer have engaged in, and may in the future engage in, investment banking and/or commercial banking or other services provided to the Group in the ordinary course of business. Therefore, conflicts of interest may exist or may arise as a result of the Arranger's and the Dealer's current or future

engagement in transactions with other parties, their multiple roles or carrying out other transactions for third parties with conflicting interests. Such conflicts could affect the interests of Noteholders.

Risks relating to the clearing and settlement in the Depository's book-entry system

The Notes will be affiliated to the account-based system of the Depository, and no physical notes will be issued. Clearing and settlement of the Notes, as well as payment of interest and repayment of the principal, will be carried out within the Depository's book-entry system. Investors are therefore dependent on the functionality of the Depository's account-based system.

If the Depository's book-entry system does not function properly, investors may experience delays or disruptions in clearing, settlement, receipt of interest or repayment of principal. This could adversely affect the exercise of rights attached to the Notes and the value of the Notes.

GENERAL TERMS AND CONDITIONS OF THE NOTES

1. Principal amount and issuance of the Notes

1.1. Under this second programme for the issuance of notes (the "**Programme**") the Issuer may issue notes up to an aggregate principal amount of EUR 100,000,000 (one hundred million euro) (the "**Notes**").

1.2. The Notes shall be issued in series (the "**Series**").

1.3. Each Series may comprise one or more tranches of Notes (the "**Tranches**"). The Notes of each Tranche will all be subject to identical terms, except that the Issue Dates (as defined below) and the Issue Prices (as defined below) thereof may be different in respect of different Tranches.

1.4. In order to identify each Series and Tranches, the Final Terms (as defined below) shall stipulate a serial number of the respective Series and a serial number of the respective Tranche.

1.5. The terms and conditions of each Tranche shall consist of these general terms and conditions of the Notes (the "**General Terms and Conditions**") and the final terms (the "**Final Terms**"). The General Terms and Conditions shall apply to each Tranche.

1.6. Each Final Terms will be approved by the Management Board of the Issuer, published on the Issuer's website www.ast.lv and submitted to the Bank of Latvia (in Latvian – *Latvijas Banka)*, which will forward them to the Bank of Lithuania (in Lithuanian – *Lietuvos Bankas*).

1.7. The aggregate principal amount of a Tranche shall be specified in the Final Terms.

1.8. The nominal amount of each Note shall be specified in the Final Terms.

1.9. The Notes will be offered for subscription for a minimum investment amount of EUR 100,000 (one hundred thousand euro) (the "**Minimum Investment Amount**").

2. Form of the Notes and ISIN

2.1. The Notes are freely transferable non-convertible debt securities, which contain payment obligations of the Issuer towards the holders of the Notes (the "**Noteholders**").

2.2. The Notes are dematerialized debt securities in bearer form which are disposable without any restrictions and can be pledged. However, the Notes cannot be offered, sold, resold, transferred or delivered in such countries or jurisdictions or otherwise in such circumstances in which it would be unlawful or require measures other than those required under Latvian laws, including the United States, Australia, Japan, Canada, Hong Kong, South Africa, Singapore and certain other jurisdictions. In addition, the Noteholders are prohibited to resell, transfer or deliver the Notes to any person in a manner that would constitute a public offer of securities.

2.3. The Notes shall be book-entered with Nasdaq CSD SE (registration number: 40003242879, legal address: Vaļņu 1, Riga, LV-1050, Latvia) (the "**Depository**").

2.4. A separate ISIN will be assigned to each Series, which will be different from ISIN of other Series.

2.5. Before commencement of the offering of the Notes of the first Tranche of each Series, the Depository upon request of the Issuer will assign ISIN to the respective Series. Where a further Tranche is issued, which is intended to form a single Series with an existing Tranche at any point after the Issue Date of the existing Tranche, a temporary ISIN may be assigned to the Notes of such further Tranche, which is different from ISIN assigned to the relevant Series, until such time as the Tranches are consolidated and form a single Series.

2.6. ISIN of the respective Series and a temporary ISIN of the respective Tranche, if applicable, will be specified in the Final Terms.

3. Status and security

The Notes constitute direct, unsecured and unguaranteed obligations of the Issuer ranking *pari passu* without any preference among each other and with all other unsecured, unguaranteed and unsubordinated indebtedness of the Issuer, save for such obligations as may be preferred by mandatory provisions of law.

4. Currency of the Notes

The Notes will be issued in EUR.

5. Issue price and yield

5.1. The Notes may be issued at their nominal amount or at a discount or a premium to their nominal amount (the "**Issue Price**"). The Issue Price shall be determined by the Issuer and specified in the Final Terms.

5.2. The yield of each Tranche set out in the applicable Final Terms will be calculated as of the relevant Issue Date on an annual basis using the relevant Issue Price. It is not an indication of future yield.

6. Underwriting

None of the Tranches will be underwritten.

7. Issue date

The issue date of each Tranche (the "**Issue Date**") shall be specified in the Final Terms.

8. Interest

8.1. The Notes shall bear interest at a fixed annual interest rate (the "**Interest Rate**") which shall be determined by the Issuer and specified in the Final Terms.

8.2. The interest on the Notes will be paid annually on the dates specified in the Final Terms ("**Interest Payment Date**") until the Maturity Date (as defined below) and will be calculated on the aggregate outstanding principal amount of the Notes of the respective Series.

8.3. Interest shall accrue for each interest period from and including the first day of the interest period to (but excluding) the last day of the interest period on the principal amount of the Notes of the respective Series outstanding from time to time. The first interest period commences on the Issue Date and ends on a day preceding the first Interest Payment Date (the "**First Interest Period**"). Each consecutive interest period begins on the previous Interest Payment Date and ends on a day preceding the following Interest Payment Date. The last interest period ends on the Maturity Date (as defined below).

8.4. Interest in respect of the Notes will be calculated on the basis of the actual number of days elapsed in the relevant interest period divided by 365 (or, in the case of a leap year, 366), i.e. a day count convention Act/Act (ICMA) will be used.

8.5. When interest is required to be calculated in respect of a period of less than a full year (other than in respect of the First Interest Period) it shall be calculated on the basis of (i) the actual number of days in the period from and including the date from which interest begins to accrue (the "**Accrual Date**") to but excluding the date on which it falls due, divided by (ii) the actual number of days from and including the Accrual Date to, but excluding the next following Interest Payment Date.

8.6. Interest on the Notes shall be paid through the Depository in accordance with the applicable rules of the Depository. The Noteholders list eligible to receive the interest on the Notes will be fixed at the end of the 5th (fifth) Business Day immediately preceding the Interest Payment Date.

8.7. Should any Interest Payment Date fall on a date which is not a Business Day, the payment of the interest due will be postponed to the next Business Day. The postponement of the payment date shall not have an impact on the amount payable.

"**Business Day**" means a day on which the Depository system is open and operational.

9. Redemption

9.1. The Notes shall be repaid in full at their nominal amount on the date which will be specified in the Final Terms (the "**Maturity Date**"), unless the Issuer has prepaid the Notes in accordance with Clauses 9.3 and 9.4, Clause 14 (*Change of control*) or Clause 16 (*Events of Default*) below or in case the Noteholders, upon proposal of the Issuer, pursuant to Clause 22 (*Decisions of the Noteholders*) have decided that the Notes shall be redeemed prior to the Maturity Date.

9.2. Each Series of Notes may have a maturity up to 10 (ten) years.

9.3. The Issuer may redeem each Series of Notes, in whole but not in part, at any time during the period commencing on the first Business Day falling 3 (three) months prior to the Maturity Date (such Business Day included) and ending on the Maturity Date (the Maturity Date excluded) (the "**Voluntary Redemption Period**"), at an amount equal to 100 (one hundred) per-cent of their nominal amount together with any accrued but unpaid interest to, but excluding, the date of voluntary redemption (the "**Voluntary Redemption Date**").

9.4. Redemption in accordance with Clause 9.3 shall be made by the Issuer giving not less than 30 (thirty) but no more than 60 (sixty) calendar days' irrevocable notice specifying the Voluntary Redemption Date, which shall be a Business Day within the Voluntary Redemption Period, to the Noteholders in accordance with Clause 20 (*Notices*).

9.5. The principal of the Notes shall be paid through the Depository in accordance with the applicable rules of the Depository. The Noteholders list eligible to receive the principal of the Notes will be fixed at the end of the Business Day immediately preceding the payment of the principal of the Notes.

9.6. Should the payment date fall on a date which is not a Business Day, the payment of the amount due will be postponed to the next Business Day. The postponement of the payment date shall not have an impact on the amount payable.

10. Taxation

All payments in respect of the Notes by the Issuer shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature ("**Taxes**"), unless the withholding or deduction of the Taxes is required by the laws of the Republic of Latvia. In such case, the Issuer shall pay such additional amounts as will result in receipt by the Noteholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Note held by or on behalf of a Noteholder which is liable to such Taxes in respect of such Note by reason of it having some connection with the Republic of Latvia other than the mere holding of the Note.

11. Redemption for tax reasons

11.1. The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time on giving 30 (thirty) but no more than 60 (sixty) calendar days' irrevocable notice to the Noteholders at an amount equal to 100 (one hundred) per-cent of their nominal amount together with any accrued but unpaid interest to, but excluding, the date of redemption, if:

(i) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Clause 10 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of the

Republic of Latvia or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date of issue of the first Tranche of the Notes; and

(ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

provided, however, that no such notice of redemption shall be given earlier than 90 (ninety) days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts if a payment in respect of the Notes were then due.

11.2. Prior to the publication of any notice of redemption pursuant to this Clause 11, the Issuer shall obtain an opinion of independent legal adviser of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment.

11.3. Upon the expiry of any such notice as is referred to in this Clause 11, the Issuer shall be bound to redeem the Notes in accordance with this Clause 11.

12. Placement of the Notes

12.1. Initially the Notes of the respective Tranche will be book-entered in the distribution account of the Dealer with the Depository.

12.2. The placement period for each Tranche (the "**Placement Period**") will be specified in the Final Terms. The Issuer may decide on shortening or lengthening the Placement Period.

12.3. The investors wishing to purchase the Notes shall submit their orders to the Dealer to purchase the Notes (the "**Purchase Orders**") at any time during the Placement Period.

12.4. Total amount of the Notes to be purchased and provided in each Purchase Order shall be no less than the Minimum Investment Amount.

12.5. Purchase Orders by the same legal entity or person will be aggregated into one if all order parameters (except the purchase amount) are the same.

12.6. All Purchase Orders are binding and irrevocable commitment to acquire the allotted Notes.

12.7. On the same Business Day following the Placement Period the Issuer will decide whether to proceed with the issuance of the Notes of a respective Tranche or cancel the issuance. In case the issuance of the Notes of a respective Tranche is cancelled, the Issuer will publish an announcement on the Issuer's website www.ast.lv.

12.8. The Issuer in consultation with the Dealer will decide on allotment of the Notes to the investors at its sole discretion. The Issuer reserves a right to reject any Purchase Order, in whole or in part, at its sole discretion without an obligation to provide any explanations to the investors.

12.9. The Dealer shall send to each investor by way of e-mail or through Bloomberg system a confirmation which will contain information on the extent of satisfaction or rejection of the Purchase Order submitted by the investor, the number of Notes allotted to the investor and the amount (price) payable for the Notes.

12.10. In case of rejection of the Purchase Order submitted by the investor, the blocked funds (if any) will be released within 3 Business Days after the date that the Dealer releases rejection of the Purchase Order submitted. The blocked funds will be released without any reimbursement for costs incurred by the investors in the course of subscribing for the Notes and shall be net of all transfer expenses and without interest.

12.11. The settlement for the Notes will take place on the Issue Date and will be carried out by the Dealer in accordance with the DVP (*Delivery vs Payment*) principle pursuant to the applicable rules of the Depository.

12.12. All paid up Notes shall be treated as issued. The Notes which are not paid up shall be cancelled.

12.13. Information about the placement results of the Notes will be published on the Issuer's website www.ast.lv within 1(one) Business Day following the Placement Period.

13. Admission to trading

13.1. The Issuer shall submit an application regarding inclusion of each Tranche in the Baltic Bond List of akciju sabiedrība "Nasdaq Riga", registration number: 40003167049, legal address: Vaļņu 1, Riga, LV-1050, Latvia ("**Nasdaq Riga**"). An application shall be prepared according to the requirements of Nasdaq Riga and shall be submitted to Nasdaq Riga within 3 (three) months after the Issue Date of the respective Tranche.

13.2. The Issuer shall use its best efforts to ensure that the Notes remain listed in the Baltic Bond List of Nasdaq Riga or, if such listing is not possible, to obtain or maintain, listed or traded on another regulated market. The Issuer shall, following a listing or admission to trading, take all reasonable actions on its part required as a result of such listing or trading of the Notes.

13.3. The Issuer will cover all costs which are related to the admission of the Notes to the relevant regulated market.

14. Change of control

14.1. If at any time while any Note remains outstanding: (i) there occurs a Change of Control (as defined below), and (ii) within the Change of Control Period (as defined below), a Rating Event (as defined below) in respect of that Change of Control occurs (such Change of Control and Rating Event not having been cured prior to the expiry of the Change of Control Period, together, a "**Change of Control Put Event**"), each Noteholder will have the option (the "**Change of Control Put Option**") (unless, prior to the giving of the Change of Control Put Event Notice (as defined below), the Issuer gives notice to redeem the Notes according to Clauses 9.3 and 9.4) to require the Issuer to redeem or, at the Issuer's option, to procure the purchase of, all or part of its Notes, on the Optional Redemption Date (as defined below) at an amount equal to 100 (one hundred) per-cent of their nominal amount together with any accrued but unpaid interest to, but excluding, the Optional Redemption Date.

A "**Change of Control**" shall be deemed to have occurred if at any time following the Issue Date of the first Tranche of the Notes, the Republic of Latvia ceases to own, directly or indirectly, at least 51 (fifty-one) per-cent of the issued voting share capital of the Issuer or ceases to have the power, directly or indirectly, to cast, or control the casting of, at least 51 (fifty-one) per-cent of the maximum number of votes that might be casted at a Shareholders' Meeting of the Issuer.

"**Change of Control Period**" means the period beginning on the date of the first public announcement by or on behalf of the Issuer by any bidder or any designated advisor, of the relevant Change of Control and ending 90 (ninety) days after completion of the relevant Change of Control.

A "**Rating Event**" shall be deemed to have occurred in respect of a Change of Control if (within the Change of Control Period) either:

(i) (A) the rating previously assigned to the Issuer by any Rating Agency solicited by the Issuer is (x) withdrawn or (y) changed from an investment grade rating (BBB-/Baa3 or its equivalent for the time being, or better) to a non-investment grade rating (BB+/Ba1 or its equivalent for the time being, or worse) or (z) (if the rating previously assigned to the Issuer by any Rating Agency solicited by the Issuer was below an investment grade rating (as described above)), lowered by at least one full rating notch (for example, from BB+ to BB, or their respective equivalents) and (B)

such rating is not subsequently upgraded (in the case of a downgrade) or reinstated (in the case of a withdrawal) within the Change of Control Period either to an investment grade credit rating (in the case of (x) and (y)) or to its earlier credit rating or better (in the case of (z)) by such Rating Agency; or

(ii) the Issuer has not been previously assigned a credit rating solicited by the Issuer, and no Rating Agency assigns the Issuer an investment grade rating solicited by the Issuer within the Change of Control Period;

provided that the Rating Agency making the reduction in rating or deciding not to assign an investment grade rating announces or publicly confirms or, having been so requested by the Issuer, informs the Issuer in writing that the lowering or failure to assign an investment grade rating was the result, in whole or in part, of any event or circumstance comprised in or arising as a result of, or in respect of, the applicable Change of Control (whether or not the applicable Change of Control shall have occurred at the time of the Rating Event).

"**Rating Agency**" means S&P Global Ratings Europe Limited, Moody's Deutschland GmbH or Fitch Ratings Ireland Limited.

14.2. Promptly upon the Issuer becoming aware that a Change of Control Put Event has occurred, the Issuer shall give notice (a "**Change of Control Put Event Notice**") to the Noteholders in accordance with Clause 20 (*Notices*) specifying the nature of the Change of Control Put Event and the circumstances giving rise to it, and the procedure for exercising the Change of Control Put Option.

14.3. To exercise the Change of Control Put Option, a Noteholder within the period (the "**Change of Control Put Period**") of 45 (forty-five) days after a Change of Control Put Event Notice is given must provide to the Issuer in writing a notice on exercise of the Change of Control Put Option (a "**Change of Control Put Option Notice**").

14.4. A Change of Control Put Option Notice once given shall be irrevocable. The Issuer shall redeem or, at the option of the Issuer procure the purchase of, the Notes in respect of which the Change of Control Put Option has been validly exercised as provided above by the date which is the 5th (fifth) Business Day following the end of the Change of Control Put Period (the "**Optional Redemption Date**").

14.5. For the avoidance of doubt, the Issuer shall have no responsibility for any cost or loss of whatever kind (including breakage costs) which the Noteholder may incur as a result of or in connection with such Noteholder's exercise or purported exercise of, or otherwise in connection with, any Change of Control Put Option (whether as a result of any purchase or redemption arising therefrom or otherwise).

14.6. If 75 (seventy-five) per-cent or more in principal amount of the Notes then outstanding have been redeemed pursuant to this Clause 14, the Issuer may, on not less than 30 (thirty) nor more than 60 (sixty) days' irrevocable notice to the Noteholders in accordance with Clause 20 (*Notices*) given within 30 (thirty) days after the Optional Redemption Date, redeem on a date to be specified in such notice at its option, all (but not some only) of the remaining Notes at 100 (one hundred) per-cent of their nominal amount, together with interest accrued to, but excluding, the date of redemption.

15. Negative pledge

So long as any Note remains outstanding, the Issuer shall not, and shall procure that none of its Material Subsidiaries create or permit to subsist mortgage, pledge or any other security interest (each a "**Security Interest**"), other than a Permitted Security Interest, upon the whole or any part of its present or future business, undertaking, assets or revenues to secure any Relevant Indebtedness or Guarantee of Relevant Indebtedness without (a) at the same time or prior thereto securing the Notes equally and rateably therewith, or (b) providing such other security for the Notes or other arrangement (whether or not it includes the granting of a security) as may be approved by the Noteholders pursuant to Clause 22 (*Decisions of the Noteholders*).

"**Subsidiary**" means a company:

(i) whose affairs and policies the Issuer controls or has the power to control, whether by ownership of share capital, contract, the power to appoint or remove members of the governing body or otherwise; or

(ii) whose financial statements are, in accordance with applicable law and generally accepted accounting principles, consolidated with those of the Issuer.

"**Material Subsidiary**" means at any time any Subsidiary:

(i) whose total consolidated (or, if applicable, unconsolidated) assets (excluding intercompany loans, intercompany payables, intercompany receivables and intercompany unrealised gains and losses in inventories) represent not less than 10 (ten) per-cent of the total consolidated assets of the Issuer, or whose gross consolidated EBITDA (or, if applicable, unconsolidated) represents not less than 10 (ten) per-cent of the gross consolidated EBITDA of the Issuer, in each case as determined by reference to the most recent publicly available annual or interim financial statements of the Issuer prepared in accordance with IFRS and the latest financial statements of the Subsidiary determined in accordance with IFRS; or

(ii) to which is transferred the whole or substantially all of the assets and undertakings of a Subsidiary which, immediately prior to such transfer, is a Material Subsidiary.

"**EBITDA**" means (i) the consolidated operating profit of the Group or (ii) in the case of a Material Subsidiary, the consolidated or unconsolidated operating profit of such Material Subsidiary, in the case of both (i) and (ii) before taking into account:

(a) depreciation and amortisation;

(b) finance income and finance costs;

(c) revaluation of property, plant and equipment, and investment property;

(d) impairment of property, plant and equipment;

(e) current year income tax expense and deferred income tax (expense)/benefit;

(f) any revaluation of non-current assets; and

(g) exceptional items, as defined by IFRS or separately identified as such within the most recent publicly available annual or interim financial statements of the Issuer or the relevant Material Subsidiary (as the case may be), prepared in accordance with IFRS.

"**Group**" means the Issuer and its Subsidiaries from time to time.

"**IFRS**" means the International Financial Reporting Standards as adopted by the European Union.

"**Permitted Security Interest**" means any of the following:

(i) Security Interest created over any asset of any company which becomes a Subsidiary after the Issue Date of the first Tranche of the Notes, where such Security Interest is created prior to the date on which the company becomes a Subsidiary, provided that:

a) such Security Interest was not created in contemplation of the acquisition of such company; and

b) the principal amount secured was not increased in contemplation of or since the acquisition (or proposed acquisition) of that company;.

(ii) any lien or other Security Interest arising by operation of law or in the ordinary course of business and not as a result of any default or omission by the Issuer or the relevant Material Subsidiary;

(iii) any Security Interest arising under general terms and conditions of banks, custodians, clearing systems, payment systems or account operators in the ordinary course of banking, custody, settlement or payment arrangements;

(iv) any netting, set-off, cash pooling or similar arrangement entered into in the ordinary course of banking, treasury or liquidity management arrangements;

(v) any Security Interest created over cash, deposits, financial instruments or other assets in connection with guarantees, letters of credit, court proceedings, lease arrangements, utilities, payment services, card schemes, settlement arrangements or similar ordinary course arrangements;

(vi) any title retention, hire purchase, leasing or similar arrangement entered into in the ordinary course of business, provided that such arrangement is not entered into primarily for the purpose of securing Relevant Indebtedness;

(vii) any Security Interest created with the prior approval of the Majority Noteholders or, where the Security Interest affects only one Issue, the Majority Noteholders of the relevant Issue, in accordance with Section 22 (Decisions of the Noteholders).

"**Indebtedness**" means any indebtedness (whether principal, premium, interest or other amounts) in respect of any bonds, notes or other debt securities or borrowed money by the Issuer or any of its Subsidiaries (other than from the Issuer to any of its wholly-owned Subsidiaries and from any of the Issuer's wholly-owned Subsidiaries to the Issuer or to another wholly-owned Subsidiary).

"**Relevant Indebtedness**" means any Indebtedness which is in the form of, or represented by any bond, note or other debt security which is, or is capable of being, quoted, listed or traded on any stock exchange or in any securities market (including, without limitation, any over-the-counter market).

"**Guarantee**" means, in relation to any Indebtedness, any obligation to pay such Indebtedness including (without limitation):

(i) any obligation to purchase such Indebtedness;

(ii) any obligation to lend money, to purchase or subscribe shares or other securities or to purchase assets or services in order to provide funds for the payment of such Indebtedness;

(iii) any indemnity against the consequences of a default in the payment of such Indebtedness; and

(iv) any other agreement to be responsible for such Indebtedness.

16. Events of Default

16.1. If an Event of Default (as defined below) occurs, any Noteholder may by written notice to the Issuer declare any Note held by it and the interest accrued on such Note to be prematurely due and payable at the earliest on the 10th (tenth) Business Day from the date such notice was received by the Issuer, provided that an Event of Default is continuing on the date of receipt of the notice by the Issuer and on the early repayment date (the "**Early Repayment Date**"). Interest on such Note accrues until the Early Repayment Date (excluding the Early Repayment Date).

16.2. The Issuer shall notify the Noteholders about the occurrence of an Event of Default (and the steps, if any, taken to remedy it) in accordance with Clause 20 (*Notices*) promptly upon becoming aware of its occurrence.

16.3. Each of the following events shall constitute an event of default (an "**Event of Default**"):

(i) **Non-payment**: the Issuer fails to pay any amount of principal in respect of the Notes on the due date for payment thereof or fails to pay any amount of interest in respect of the Notes on the due date for payment thereof and the default continues for a period of 5 (five) days in the case of principal and for a period of 14 (fourteen) days in the case of interest;

(ii) **Breach of other obligations:** the Issuer defaults in the performance or observance of any of its other obligations in respect of the Notes, and such default is not capable of remedy or remains unremedied for at least 30 (thirty) days after written notice thereof, addressed to the Issuer by any Noteholder, has been received by the Issuer;

(iii) **Cross-default:**

(a) any Indebtedness of the Issuer or any of its Material Subsidiaries is not paid when due or (as the case may be) within any originally applicable grace period;

(b) any such Indebtedness becomes due and payable prior to its stated maturity otherwise than at the option of the Issuer or (as the case may be) the relevant Material Subsidiary or (**provided that** no event of default, howsoever described, has occurred) any person entitled to such Indebtedness;

(c) the Issuer or any of its Material Subsidiaries fails to pay when due any amount payable by it under any Guarantee of any Indebtedness;

provided that the amount of Indebtedness referred to in sub-paragraph (a) and/or sub-paragraph (b) above and/or the amount payable under any Guarantee referred to in sub-paragraph (c) above individually or in the aggregate exceeds EUR 20,000,000 (twenty million euro) (or its equivalent in any other currency or currencies);

(iv) **Security enforced**: a secured party enforces a security over the whole or any substantial part of the undertaking, assets and revenues of the Issuer or any of its Material Subsidiaries;

(v) **Cessation of business:** the Issuer or any of its Material Subsidiaries cease to carry on its current business in its entirety or a substantial part thereof, other than:

(a) pursuant to any sale, disposal, demerger, amalgamation, reorganization or restructuring or any cessation of business in each case on a solvent basis and within the Group; or

(b) for the purposes of, or pursuant to any terms approved by the Noteholders in accordance with Clause 22 (*Decisions of the Noteholders*);

(vi) **Liquidation**: an effective resolution is passed for the liquidation of the Issuer or any of its Material Subsidiaries other than, in case of a Material Subsidiary:

(a) pursuant to an amalgamation, reorganization or restructuring in each case within the Group; or

(b) for the purposes of, or pursuant to any terms approved by the Noteholders in accordance with Clause 22 (*Decisions of the Noteholders*);

(vii) **Insolvency:**

(a) the Issuer or any of its Material Subsidiaries is declared insolvent or bankrupt by a court of competent jurisdiction or admits inability to pay its debts; or

(b) the Issuer or any of its Material Subsidiaries enters into any arrangement with at least 75 (seventy-five) per-cent of its creditors by value in relation to restructuring of its debts or any meeting is convened to consider a proposal for such arrangement; or

(c) an application to initiate insolvency, restructuring (including proceedings such as legal protection proceedings and out-of-court legal protection proceedings) or administration of the Issuer or any of its Material Subsidiaries or any other proceedings for the settlement of the debt of the Issuer or of any of its Material Subsidiaries is submitted to the court by the Issuer or any of its Material Subsidiaries.

16.4. In case of the Issuer's liquidation or insolvency the Noteholders shall have a right to receive payment of the outstanding principal amount of the Notes and the interest accrued on the Notes according to the relevant laws governing liquidation or insolvency of the Issuer.

17. Further Issues

The Issuer may from time to time, without the consent of and notice to the Noteholders, create and issue further Notes whether such further Notes form a single Series with already issued Notes or not. For the avoidance of doubt, this Clause 17 shall not limit the Issuer's right to issue any other notes.

18. Purchases

The Issuer or any of its Subsidiaries may at any time purchase the Notes in any manner and at any price in the secondary market. Such Notes may be held, resold or surrendered by the purchaser through the Issuer for cancellation. Notes held by or for the account of the Issuer or any of its Subsidiaries for their own account will not carry the right to vote at the Noteholders' Meetings or within Written Procedures and will not be taken into account in determining how many Notes are outstanding for the purposes of these General Terms and Conditions.

19. Time bar

In case any payment under the Notes has not been claimed by the respective Noteholder entitled to this payment within 10 (ten) years from the original due date thereof, the right to such payment shall be forfeited by the Noteholder and the Issuer shall be permanently released from such payment.

20. Notices

Noteholders shall be advised of matters relating to the Notes by a notice published in English and Latvian in the Central Storage of Regulated Information, on the website of Nasdaq Riga and on the Issuer's website www.ast.lv. Any such notice shall be deemed to have been received by the Noteholders when published in the manner specified in this Clause 20.

21. Representation of the Noteholders

The rights of the Noteholders to establish and/or authorize an organization/person to represent interests of all or a part of the Noteholders are not contemplated, however, such rights are not restricted. The Noteholders should cover all costs/fees of such representative(s) by themselves.

22. Decisions of the Noteholders

22.1. General provisions

(i) The decisions of the Noteholders (including decisions on agreement with the Issuer on amendments to these General Terms and Conditions or the Final Terms of the Tranches of the relevant Series or granting of consent or waiver) shall be passed at a meeting of the Noteholders (the "**Noteholders' Meeting**") or in writing without convening the Noteholders' Meeting (the "**Written Procedure**") at the choice of the Issuer. However, the Issuer shall have a right to amend the technical procedures relating to the Notes in respect of payments or other similar matters without the consent of the Noteholders, if such amendments are not prejudicial to the interests of the Noteholders.

(ii) The Issuer shall have a right to convene the Noteholders' Meeting or instigate the Written Procedure at any time and shall do so following a written request from the Noteholders who, on the day of the request, represent not less than one-tenth of the principal amount of the Notes outstanding or the principal amount of the Notes of the relevant Series outstanding (as applicable) (excluding the Issuer and its Subsidiaries). Any such request shall describe the matter to be decided in reasonable detail, identify the relevant Series or Series affected by the proposed decision, and be accompanied by evidence of the requesting Noteholders' holdings, including statements or confirmations issued by the relevant custodians or account operators.

(iii) In case convening of the Noteholders' Meeting or instigation of the Written Procedure is requested by the Noteholders, the Issuer shall be obliged to convene the Noteholders' Meeting or instigate the Written Procedure within 1 (one) month after receipt of the respective Noteholders' written request. If the Issuer fails to do so within such period, the requesting Noteholders may themselves, or through a person authorised by them, convene the Noteholders' Meeting or instigate the Written Procedure, in each case with effect as if convened or instigated by the Issuer. The Issuer shall provide all reasonable cooperation required for such purpose, including providing or procuring access to the relevant procedural arrangements customarily used for communication with the Noteholders and the implementation of the Noteholders' Meeting or Written Procedure.

(iv) Only those who were registered as the Noteholders by the end of the 6th (sixth) Business Day prior to the date of the Noteholders' Meeting or the first date when the Noteholder must reply to the request pursuant to the Written Procedure or proxies authorised by such Noteholders, may exercise their voting rights at the Noteholders' Meeting or in the Written Procedure. The voting rights of the Noteholders shall be determined on the basis of the principal amount of the Notes held on the relevant record date.

(v) Quorum at the Noteholders' Meeting or in respect of the Written Procedure only exists if one or more Noteholders holding 50 (fifty) per-cent in aggregate or more of the principal amount of the Notes outstanding or the principal amount of the Notes of relevant Series outstanding (as applicable):

(a) if at the Noteholders' Meeting, attend the meeting or are represented at the meeting; or

(b) if in respect of the Written Procedure, reply to the request by submitting a valid reply within the prescribed time limit.

(vi) If the Issuer and/or its Subsidiaries are the Noteholders, their principal amount of the Notes will be excluded when a quorum and voting results are calculated.

(vii) If quorum does not exist at the Noteholders' Meeting or in respect of the Written Procedure, the Issuer shall convene a second Noteholders' Meeting (in accordance with Clause 22.2) or instigate a second Written Procedure (in accordance with Clause 22.3), as the case may be. If the Issuer fails to do so within 10 (ten) Business Days after it has been established that quorum did not exist, any Noteholders entitled to request a Noteholders' Meeting or Written Procedure under paragraph (ii) above may themselves convene such second Noteholders' Meeting or instigate such second Written Procedure. The quorum requirement in paragraph (v) above shall not apply to such second Noteholders' Meeting or Written Procedure, except for exclusion of the Notes held by the Issuer or its Subsidiaries from calculation of a quorum and voting results.

(viii) Consent of the Noteholders holding at least 75 (seventy-five) per-cent of the aggregate principal amount of the outstanding Notes (excluding Notes held by the Issuer or its Subsidiaries from calculation) attending the Noteholders' Meeting or participating in the Written Procedure (i.e. replying to the request) is required for agreement with the Issuer to amend Clause 3 (*Status and security*), Clause 14 (*Change of control*), Clause 15 (*Negative pledge*), Clause 16 (*Events of Default*), Clause 22 (*Decisions of the Noteholders*) or Clause 23 (*Governing law and dispute resolution*).

(ix) Consent of at least 75 (seventy-five) per-cent of the aggregate principal amount of the outstanding Notes of the respective Series (excluding the Notes held by the Issuer or its Subsidiaries from calculation) attending the Noteholders' Meeting or participating in the Written Procedure (i.e. replying to the request) is required for the following decisions:

(a) agreement with the Issuer to change the date, or the method of determining the date, for the payment of principal, interest or any other amount in respect of the relevant Series, to reduce or cancel the amount of principal, interest or any other amount payable on any date in respect of the relevant Series or to change the method of calculating the amount of interest or any other amount payable on any date in respect of the relevant Series;

(b) agreement with the Issuer to change the currency of the relevant Series;

(c) agreement with the Issuer on any exchange or substitution of the Notes of relevant Series for, or the conversion of the Notes of relevant Series into, any other obligations or securities of the Issuer or any other person;

(d) in connection with any exchange, substitution or conversion of the type referred to in paragraph (c) agreement with the Issuer to amend any of the provisions of the relevant Series describing circumstances in which the relevant Series may be redeemed or declared due and payable prior to their scheduled maturity.

(x) Consent of simple majority of all Noteholders or the Noteholders of the respective Series (as applicable) attending the Noteholders' Meeting or participating in the Written Procedure (i.e. replying to the request) is required to the decisions not covered in paragraph (viii) or (ix) above (as applicable).

(xi) The Issuer shall have a right to increase the aggregate principal amount of the Notes to be issued under the Programme without the consent of the Noteholders.

(xii) Information about decisions taken at the Noteholders' Meeting or by way of the Written Procedure shall promptly be provided to the Noteholders in accordance with Clause 20 (*Notices*), provided that a failure to do so shall not invalidate any decision made or voting result achieved. If the relevant Noteholders' Meeting or Written Procedure has been convened or instigated by Noteholders in accordance with these General Terms and Conditions, the Issuer shall publish such information promptly upon receipt from the relevant Noteholders or their duly authorised representative and, if the Issuer fails to do so within 2 (two) Business Days, the relevant Noteholders or their duly authorised representative may publish or otherwise communicate such information directly, and such publication or communication shall be deemed valid for the purposes of these General Terms and Conditions.

(xiii) Decisions passed at the Noteholders' Meeting or in the Written Procedure shall be binding on all Noteholders irrespective of whether they participated at the Noteholders' Meeting or in the Written Procedure.

(xiv) All expenses in relation to the convening and holding the Noteholders' Meeting or a Written Procedure shall be covered by the Issuer. This shall also apply where the Noteholders' Meeting or Written Procedure is convened or instigated by Noteholders in accordance with paragraph (iii) or (vii) above, provided that such expenses have been reasonable, properly documented and incurred in accordance with these General Terms and Conditions.

22.2. Noteholders' Meetings

(i) If a decision of the Noteholders is intended to be passed at the Noteholders' Meeting, then a respective notice of the Noteholders' Meeting shall be provided to the Noteholders in accordance with Clause 20 (*Notices*) no later than 10 (ten) Business Days prior to the meeting. If the Noteholders' Meeting is convened by Noteholders in accordance with these General Terms and

Conditions due to the Issuer's failure to cooperate or act, such notice may be given by such Noteholders or their duly authorised representative by publishing information through available public means designed to notify as many Noteholders as reasonably possible, including an official gazette, press release or publication on a Noteholders' website, and shall be deemed valid for all purposes of these General Terms and Conditions. Furthermore, the notice shall specify the time, place and agenda of the meeting, the Series or Series to which the proposed decision relates, whether all Noteholders or only Noteholders of the relevant Series or affected Series are entitled to participate and vote, as well as any action required on the part of the Noteholders that will attend the meeting. No matters other than those referred to in the notice may be resolved at the Noteholders' Meeting, unless all Noteholders eligible to vote are present or represented and unanimously agree otherwise.

(ii) The Noteholders' Meeting shall be held physically in Riga, Latvia. At the choice of the Issuer, the Noteholders' Meeting can be held also remotely by use of a videoconference platform. Requirements for the identification of the Noteholders at the Noteholders' Meeting that is held remotely will be set by the Issuer and communicated upon convening the Noteholders' Meeting. If the Noteholders' Meeting is convened by Noteholders in accordance with these General Terms and Conditions, such Noteholders or their duly authorised representative may determine the technical arrangements for holding the meeting, including by remote means, provided that such arrangements allow identification of the Noteholders and their votes.

(iii) The Noteholders' Meeting shall be organised by the chairman of the Noteholders' Meeting, who will be the Issuer's representative appointed by the Issuer. If the Noteholders' Meeting is convened by Noteholders in accordance with these General Terms and Conditions, or if the Issuer fails to appoint a chairman or the appointed chairman is not present at the meeting, the chairman shall be appointed by the Noteholders present or represented at the Noteholders' Meeting.

(iv) The Noteholders' Meeting shall be held in English with translation into Latvian, unless the Noteholders present in the respective Noteholders' Meeting unanimously decide that the respective Noteholders' Meeting shall be held only in Latvian or English.

(v) Representatives of the Issuer and persons authorised to act for the Issuer may attend and speak at the Noteholders' Meeting.

(vi) Minutes of the Noteholders' Meeting shall be kept, recording the day and time of the meeting, attendees, their votes represented, matters discussed, results of voting, and resolutions which were adopted. The minutes shall be signed by the keeper of the minutes, which shall be appointed by the Noteholders' Meeting. The minutes shall be attested by the chairman of the Noteholders' Meeting, if the chairman is not the keeper of the minutes, as well as by one of the persons appointed by the Noteholders' Meeting to attest the minutes. The minutes from the relevant Noteholders' Meeting shall at the request of a Noteholder be sent to it by the Issuer. If the Noteholders' Meeting has been convened by Noteholders in accordance with these General Terms and Conditions, the minutes may be prepared and distributed by such Noteholders or their duly authorised representative, and the Issuer shall promptly publish or otherwise communicate the adopted resolutions in accordance with Clause 20 (*Notices*). If the Issuer fails to do so within 2 (two) Business Days after receipt of the minutes or the adopted resolutions, such Noteholders or their duly authorised representative may themselves publish or otherwise communicate the same, and such publication or communication shall be deemed valid for the purposes of these General Terms and Conditions.

22.3. Written Procedure

(i) If a decision of the Noteholders is intended to be passed by the Written Procedure, then a respective communication of the Written Procedure shall be provided to the Noteholders in accordance with Clause 20 (*Notices*). If the Written Procedure is instigated by Noteholders in accordance with these General Terms and Conditions due to the Issuer's failure to cooperate or

act, such communication may be given by such Noteholders or their duly authorised representative and shall be deemed valid for all purposes of these General Terms and Conditions.

(ii) Communication in paragraph (i) above shall include:

(a) each request for a decision by the Noteholders;

(b) a description of the reasons for each request;

(c) a specification of the Business Day on which a person must be registered as a Noteholder in order to be entitled to exercise voting rights;

(d) identification of the Series or Series to which the proposed decision relates and whether all Noteholders or only Noteholders of the relevant Series or affected Series are entitled to participate and vote;

(e) instructions and directions on where to receive a form for replying to the request (such form to include an option to vote "yes" or "no" for each request), as well as a form of a power of attorney; and

(f) the stipulated time period within which the Noteholder must reply to the request (such time period to last at least 10 (ten) Business Days from the communication pursuant to paragraph (i) above) and a manner of a reply.

(iii) When the requisite majority consents pursuant to paragraphs (viii), (ix) or (x) (as applicable) of Clause 22.1 have been received in a Written Procedure, the relevant decision shall be deemed to be adopted pursuant to paragraphs (viii), (ix) or (x) (as applicable) of Clause 22.1 even if the time period for replies in the Written Procedure has not yet expired. Where voting is required separately by Series, the decision shall be deemed adopted only when the requisite majority has been received in respect of each affected Series.

(iv) If the Written Procedure is instigated by Noteholders in accordance with these General Terms and Conditions, the Issuer shall provide all reasonable cooperation necessary to enable such Written Procedure to be conducted properly, including by providing or procuring access to the customary communication channels and procedural arrangements used for communication with the Noteholders.

(v) The Issuer shall promptly publish or otherwise communicate the result of the Written Procedure in accordance with Clause 20 (*Notices*). If the Written Procedure has been instigated by Noteholders in accordance with these General Terms and Conditions and the Issuer fails to do so within 2 (two) Business Days after being informed of the result, such Noteholders or their duly authorised representative may themselves publish or otherwise communicate the result, and such publication or communication shall be deemed valid for the purposes of these General Terms and Conditions.

23. Governing law and dispute resolution

23.1. The Notes are governed by the laws of the Republic of Latvia.

23.2. Any disputes relating to or arising in relation to the Notes shall be settled solely by the courts of the Republic of Latvia of competent jurisdiction.

FORM OF FINAL TERMS

Set out below is the form of Final Terms which will be completed for each Tranche of Notes issued under the Base Prospectus

PROHIBITION OF SALES TO RETAIL INVESTORS IN THE EUROPEAN ECONOMIC AREA

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended) ("**MiFID II**"); or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended or superseded), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MIFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014 (the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

MiFID II Product Governance / Eligible Counterparties and Professional Clients Only Target Market

Solely for the purposes of [the] [each] manufacturer['s][s'] product approval process, the target market assessment in respect of the Notes has led to the conclusion that (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. *[specify further target market criteria] [specify negative target market, if applicable]*. Any person subsequently offering, selling or recommending the Notes (a "**Distributor"**) should take into consideration the manufacturer['s][s'] target market assessment; however, a Distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s][s'] target market assessment) and determining appropriate distribution channels.

Final Terms dated [●]

Akciju sabiedrība "Augstsprieguma tīkls"

Legal entity identifier (LEI): [●]

Issue of [*Aggregate Nominal Amount of Tranche*] Notes due [●]

under the Second Programme for the Issuance of Notes in the Amount of up to EUR 100,000,000

[to be consolidated and form a single series with [●]**]**

Terms used herein shall be deemed to be defined as such for the purposes of the General Terms and Conditions set forth in the Base Prospectus dated [●] 2026 [and the supplement(s) to it dated [●] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Regulation] (the "**Base Prospectus**") for the purposes of Regulation (EU) 2017/1129 (the "**Prospectus Regulation**").

This document constitutes the Final Terms of the Notes described herein for the purposes of the Prospectus Regulation and must be read in conjunction with the Base Prospectus. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus.

The Base Prospectus has been published on the Issuer's website www.ast.lv.

A summary of the individual issue is annexed to these Final Terms.

1.	Issuer:	Akciju sabiedrība "Augstsprieguma tīkls"
2.	Series Number:	[●]

3.	Tranche Number:	[●]
4.	ISIN:	[[●]]/[Temporary ISIN: [●]. Upon admission of the Notes to the regulated market the Notes will be consolidated and form a single series with [●] and will have a common ISIN [●]]
5.	Aggregate principal amount:	[EUR [●] [in addition to [●]]]
6.	Nominal amount of the Note:	EUR [1,000]
7.	Issue Date:	[●]
8.	Annual Interest Rate:	[●]
9.	Interest Payment Date:	[●] each year
10.	Maturity Date:	[●]
11.	Minimum Investment Amount:	[100,000]
12.	Issue Price:	[●]
13.	Yield:	[●] The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield
14.	Placement Period:	[●]
15.	Rating:	the Notes to be issued [are not/have been/are expected to be] rated [by:[●]]
16.	Use of Proceeds:	[General Corporate Purposes]/ [Green Bonds]. The Notes are European Green Bonds and are issued in accordance with the EU Green Bond Regulation. An amount equal to the net proceeds of the issue of Notes will be allocated by the issuer in accordance with the EU Green Bond Regulation and the completed Programme Factsheet. The completed Programme Factsheet and the related Pre-Issuance Review Report with a positive opinion by S&P Global Ratings as external reviewer, each prepared in accordance with Article 10 of the EU Green Bond Regulation, are available on the Issuer's website.]]
17.	Information about the securities of the Issuer that are already admitted to trading:	Notes of the Issuer, issued pursuant to the Issuer's base prospectus of the Issuer dated 21 September 2021 and the applicable final terms, maturity date of 20 January 2027, (ISIN LV0000802528)]

These Final Terms have been approved by the Management Board of the Issuer at its meeting on [*date*].

[*place*], [*date*]

[●]

USE OF PROCEEDS

The net proceeds from the issue of each Series of Notes will, unless otherwise specified in the applicable Final Terms, be used by the Issuer as follows:

(i) where “General Corporate Purposes” is specified in the applicable Final Terms, for its general corporate purposes; or

(ii) where “Green Bonds” is specified in the applicable Final Terms, the Issuer will apply an amount equivalent to the net proceeds from such Series of Notes to finance and/or refinance, in whole or in part, EU Taxonomy-aligned Green Projects described in the Programme Factsheet, in accordance with the EU Green Bond Regulation.

Programme Factsheet and external review

If European Green Bonds or EuGBs are specified in the applicable Final Terms, the Programme Factsheet details the use of proceeds principles for European Green Bonds.

In the Pre-Issuance Review Report, S&P Global Ratings has confirmed that, in relation to European Green Bonds or EuGBs, such European Green Bonds or EuGBs are aligned with the EU Green Bond Regulation, the GBP and the EU Taxonomy Regulation.

The Programme Factsheet has been prepared by the Issuer in accordance with Annex 1 of the EU Green Bond Regulation and the Issuer has obtained the Pre-Issuance Review Report related to the Programme Factsheet, both as referred to in Article 10 of the EU Green Bond Regulation. As of the date of this Base Prospectus, both the Programme Factsheet and Pre-Issuance Review Report are available on the following website: Bonds | AST.

Eligible Green Projects

An amount equal to the net proceeds from the issue of any European Green Bonds may be allocated towards projects which are aimed at the below listed EU Taxonomy economic activities, such projects being "**Eligible Green Projects**", in furtherance of the Group's financing and refinancing of EU Taxonomy aligned capital and operational expenditures. The target environmental objective of European Green Bonds is climate change mitigation (CCM), in accordance with Article 9 of the EU Taxonomy.

EU Taxonomy activity	**Description of example Eligible Green Projects**
CCM 4.9. Transmission and distribution of electricity	Construction and upgrade of electricity transmission infrastructure, including overhead transmission lines, transformer stations, substations, and other infrastructure elements which may support and enable increased renewable energy inflow into the transmission system. Eligible activities also cover infrastructure safety and security measures, including cybersecurity protection required to ensure uninterrupted electricity supply, including its balancing low periods.
CCM 7.2. Renovation of existing buildings; 7.4. Installation, maintenance, and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings); 7.6. Installation, maintenance and repair of renewable energy technologies	Additional activities related to specific investment in upgrade of the Issuer’s property and self-generated energy sources.

Capital expenditures qualify for refinancing with no lookback period as long as the corresponding assets to which the capital expenditure is applied remain in operational use, follow the relevant eligibility criteria at the time of issuance, and are still assessed as making a meaningful impact. Operational expenditures qualify for refinancing with a three-year lookback period. The Issuer annually publishes information on the proportion and amount of capital and operational expenditures associated with EU Taxonomy aligned economic activities in its annual reports, which may include information on Eligible Green Projects.

The proceeds from the Issuer's European Green Bonds will not be directly allocated to:

(i) transitional activities under the EU Taxonomy;

(ii) EU Taxonomy aligned activities related to nuclear energy and fossil fuels; or

(iii) any activities not aligned with the technical screening criteria of the EU Taxonomy.

Eligible Green Project evaluation and selection

Eligible Green Projects are required to align with the EU Taxonomy Regulation and relevant criteria of Commission Delegated Regulation (EU) 2021/2139 and (EU) 2023/2485 (Climate Delegated Act). The process of evaluating and selecting Eligible Green Projects as well as the allocation of Green Note or European Green Bond proceeds to Eligible Green Projects involves analyses by the Issuer's Environmental Management and Treasury departments of the Group's projects on a quarterly basis to identify Eligible Green Projects. Eligible projects are then assessed against the EU Taxonomy, and a list of Aligned Green Projects is then maintained by these departments, with the Issuer's treasurer responsible for keeping this list up to date. The Eligible Green Projects are listed in the Programme Factsheet.

Monitoring of net proceeds in respect of Eligible Green Projects

The Issuer will use a register to track the allocation of an amount equivalent to the net proceeds from European Green Bonds to Eligible Green Projects. The Issuer aims, on a best effort basis, to allocate an amount equal to the net proceeds from the issue of any European Green Bonds to Eligible Green Projects within 24 months of the issuance date of the relevant European Green Bonds. If any projects are no longer classified as Eligible Green Projects, the Issuer will, on a best effort basis, substitute such projects as soon as practicable with an Eligible Green Project. The balance of unallocated net proceeds from European Green Bonds which cannot be immediately allocated towards Eligible Green Projects will be held in the Issuer's liquidity reserves and managed at the discretion of the Issuer, in accordance with the Issuer's liquidity management policy.

Reporting in respect of European Green Bonds

Impact Report

Following the full allocation of an amount equal to the proceeds of each European Green Bond, and at least once during the lifetime of a European Green Bond, the Issuer shall publish and make available on their website an impact report (the "**Impact Report**") and, if an impact report review from an independent external party is requested by the Issuer, any such impact report review (the "**Impact Report Review**"). The independent external party's review will be made available on the Issuer's website.

Allocation Report

The Issuer will publish and make available on its website an allocation report in accordance with Article 11(1) of the EU Green Bond Regulation within 270 days after the last day of the calendar year of issuance of the relevant European Green Bond (the "**Allocation Report**"). The Allocation Report will include economic activity-level information on amounts allocated and the associated environmental impacts, where feasible. In the case of any material changes and the post-issuance review in respect of any published Allocation Report, an

external reviewer may also publish a post-issuance review report (the "**Post-Issuance Review Report**"). The independent external party's review will be made available on the Issuer's website.

Any Pre-Issuance Review Report, Allocation Report, Post-Issuance Review Report, Impact Report or Impact Report Review will be prepared by the Issuer or provided by an external reviewer, as applicable in compliance with the European Green Bond Regulation only where the relevant Notes are expressly designated as European Green Bonds or EuGBs.

None of the Pre-Issuance Review Report, Allocation Report, Post-Issuance Review Report, Impact Report or Impact Report Review nor any other document related thereto are incorporated in, or form part of, this Base Prospectus.

For the avoidance of doubt, none of any progress reports, any pre-issuance verification reports, any post-issuance limited assurance statements or any related opinions are, nor shall they be deemed to be, incorporated in, and/or form part of, this Base Prospectus.

Failure by the Issuer to allocate proceeds to Eligible Green Projects, publish any report, obtain any external review or maintain alignment with the ICMA GBP, the EU Taxonomy Regulation or the EU Green Bond Regulation shall not, unless expressly stated otherwise in the applicable Final Terms, constitute an Event of Default, give rise to any right of early redemption, or otherwise affect the validity of the Notes or the Issuer’s payment obligations under the Notes. However, such failure may adversely affect the value, liquidity, regulatory treatment and/or reputation of the relevant Notes.

INFORMATION ABOUT THE GROUP

General information

The legal and commercial name of the Company is akciju sabiedrība "Augstsprieguma tīkls". The Company is a public limited company (*akciju sabiedrība*) incorporated pursuant to the laws of the Republic of Latvia on 28 December 2001. The Company is registered with the Commercial Register of the Republic of Latvia and operates according to the legislation of the Republic of Latvia. All the shares of the Company are owned by the Republic of Latvia and held by the Ministry of Climate and Energy of the Republic of Latvia.

Basic information

Registration number:	40003575567
Legal Entity Identifier (LEI):	64883LC3F12690GATG87
Registered address:	Dārzciema iela 86, Riga, LV-1073, Latvia
Website:	www.ast.lv
Telephone number:	+371 67 728 353
E-mail:	ast@ast.lv

The Group is one of the largest energy infrastructure groups in the Baltics and a key pillar of Latvia's energy system. By integrating electricity and natural gas transmission networks, the Group plays a critical role in ensuring a reliable, secure and uninterrupted energy supply for the country's economy and society. The Company is the sole electricity transmission system operator in the Republic of Latvia and is engaged in the provision of electricity transmission network services, as well as ensuring the balancing and stability of the transmission network. See "Information about the Group's business operations".

The information on the Company's website www.ast.lv does not form part of the Base Prospectus, except for the Programme Factsheet, which is incorporated by reference into this Base Prospectus and forms a part of this Base Prospectus. The Programme Factsheet is available on the Company's website www.ast.lv.

History and development of the Group

The Company's history dates back eight decades, since the Ķegums hydropower plant - the first hydropower plant on the Daugava River – was launched and the first high voltage line to Riga started operating in 1939.

From 1945-1960 power lines destroyed by war were gradually renewed with construction of new substations and lines underway. During the period the Company serviced 765 km of 110/88 kV lines and 16 substations with 32 transformers with a total capacity of 324.6 MVA. Construction of the first 330 kV power line started from the Baltic State Region Power Plant (Estonia) to Riga and Šiauliai (Lithuania), with the distribution in Salaspils (Latvia).

From 1960-1970 energy system of Belarus connected for parallel operation to the North-western energy system union. All high voltage lines were transferred to 110 kV voltage and norms and tolerances were elaborated for the acceptance of 330 kV lines.

From 1970-2000 reconstruction and renovation works were carried out on the transmission and distributions systems in order to improve capacity, efficiency and safety. The Baltic Energy System Dispatchers Centre was established, providing for management and coordination of parallel operation of the Baltic energy systems as well as operational management of the transmission network.

Until 2011 the Company operated as part of AS Latvenergo group of companies which is the largest electricity and thermal energy generation and distribution group in Latvia. All shares of AS Latvenergo, the ultimate parent company of AS Latvenergo group of companies, are owned by the Republic of Latvia and held by the Ministry of Economics of the Republic of Latvia.

In 2011-2012, the Parliament of the Republic of Latvia adopted amendments to the Electricity Market Law (in Latvian - *Elektroenerģijas tirgus likums*) including the order for establishing an independent transmission system operator. For the purpose of fulfilling the requirements of legal and functional unbundling of transmission system ownership from generation, distribution and supply activities, AS Latvijas elektriskie tīkli, a subsidiary of AS Latvenergo, was established as the owner of the electricity transmission system assets, and the shares of the Company as the transmission system operator was sold to the Republic of Latvia, represented by the Ministry of Finance.

In 2013, the Public Utilities Commission approved the Company as an independent transmission system operator. Thereafter, during 2013-2019 trade area of Latvia was opened in the Baltic electricity market and NordPool next day electricity market ELSPOT started operating in Latvia. The Company took over the transmission system operation and maintenance functions as well as the transmission system development, construction of new networks, reconstruction and renewal of the existing networks from AS Latvijas elektriskie tīkli.

On 8 October 2019, the Cabinet of Ministers of the Republic of Latvia decided to support full unbundling of ownership of the electricity transmission system operator, and, therefore, in 2020, the transmission system asset owner AS Latvijas elektriskie tīkli was separated from AS Latvenergo group of companies. All shares of AS Latvijas elektriskie tīkli AS were transferred to the Ministry of Finance of the Republic of Latvia and subsequently invested in the share capital of the Company. Upon completion of the reorganisation, in the latter part of 2020, AS Latvijas elektriskie tīkli ceased its operations and was merged into the Company. On 14 February 2023, the Cabinet of Ministers of the Republic of Latvia decided to designate the Ministry of Climate and Energy of the Republic of Latvia as the holder of the State capital shares in the Company, replacing the Ministry of Finance of the Republic of Latvia in such capacity. As a result, all shares in the Company are currently held by the Ministry of Climate and Energy of the Republic of Latvia.

By separating electricity management from generation and distribution, both in Latvia and in Europe, system operators were given the opportunity to develop, restricting historical energy monopolies and freeing up the way for competition both locally and on a European scale.
In pursuit of the strategic objective of the Republic of Latvia to become part of the Continental Europe Synchronous area, on 22 May 2019, the Company executed the Agreement on the Conditions of the Future Interconnection of the Power System of the Baltic States and the Power System of Continental Europe (in Latvian – *Baltijas valstu elektroenerģijas sistēmu pievienošanas līgums kontinentālās Eiropas elektroenerģijas sistēmai*) (the "**Interconnection Agreement**"). In fulfilment of the obligations under the Interconnection Agreement, during the period from 2019 to 2025, the Company undertook significant infrastructure investments and implemented a series of technical modifications to the transmission system, including adjustments to system settings and measures to maintain frequency within prescribed parameters. On 9 February 2025, the Baltic States successfully synchronised their electricity systems with Continental Europe. The Baltic balancing capacity market, established jointly by the transmission system operators of Estonia, Latvia and Lithuania, commenced operations. The synchronisation of the Baltic energy system with the European electricity networks constitutes a project of strategic importance not only at the regional level but also at the level of the European Union (the "**EU**") as a whole. This project was implemented with the aim of securing energy independence of the Baltic States from their eastern neighbours and ensuring a stable and secure energy supply to consumers. In 2025, the project was awarded the prestigious Project Management Institute (PMI) Project of the Year Award in recognition of the successful implementation of the synchronisation project by AST and the other participating transmission system operators. The award serves as an acknowledgement of AST's expertise and capability to deliver large-scale, complex and strategically significant infrastructure projects.

As of the date of this Base Prospectus, the Company is the parent company of the Group. The Group includes AS Conexus Baltic Grid, in which the Company holds 68.46 per-cent of the shares.

There have not been any recent material events that would be relevant for assessing solvency of the Company and the Group.

The Group's strategy

As a result of acquiring a decisive influence in AS Conexus Baltic Grid, as well as reorganisation of AS Latvijas elektriskie tīkli in 2020, the Group has developed its strategy for 2021-2025.

In 2025, the Group's strategy for the period of 2026-2030 was approved.

The overall strategic objective of the Augstsprieguma tīkls Group, in accordance with Cabinet Order No. 309 of 27 May 2025, is: To ensure the security of Latvia's energy supply, provide continuous, high-quality and accessible energy transmission services, as well as ensure the sustainable management of energy supply assets that are strategically important to the State and promote their integration into the European Union's internal energy market.

On the basis of the Shareholder Expectations Letter (in Latvian - *Akcionāra Gaidu vēstule*), the Group's strategy defines the strategic operational and financial goals and main development tasks of the Group. By implementing the strategy and at the same time adhering to the principles of sustainability, the Group contributes to satisfying the needs of society, provide continuous safe and sustainable effective energy supply.

In accordance with the Shareholder Expectations Letter, the Group's operational focus is directed towards:

To promote the country's economic growth

As a manager of energy infrastructure, the AST Group is one of the cornerstones of the national economy, ensuring the secure, efficient and sustainable transmission of electricity and natural gas, as well as gas storage. The transmission and storage infrastructure forms a stable foundation for economic growth, securing investments, and the transformation of the energy sector. The development of networks and the availability of capacity are essential for ensuring a competitive and export-oriented economy.

Facilitate the development of the energy sector and the transition to climate neutrality

The Group actively facilitates the integration of renewable energy sources (RES) into transmission networks and develops infrastructure for the use of biomethane and, in future, hydrogen. Accordingly, Latvia's energy independence is strengthened, carbon emissions are reduced, and regional market integration is supported. The Group provides infrastructure that serves as a platform for innovation, new technologies, and sustainable business opportunities in the energy sector.

To ensure the reliability and development of transmission and storage infrastructure

A stable and secure electricity and natural gas transmission system, as well as reliable storage. capacity, is a prerequisite for economic development and societal well-being. The AST Group continuously modernises its networks and storage infrastructure, introducing digital solutions, such as smart system management technologies and automation. This enables adaptation to changing conditions in energy production and consumption, strengthens the resilience of energy supply, and improves system efficiency

These priorities reflect the Group's role as a strategic partner in the development of Latvia's energy sector - building secure, modern and climate-neutral energy infrastructure that supports economic growth and sustainability.

After evaluating challenges in the external environment and the strong position of the Group, the following Group's strategic goals were identified:

- Energy security and independence;
- Sustainable development of the energy sector;
- Integration into the European energy system and regional competitiveness.

To achieve the Group's overall strategic objectives, the following operational objectives have been set for the Company:

1. **Security and resilience of electricity supply**

- Restoration of transmission services < 6 h

The Company will ensure that transmission service restoration following an interruption is achieved within six hours, taking into account risks associated with climate change and physical security (excluding mass damage events, acts of sabotage, and emergency or crisis situations).

To achieve this objective, the Company will acquire mobile support structures and mobile substations, ensure the availability of emergency reserves for the rapid restoration or replacement of infrastructure, and provide adequate human resources for operational activities.

- Renewal of the energy system

The Company will prevent the deterioration of the energy system, while simultaneously improving the performance of energy equipment, reducing relative transmission losses, and introducing environmentally friendly alternatives to equipment containing SF_6 gas. The amount of equipment subject to replacement will be determined upon review of the ten year development plan.

- High level of cybersecurity

The Company will maintain a high level of cybersecurity by continuously enhancing technologies and developing personnel competencies. The Company will develop its Security Operations Centre (SOC) to achieve a high level of cybersecurity maturity in accordance with the NIST framework (Identify, Protect, Detect, Respond and Recover), applying the SOC CMM (Security Operations Center Capability Maturity Model) methodology. Thereby, the Company will ensure that SOC processes are defined, standardised and repeatable. The Company will implement applicable cybersecurity regulatory requirements, including ensuring compliance with EU and sector-specific standards. Cybersecurity training will be provided to all employees, and in accordance with the risk assessment, it is planned that 100% of employees for whom such training is required will complete it.

- Physical security

In the area of physical security, the Company will maintain continuous 24/7 infrastructure monitoring, strengthen technological and personnel capabilities to identify and mitigate physical threats, including through investment in smart surveillance and detection technologies. The Company will enhance the analytical capabilities of the physical security function by developing relevant personnel competencies and supplementing them with technological solutions. The Company will conduct regular emergency and crisis situation exercises, and will continuously improve employees' knowledge of physical security, their ability to identify risks and threats, and their capacity to respond to such threats or emergency situations. In cooperation with the National Armed Forces, the Company will promote employees’ participation in the Latvian National Guard, thereby facilitating the establishment of an AST National Guard unit.

2. **Electricity grid development**

- New grid connections

The Company will ensure the technical capability to connect new generation capacity in the amount of 4,000 MW with the constant system services available. .

The Company will ensure the technical capability to connect new generation capacity of total 5,800 MW with the flexible system services available.

The Company will ensure the technical capability to connect energy storage facilities to the network in the applied-for capacity.

The achievement of the aforementioned objectives will reduce greenhouse gas emissions across the overall energy supply system.

- Development of innovative grid technologies

The Company will develop innovative grid technologies to promote efficient network loading, avoid overload, and ensure more effective integration of renewable energy generation.

- New interconnections

The Company plans to invest in increasing grid capacity through potential construction of the new Ventspils–Brocēni–Varduva (LT) line and the fourth Latvia–Estonia interconnection. Both projects are included in the 10-year development plan, but their implementation remains subject to further approval by the Management Board.

The Company will conduct the necessary studies and promote cooperation with operators in Sweden and Germany in order to adopt a decision on at least one new interconnection with Sweden and/or Germany.

3. Market integration and development

- Expanded ancillary services market

The ancillary services market will be expanded in segments such as the provision of system inertia and voltage regulation.

- Efficient cross-border capacity utilisation

More efficient utilisation of cross-border capacity will be implemented by acceding to a European-level platform that allocates cross-border capacity for the cross-border trading of balancing capacity and energy.

- Balancing market development

The participation of generators, consumers, and battery storage in the balancing market will be increased by accelerating the qualification process for new market participants, implementing solutions to promote the engagement of resources in the distribution network through aggregators, and automating quality control of balancing market services.

- Energy system balancing

Energy system balancing under conditions of high solar and wind generation will be enhanced, ensuring a predominantly automated and cost-effective balancing process.

- Network overload management

Network overload management will be enhanced, promoting the optimal and secure use of the electricity grid under conditions of high solar and wind generation.

In order to implement the three strategic priorities defined by AST - security and resilience of electricity supply, development of the electricity grid, and market integration, four additional horizontal priorities have been defined, which span all areas of operation and constitute prerequisites for the balanced, targeted, and sustainable development of the Company:

- Financial sustainability and efficiency

Ensures the necessary funding and responsible use of resources, maintaining financial stability and an investment-grade credit rating, thereby securing a competitive transmission tariff.

- Employee development and engagement

Builds a professional, motivated, and future-ready workforce capable of meeting forthcoming challenges.

- Technological development and innovation

Implements modern technological solutions and fosters a culture of innovation to improve efficiency of processes and quality of services.

- Principles of responsible and sustainable operations

Systematically implements environmental, social, and governance (ESG) principles across all processes, thereby strengthening the Company’s sustainability and its responsibility towards society.

INFORMATION ABOUT THE GROUP'S BUSINESS OPERATIONS

All shares of the Company are owned by the State and their holder is the Ministry of Climate and Energy of the Republic of Latvia.

As of the date of this Base Prospectus, the Group's structure consists of a group of commercial companies in which the Company as the parent company has a decisive influence, and which includes the subsidiary AS Conexus Baltic Grid.

The structure of the Group is organised in three operating segments:

- electricity transmission;
- natural gas transmission;
- natural gas storage.

The division in the Group's operating segments is made on the basis of the Group's internal organisational structure which forms the basis for monitoring and control of the segment's performance.

The information set out in the table below has been extracted (without any material adjustment) from and is qualified by reference to and should be read in conjunction with the Financial Statements.

		Group			
		Six months ended 30 June Unaudited		Year ended 31 December	
		2026	2025	2025	2024
Revenue					
Electricity Transmission	€ thousand	136 482	126 716	266 007	154 010
Gas transmission	€ thousand	33 346	25 957	48 246	44 364
Gas Storage	€ thousand	15 828	24 835	41 571	60 233
EBITDA					
Electricity Transmission	€ thousand	36 105	20 720	45 283	40 549
Gas transmission	€ thousand	15 414	9 804	17 349	20 244
Gas Storage	€ thousand	9 857	19 691	29 886	47 480
Segment profit before tax					
Electricity Transmission	€ thousand	10 978	2 540	6 150	6 593
Gas transmission	€ thousand	9 521	4 692	6 622	3 994
Gas Storage	€ thousand	5 651	15 712	21 761	37 355
Segment assets at the end of the reporting period					
Electricity Transmission	€ thousand	1 184 598	1 116 111	1 130 581	1 058 508
Gas transmission	€ thousand	221 122	220 109	222 927	234 147
Gas Storage	€ thousand	245 186	242 171	245 158	246 979

Electricity transmission segment

According to the Electricity Market Law (in Latvian – *Elektroenerģijas tirgus likums*) and pursuant to the license issued by the Public Utilities Commission, the Company is the only electricity transmission system operator in Latvia, and its licence area is the entire territory of Latvia.

According to the Energy Law (in Latvian - *Enerģētikas likums*), electricity transmission is a regulated sector. The activities of the electricity transmission system operator are regulated by the Public Utilities Commission under the guidance of its Supervisory Board.

Electricity transmission is carried out by the transmission system operator through a transmission system that includes interconnected networks and equipment, including cross-border connections, with a voltage of 110 kilovolts or more, that are used for transmission to the relevant distribution system or users.

In 2025, 5,798 gigawatt-hours (GWh) of electricity were generated in Latvia, which is 2% less than in 2024, when 5,906 GWh were produced. In 2025, electricity generation at solar power plants continued to increase, rising by 70% compared with the previous year to 678 GWh. As a result, the volume of electricity generated by solar power plants maintained the position attained in the previous year, ranking third after hydroelectric power plants (HPPs) and natural gas power plants, accounting for 11.7% of total electricity generation, an increase of 5 per cent compared with 2024. At the same time, the volume of electricity generated from other production sources decreased. The most significant decline was observed in wind power plants, where generation fell by 27%, while electricity produced at biogas plants declined by 24%. Electricity generation at natural gas and biomass power plants was 2% lower than in 2024, while generation at hydroelectric power plants fell by 8%. The decrease in electricity generation at HPPs is explained by the flood season—in the past year, there was no widespread flooding.

Electricity consumption in Latvia in 2025, compared with 2024, increased by 3%, from 6,980 GWh to 7,201 GWh. It should be noted that, considering the installation of solar generation equipment for self-consumption in households and businesses, the actual volume of electricity generated and consumed in Latvia in 2025 was higher, as part of the electricity produced is not supplied to the grid but used immediately for self-consumption.

In 2025, the average electricity price in Latvia decreased by 2% compared with 2024, reaching EUR 85.72 per megawatt-hour (EUR/MWh).

On 1 October 2025, the entire European electricity market transitioned to a 15-minute trading period in the day-ahead electricity market, enabling market participants to forecast and plan their production and consumption much more accurately and to leverage market opportunities to a greater extent.

In 2025, the Parent Company ensured the transmission of 6,118 GWh of electricity to users in Latvia, which is 1.7% more than in 2024 (6,015 GWh). With electricity transmission tariffs remaining stable, revenues from transmission services increased by 0.6% in 2025 compared with 2024 (EUR 94.2 million in 2025; EUR 93.7 million in 2024).

The segment’s net turnover in the reporting period was EUR 266,008 thousand, including revenue from electricity transmission network services of EUR 94,194 thousand. The significant increase in revenue by EUR 111,997 thousand or 73%, compared to 2024, is related to the increase in congestion revenue allocated to cover the costs of electricity transmission services, as well as the increase in revenue from balancing electricity

In 2025, the Parent company's profit was EUR 19,496 thousand, including profit from electricity transmission services EUR 6,150 thousand and dividends from the Subsidiary of EUR 13,346 thousand. The increase in profit by EUR 4,732 thousand, compared to 2024, is related to both the increase in dividends received from the Subsidiary and the congestion fee revenues allocated to cover costs. By the decision of the PUC Council of 22 May 2023, new electricity transmission system service tariffs were approved, setting their entry into force from 1 July 2023. At the same time, the aforementioned decision provides permission to use accumulated congestion management revenues to cover transmission system service costs until the end of 2025 in the total amount of up to EUR 62.1 million, of which EUR 45,450 thousand were used to cover costs in 2025 and recognised in revenue.

Since electricity transmission is a regulated sector, the Company's financial performance indicators and economic performance are dependent on the activities of the Public Utilities Commission which determines the Company's allowable profit and the rate of return on capital by approving the tariffs for electricity transmission system services.

Natural gas transmission and storage segment

Considering the Company’s investment in AS Conexus Baltic Grid, the Latvian natural gas transmission and storage system operator, important direction of the Group's operations is the sustainable management of strategically important energy supply assets and their integration into the EU internal energy market.

AS Conexus Baltic Grid is the unified natural gas transmission and storage operator in Latvia, managing the Inčukalns underground gas storage facility and the main natural gas transmission system directly connecting the Latvian natural gas market with Lithuania and Estonia.AS Conexus Baltic Grid offers its customers natural gas transmission and storage services in accordance with the tariffs set by the Public Utilities Commission.

Conexus ensures the sustainability and safety of the infrastructure and highest quality of service, which promotes the development of the market and provides economic benefits to customers and society.

Conexus is a socially responsible company that creates economic value added, provides for the overall development of the industry, professional development of employees, sustainable employment, at the same time keeping the impact of technological processes on the environment to the minimum.

Natural gas transmission segment

The Group’s Subsidiary ensures the maintenance of the natural gas transmission system, its safe and continuous operation, and interconnections with the natural gas transmission systems of other countries, enabling system users to utilise the natural gas transmission system for natural gas trading. Since the Spring of 2024, biomethane produced in Latvia has also been injected into the Latvian gas supply system.

In accordance with the conditions of the liberalised Latvian natural gas market, Conexus ensures non-discriminatory access for system users to the gas transmission system by offering transmission capacity products, enabling market participants to utilise the gas transmission system for the transportation of natural gas in accordance with applicable regulatory requirements.

In 2025, the total volume of natural gas transmitted reached 25.5 TWh, which represents an increase of 1% compared with the previous year (25.2 TWh). The volume of gas consumed for the needs of Latvian users (the volume of natural gas injected into the natural gas distribution system) decreased by approximately 1%, amounting to 8.7 TWh (8.8 TWh in 2024). In 2025, 0.17 TWh of biomethane, produced in Latvia, was injected into the Latvian gas supply system, approximately 143% more than in the previous year, when 0.07 TWh of biomethane was injected.

The revenue of the natural gas transmission segment in 2025 was EUR 48,246 thousand, and profit before corporate income tax reached EUR 6,622 thousand, which is 66% more than in the previous year. The increase in profit in 2025, compared to the previous year, was mainly due to the revaluation of assets carried out in 2024, as a result of which an impairment of the value of property, plant and equipment was recognised in the income statement position "Depreciation, amortisation" in 2024.

At the same time, natural gas transmission service revenue in 2025 decreased by 6% compared to 2024, which reflects a decrease in the volume of incoming and outgoing transmission capacity reservations.

Natural gas storage segment

According to the technological design of the Inčukalns UGS, the maximum possible volume of active natural gas storage is approximately 25 TWh.

The task of the gas storage facility is to ensure a continuous gas supply to consumers regardless of seasonal fluctuations in consumption, by injecting natural gas during the summer and withdrawing it during the winter. The Inčukalns UGS is the only operating underground gas storage facility in the Baltic States and has ensured stable regional gas supply since 1968.

With the opening of the natural gas market and the development of the regional market, the role of the Inčukalns UGS has increased, improving both supply flexibility and security of gas supply in the region. In the

unified natural gas market, the Inčukalns UGS promotes competition among suppliers and contributes to the stabilisation of natural gas prices in the region.

The method for reserving storage capacity is an auction procedure with a uniform premium, which ensures transparency in storage capacity reservations in line with market conditions and equal access to storage services. In the 2025/2026 storage cycle, capacity of 17.4 TWh has been reserved, including 1.8 TWh of energy supply security reserves. The Inčukalns UGS capacity auctions for the 2025/2026 storage cycle started on 11 February 2025 and continued until 25 September. As a result of the auctions, 9.4 TWh of capacity was reserved. In total, 24 market participants from the three Baltic States, Finland, Norway, Germany, Poland and Switzerland participated in the auctions and were allocated storage capacity.

The revenue of the natural gas storage segment in 2025 was EUR 41,570 thousand, and profit before corporate income tax reached EUR 21,761 thousand, which is 42% less than in the previous year.

The decrease in profit is mainly due to a 31% decrease in revenue from natural gas storage services compared to the previous year. The decrease in revenue from storage services is due to a decrease in storage capacity reservations, associated with a reduction in auction premiums and a decrease in demand for storage.

Investments

The Group's operations are capital intensive and require significant investments. In accordance with the Electricity Market Law (in Latvian - *Elektroenerģijas tirgus likums*), the Company as the electricity transmission system operator, is responsible for the development, investment planning and implementation of the electricity transmission system.

The information set out in the table below shows amount of the investments made in the electricity transmission system assets during the six months period ended 30 June 2026 and in 2021, 2022, 2023, 2024 and 2025.

		Six months ended 30 June Unaudited		Year ended 31 December				
		2026	2025	2025	2024	2023	2022	2021
Investments in electricity transmission assets	€ million	48.7	55.2	182.8	162.2	53.1	31.5	33.8

The assets of the electricity transmission segment at the end of the reporting period were EUR 1,131 million. In 2025, investments in electricity transmission assets amounted to EUR 182,848 thousand, including:

- Synchronisation with the European electricity transmission network (phases 1 and 2) EUR 90,838 thousand invested – the project's goal is to strengthen Latvia's energy security by synchronising the Latvian electricity transmission network with the continental European network, taking into account the principles of safety and cost-effectiveness.

- EUR 16,702 thousand invested in the reconstruction and renovation of substations and power transmission lines – within the framework of the reconstruction and renovation projects of the substation, the equipment installed in it that has served its time is completely replaced, as well as the protection equipment of network elements is replaced, installing digital and high-speed equipment with wide functionality. In addition, by modernizing communication solutions, the total amount ensures that the reconstructed substation can be controlled not only from the workplace in the substation, but also remotely from the central dispatch centre, in addition, the dispatcher directly receives all the necessary information for decision-making and action both in the normal operating mode of the system and in various emergency situations. The aforementioned projects increase the controllability and observability of the electricity system, as well as open up opportunities to develop and integrate renewable energy resources.

EUR 51,066 thousand has been invested in ensuring connections for producers of renewable energy resources. The costs of the aforementioned connections are covered by the connection applicants and do not have a negative impact on the electricity transmission system service tariffs.

Planned investments

In order to ensure efficient development of the transmission system and reliable electricity transmission system service, Company annually develops an electricity transmission system development plan for the next ten years.

The Development Plan for 2026-2035 approved by the Company's Management Board envisages investing EUR 908 million in the transmission system over the next 10 years, ensuring efficient and high-quality electricity transmission system service at the lowest possible service tariffs:

- Protection of critical synchronisation infrastructure, which will require significant investments in the protection of the established infrastructure and the ability to quickly restore it;
- Moving towards the digitalisation of the electricity system, including the introduction of integrated balance management (BMS) and network model management (NMM) information systems, as well as cybersecurity and IT infrastructure system improvement solutions;
- Green transformation, including the transition from SF6 equipment to more environmentally friendly equipment, as well as the integration of new renewable energy producers into the electricity transmission system, by building more than ten new facilities for connecting such power plants;
- Maintenance and development of the operational capacity of the existing infrastructure, ensuring efficient and high-quality electricity transmission system services at the lowest possible service tariffs, including rebuilding 24 110kV substations, replacing seven autotransformers and 49 transformers, installing 575 new 330kV power transmission line supports and 2061 new 110kV power transmission line supports, and conducting other requisite measures.

In order to ensure the smallest possible impact of the planned capital investments on electricity transmission tariffs, AST plans to attract EU co-financing for projects of common European interest included in the Development Plan.

Strategically important interconnections

Alongside the projects for the renewal of the existing transmission network, AST continues to assess and develop strategically important interconnection projects, including the fourth Latvia–Estonia interconnection, a new interconnection with Lithuania (the 330 kV electricity transmission line Ventspils – Brocēni – Varduva), as well as the Latvia–Sweden LaSGo Link interconnection and the Baltic–Germany BalticHub interconnection, which could significantly influence the connectivity of Latvia’s electricity system and its regional role.

The implementation of these projects will increase the security and stability of Latvia’s electricity supply, strengthen the energy independence of the Baltic States, and enable the connection of a larger volume of renewable energy resources to the grid.

Renewable electricity generation – connections to the transmission system

The development of renewable energy power plants in Latvia is an important step towards addressing the current energy, security, and climate challenges in the Baltic region. In 2025, strong interest in electricity generation using renewable energy resources continued in Latvia.

In 2025, 30 agreements were concluded for the establishment of new connections or for changes to the technical parameters of existing connections, providing for the connection of 2.9 GW of renewable energy capacity to the electricity transmission system: 0.6 GW of wind power plants (WPPs), 0.8 GW of solar power plants (SPPs), and 1.6 GW of power plants using various technologies.

The information set out in the table below shows break down the planned investments according to the Company’s 2026-2035 development plan.

		Period between 2026 and 2035
New interconnections	€ million	405.1
Critical infrastructure protection	€ million	58.4
Substations	€ million	152.8
Replacement of transformers	€ million	80.0
Electricity transmission lines	€ million	109.3
New connections	€ million	25.7
Dispatcher control and data center "Jāņciems"	€ million	20.7
Information systems and cyber security	€ million	44.2
Other measures	€ million	11.4
Total		**907.6**

The Company has developed and on 28 June 2026 submitted for consideration to the Public Utilities Commission the electricity transmission system development plan for 2027 – 2036, the total amount of investments is planned to be 1 066 million EUR.

Financing

The Company has a valid loan agreement with AS Luminor Bank (outstanding principal amount EUR 20 million), as well as notes in principal amount of EUR 100 million issued under the base prospectus of the Issuer, dated 21 September 2021 and the respective final terms, the maturity date of which is 20 January 2027. Furthermore, for liquidity measures credit line in amount of EUR 110 million with AS SEB banka is available at the Issuer's request to disburse.

As of the date of this Base Prospectus, the credit line limit has not been used. Thus, as of the date of this Base Prospectus, the Company's gross debt is EUR 120 million with the following debt maturity schedule:

DEBTS REPAYMENTS		2026	2027	2028	2029
Loan	€ million	**2.2**	2.2	2.2	13.4
Bond	€ million		100		

Dividend policy

The Company's dividends policy is based on the Regulation No. 72 of the Cabinet of Ministers of the Republic of Latvia "Procedure by which payments for the use of State capital are forecast, determined and made" (in Latvian – *Kārtība, kādā tiek prognozēti, noteikti un veikti maksājumi par valsts kapitāla izmantošanu*), dated of 25 January 2022, and the Group's strategy for 2026-2030. Pursuant to the Regulation, the minimum amount of dividends payable by state-owned companies is set at 64% of the profit of the reporting year; however, the Regulation also provides a procedure under which a different dividend amount may be determined. Furthermore, the amount of the Company's dividends for the following three years is determined by the law on the state budget for the following year and the budgetary framework for the following three years.

In accordance with the Strategy 2026–2030 and the Law "On the State Budget for 2026 and the Budgetary Framework for 2026, 2027, and 2028" (the Budget Law), in 2027 it is planned to allocate to the state in dividends (in respect of the financial year 2026) an amount equal to 90%, but not less than EUR 21,938 million, and in 2028 (in respect of the financial year 2027) an amount equal to 90%, but not less than EUR 23,904 million.

ORGANISATIONAL STRUCTURE

As of the date of this Base Prospectus, the Group comprises the Company and one subsidiary AS Conexus Baltic Grid, where the Company owns 68.46 per-cent of shares.

The Company is also a shareholder (1.9 per-cent) in Pirmais Slēgtais Pensiju Fonds AS (Latvia), a company which is engaged in the management of retirement contributions on behalf of the Company's employees, and a shareholder (33.33 per-cent) in “Baltic RCC” OÜ, a Baltic Regional Coordination Centre for Electricity Transmission Systems.

ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

In accordance with the Commercial Law (in Latvian – *Komerclikums*), the Law on the Management of Public Persons' Capital Shares and Capital Companies (in Latvian - *Publiskas personas kapitāla daļu un kapitālsabiedrību pārvaldības likums*) and the Financial Instruments Market Law (in Latvian – *Finanšu instrumentu tirgus likums*), the Company has the following corporate governance structure:

- Shareholder;
- Supervisory Board;
- Audit Committee; and
- Management Board.

Shareholder

100 per-cent of the shares of the Company are owned by the State and held by the Ministry of Climate and Energy of the Republic of Latvia.

The interests of the shareholder are represented at the Shareholder Meeting by the State Secretary of the Ministry of Climate and Energy or his/her authorised delegate.

Shareholders' Meetings are convened in accordance with the requirements and timelines stipulated by the Law on the Management of Public Persons' Capital Shares and Capital Companies (in Latvian - *Publiskas personas kapitāla daļu un kapitālsabiedrību pārvaldības likums*) and the Commercial law (in Latvian – *Komerclikums*). The Shareholders' Meeting represents the shareholder interests, rights and obligations. The State Secretary of the Ministry of Climate and energy of the Republic of Latvia or his/her authorised representative is the sole shareholder representative in the Shareholders' Meetings.

Main responsibilities of the shareholder's meeting are:

- Approval of the annual report and decision on the use of last year's profit;
- Approval of the Articles of the Association and amendments therein;
- Election and removal of the Supervisory Board;
- Decision-making regarding the increase or reduction of the share capital;
- Election of an auditor.

Supervisory Board

The Supervisory Board of the Company participates in the strategic development of the Company and supervises its finance and risk management system. The key principles for the operation of the Supervisory Board of the Company and its main tasks, duties, and responsibilities, are governed by laws, the Articles of Association of the Company, and the by-laws of the Supervisory Board of the Company.

The principal duties of the Supervisory Board of the Company include:

- Approval of the medium-term operational strategy of the Company;
- Continuous supervision of the activities of the Management Board of the Company;
- Election, dismissal and approval of remuneration of the members of the Management Board of the Company; and

- Monitoring the compliance of the Company's operations with applicable law, the Articles of Association of the Company and the decisions of the Shareholders' Meeting of the Company.

The current Supervisory Board of the Company is composed of two independent members. As of the date of this Base Prospectus, the members of the Supervisory Board of the Company are:

- Juris Zīvarts – Chairman of the Supervisory Board;
- Andris Ķēniņš – Deputy Chairman of the Supervisory Board.

The State Chancellery and the Ministry of Climate and Energy has launched an open selection process for one Supervisory Board member position of the Company. The selection process is aimed at identifying candidates with expertise in strategy, stakeholder management and corporate governance, as well as in the energy sector.

The business address of each member of the Company's Supervisory Board is Dārzciema iela 86, Riga, LV-1073, Latvia.

Audit Committee

The Audit Committee operates under the Commercial Law (in Latvian – *Komerclikums*), the Financial Instruments Market Law (in Latvian – *Finanšu instrumentu tirgus likums*) and the Regulations of the Audit Committee approved by the shareholder of the Company.

The principal duties of the Audit Committee are to supervise the effectiveness of the Company's internal control, risk management and the Company's Internal Audit Department as far as it concerns the reliability and objectivity of the annual reports and consolidated annual reports, as well as make proposals to address the deficiencies of the relevant system.

The current Audit Committee of the Company is composed of three members, of whom two are independent. As of the date of this Base Prospectus the members of the Audit Committee of the Company are:

- Roberts Ikaunieks – independent head of the Audit Committee;
- Inga Liepa – independent member of the Audit Committee;

Section process (tender) for the third member of the Audit Committee is ongoing.

The Audit Committee reports its assessments and findings to the Supervisory Board at least once a year.

No restrictions are imposed on the Audit Committee's actions, and the representatives of the Company ensure the availability of all necessary information to the Audit Committee.

The business address of each member of the Company's Audit Committee is Dārzciema iela 86, Riga, LV-1073, Latvia.

Management Board

All members of the Management Board of the Company are executive directors of the Company and are involved in the daily operations of the Company. Their principal duties include:

- Management and representation of the Company;
- Responsibility for the commercial activities of the Company and for compliance with accounting legislation;
- Management of the Company's property;

- Implementing the strategic direction of the Group, its development plans, goals and policies.

The Management Board and the Supervisory Board of the Company are jointly liable for compliance with all binding laws and regulations, execution of the decisions of the Shareholders' Meeting and the Supervisory Board of the Company, and the financial performance of the Group.

As per the Articles of Association of the Company, the Management Board of the Company shall consist of four members who should be elected by the Supervisory Board for a term of five years based on an evaluation of necessary competences, experience and expected field of responsibility. The Supervisory Board of the Company also appoints one of the members of the Management Board as a Chairman of the Management Board of the Company.

As of the date of this Base Prospectus the Management Board of the Company consists of four members of the Management Board of the Company:

- Mr. Rolands Irklis - Chairperson of the Management Board, responsible for general management, including strategic management, financial and personnel matters, legal and procurement matters, security matters, including information security
- Mr. Imants Zviedris - Member of the Management Board, responsible for the electricity transmission system technical maintenance, technical policies, occupational health and safety matters;
- Mr. Gatis Junghāns - Member of the Management Board, responsible for dispatching of the electricity transmission system, management and development of ancillary system services, as well as development of the electricity market
- Ms. Baiba Priedīte - Member of the Management Board, responsible for electricity transmission system development, system investment management, as well as information technology management. Ms. Priedīte was appointed to this position effective 31 August 2026, replacing Mr. Arnis Daugulis, whose term of office ended on that date.

The business address of each member of the Company's Management Board is Dārzciema iela 86, Riga, LV-1073, Latvia.

Conflict of interest

In accordance with the Law on Prevention of Conflict of Interest in the Activities of Public Officials (in Latvian – *Likums "Par interešu konflikta novēršanu valsts amatpersonu darbībā"*), all members of the management boards, the supervisory boards and the audit committees of state-owned companies have the status of state officials.

As such, all Management Board, Supervisory Board and Audit Committee members of the Company and its fully owned subsidiaries in Latvia are state officials and subject to detailed requirements of this law. The law permits them to combine their office of public official only with activities which are indicated by the law as compatible (e.g., offices in a trade union, association or similar organisation, teaching, scientific and creative work) in order to prevent personal or material interest in their activity as a state official. In accordance with the law, all state officials are obliged to submit an annual declaration of interest.

The Company is not aware of any conflicts of interest or potential conflicts of interest between the Company duties of the members of the Management Board, Supervisory Board and Audit Committee and their private interests and/or their other duties.

Employees

As of 31 December 2025, the Group had 917 employees, the Company – 554 of whom 84 per-cent were men and 16 per-cent women. The average age of the employees was 46 years. The strategy of the Group focuses on strengthening competitiveness and maximising efficiency.

The opinions of all employees of the Company on issues pertaining to the Collective Bargaining Agreement are represented by trade union Enerģija. As at 31 December 2025, approximately 66% of the Issuer's employees were members of the trade union. The Collective Bargaining Agreement executed by the Company provides additional guarantees for all employees of the Company, regardless of their trade union membership, thus ensuring equal economic and social protection.

SHAREHOLDERS

All shares of the Company are owned by the Republic of Latvia. The holder of the Company's shares is the Ministry of Climate and Energy of the Republic of Latvia, whose representative – the State Secretary of the Ministry of Climate and Energy or another authorised person appointed by the State Secretary of the Ministry of the Climate and Energy, represents the Shareholder interests at Shareholder Meetings.

The Law on the Management of Public Persons' Capital Shares and Capital Companies (in Latvian – *Publiskas personas kapitāla daļu un kapitālsabiedrību pārvaldības likums*) provides that the Cabinet of Ministers has the right to appoint a specially established institution as the holder of the shares in state owned entities. Pursuant to the current Energy Law (in Latvian – *Enerģētikas likums*), the Company's business is deemed to be of national importance and therefore, the Company's shares are not subject to privatisation or alienation.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

The following table is a summary of the Group's consolidated financial performance and key performance indicators for the two financial years ending 31 December 2024 and 2025 respectively and interim period ended 30 June 2025 and 2026 respectively.

The information set out in the table below has been extracted (without any material adjustment) from, and is qualified by reference to and should be read in conjunction with the Financial Statements, each of which is attached to this Base Prospectus and forms an integral part of this Base Prospectus. The Financial Statements are prepared according to International Financial Reporting Standards (IFRS).

		Group				Company			
		Six months ended 30 June Unaudited		Year ended 31 December		Six months ended 30 June Unaudited		Year ended 31 December	
		2026	**2025**	**2025**	**2024**	**2026**	**2025**	**2025**	**2024**
Revenue	€ thousand	185 656	177 508	355 824	258 607	136 483	126 716	266 008	154 011
EBITDA	€ thousand	61 376	50 215	92 516	108 272	36 105	20 720	45 283	40 549
Operating profit	€ thousand	26 966	23 167	35 480	24 953	11 118	2 321	6 001	4 341
Income from Ownership	€ thousand	17	40	40	20	10 094	10 662	13 386	8 191
Net profit	€ thousand	22 470	19 066	29 252	22 672	21 055	13 163	19 496	14 764
Net profit applicable to Company shareholder	€ thousand	18 845	13 854	21 965	17 601	21 055	13 163	19 496	14 764
Total assets	€ thousand	1 640 252	1 567 745	1 588 020	1 529 000	1 319 047	1 250 568	1 265 037	1 192 977
Equity	€ thousand	657 612	644 866	653 432	641 084	473 074	459 557	465 666	456 785
Total borrowings	€ thousand	189 048	165 344	186 896	167 038	119 088	100 181	120 435	100 420
Cash and other liquid securities	€ thousand	94 657	31 070	66 883	92 845	85 475	23 411	62 301	68 394
Cashflow from Operations	€ thousand	77 451	7 836	65 159	130 588	55 598	-19 866	23 756	66 927
Cash Flow from Investments	€ thousand	-33 144	-52 489	-93 565	-54 983	-17 241	-14 290	-38 602	-19 519
Cash Flow from Financing	€ thousand	-16 533	-17 123	2 444	-27 660	-15 183	-10 827	8 754	-10 961
Net Cash Flow	€ thousand	27 773	-61 776	-25 962	47 945	23 174	-44 983	-6 093	36 447
EBITDA margin	per-cent	33.1%	28.3%	26.0%	41.9%	26.5%	16.4%	17.0 %	26.3%
Net Debt	€ thousand	94 391	134 275	120 012	74 193	33 613	76 770	58 133	32 026
Net Debt to EBITDA	ratio	0.9	1.3	1.3	0.7	0.6	1.9	1.3	0.84
Interest coverage ratio	ratio	17.3	21.0	14.5	7.6	20.7	8.3	7.3	7.7
Net debt to equity	per-cent	14.4%	20.8%	18.4 %	11.6 %	7.1%	16.7%	12.5 %	7.0%
Return on assets (ROA)*	per-cent	2.0%	0.9%	1.9 %	1.6 %	2.1%	1.3%	1.6 %	1.3%

Return on equity (ROE)*	per-cent	5.0%	2.0%	4.5%	3.6%	5.9%	3.3%	4.2 %	3.2%

FINANCIAL AND TREND INFORMATION

Historical Financial Information

The Financial Statements prepared according to IFRS are appended to this Base Prospectus and forms an integral part of it.

Legal and arbitration proceedings

The Group is not engaged in any governmental, legal or arbitration proceedings and is not aware of any such proceedings pending or threatened against it during the 12 month-period preceding the date of this Base Prospectus that may have, or have had in the recent past, a significant effect on the Company and/or the Group's financial position or profitability, except as disclosed below.

As a result of the implementation of the international sanctions regulations, the Company is involved in one pending arbitration proceeding related to late payment. The proceedings have been initiated before the Stockholm International Arbitration against transmission system operators, including the Company. The dispute concerns non-settlement of payments by the relevant operators in compliance with the applicable international sanctions regulations. Due to the rules of the Stockholm International Arbitration, further details of the proceedings are currently considered confidential. The Subsidiary is not involved in any legal proceedings relating to payment delays.

Significant Changes in Financial Position

There has been no material adverse change in the Company's or the Group's financial or trading position since 31 December 2025.

Trend Information

In accordance with resolutions of the annual general meeting of shareholders of AS Conexus Baltic Grid held on 23 April 2026, dividends were paid out of EUR 0.37 per share from the profit of previous year. Considering the number of shares of AS Conexus Baltic Grid owned by the Company, the Company received EUR 10.078 million in June 2026.

There has been no other material adverse change in the prospects of the Company or the Group since the date of the audited consolidated annual financial statements of the Group for 2025.

There has been no significant change in the financial performance of the Company or the Group since the date of the audited consolidated annual financial statements of the Group for 2025.

As of the date of this Base Prospectus there is no information on any other known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Company's or the Group's prospects for 2026.

Future Outlook

The Issuer has not made any profit forecast or profit estimate in this Base Prospectus.

ADDITIONAL INFORMATION

Share Capital

The amount of the share capital of the Company is EUR 401,033,657, and it is composed of 401,033,657 shares. All shares are paid up. All shares are registered shares and they are dematerialised. The nominal value of a share is EUR 1.

In accordance with the Energy Law (in Latvian - *Enerģētikas likums*), the shares of the Company and the infrastructure objects of the electricity transmission system belonging to it as a nationally important economic object cannot be alienated or used as collateral for securing loans or other liabilities.

Articles of Association

The Company is registered with the Commercial Register of the Republic of Latvia under registration number 40003575567.

The objects and purposes of the Company are stated in Clause 2 of the Articles of Association of the Company, which is transmission of electricity.

Material Contracts

The Company has a valid loan agreement with AS Luminor Bank (outstanding principal amount EUR 20 million), as well as notes in principal amount of EUR 100 million issued under the base prospectus of the Issuer, dated 21 September 2021 and the respective final terms, the maturity date of which is 20 January 2027. Furthermore, for liquidity measures credit line in amount of EUR 110 million with AS SEB banka is available at the Issuer's request to disburse.

Save for the aforementioned, the Company has not entered into any contracts outside the ordinary course of its business, which could result in the Company being under an obligation or entitlement that is material to the ability of the Company, respectively to meet obligations in respect of the Notes being issued.

THE ECONOMY OF THE REPUBLIC OF LATVIA

General overview

Latvia's economy has experienced a period of uneven growth over the past five years, with economic activity affected by weak external demand, elevated energy prices, geopolitical uncertainty and tighter financial conditions. Following stronger growth in 2021 and 2022, economic activity weakened in 2023 and remained broadly stagnant in 2024. The economy returned to stronger growth in 2025, when real GDP increased by 2.1 per cent. Growth was supported by manufacturing, construction, domestic consumption and a significant recovery in investment. Investment increased by approximately 9.8 per cent in 2025, supported by private investment, EU funding and increased expenditure related to defence.

The economic recovery continued into 2026. According to the latest Central Statistical Bureau data, real GDP increased by 3.0 per cent year on year in the second quarter of 2026, while GDP growth for the first six months of the year reached 2.8 per cent. Growth in the second quarter was broad based, with manufacturing, trade and information and communication services making significant contributions. Manufacturing value added increased by 5.5 per cent, while investment in gross fixed capital formation increased by 6.5 per cent. Household consumption increased by 3.7 per cent.

Domestic demand is expected to remain an important source of growth. Household consumption is supported by continued wage increases and improving purchasing power, while investment is benefiting from EU funds, private sector investment and higher defence expenditure. At the same time, Latvia remains a small and highly open economy, making it sensitive to developments in the European economy, international trade, energy prices and geopolitical conditions.

The main structural constraints remain demographic decline, labour shortages, relatively low productivity compared with Western European economies and a high dependence on external demand.

Real GDP growth, per cent

	2021	2022	2023	2024	2025
Latvia	6.9	1.9	(0.9)	0.0	2.1
EU (27) average	6.0	3.6	0.4	1.1	1.5

Source: Central Statistical Bureau of Latvia, Eurostat.

Inflation

Inflation has remained one of the principal macroeconomic challenges for Latvia over the past five years. After reaching exceptionally high levels in 2022 and 2023, price growth moderated significantly in 2024 before increasing again in 2025.

HICP inflation averaged 3.8 per cent in 2025. The renewed increase was driven by higher services prices, wage growth and increases in selected goods and energy related costs. Strong wage growth has become an increasingly important source of domestic inflationary pressure, particularly in services.

The latest data indicate that inflation remains elevated in 2026, although the rate has moderated from the beginning of the year. In June 2026, consumer prices were 3.4 per cent higher than a year earlier, while average annual inflation was 3.5 per cent. Services prices increased by 6.4 per cent compared with the 2025 average, illustrating the continued strength of domestic price pressures. Particularly strong annual price increases were recorded in restaurants and accommodation services, costs related to housing and transport.

The key medium-term risk is therefore increasingly related to persistent services and wage inflation rather than temporary commodity price effects. Continued wage growth supports household consumption and living standards but can also put pressure on business costs and competitiveness if productivity does not increase at a comparable pace.

Inflation, HICP, average, per cent

	2021	2022	2023	2024	2025
Latvia	3.2	17.2	9.1	1.3	3.8
EU (27) average	2.9	9.2	6.4	2.6	approx. 2.5

Source: Eurostat, Central Statistical Bureau of Latvia.

Unemployment

The Latvian labour market has remained relatively stable despite the weak economic performance during 2023 and 2024. Unemployment fell from its early peak, dipped further in 2023, then edged back up to just under 7 per cent from 2024 onward, where it has broadly remained since.

In 2025, the average unemployment rate was 6.9 per cent, unchanged from 2024. The number of employed persons increased to approximately 883 thousand and the employment rate reached 64.5 per cent of the population aged 15 to 74.

The latest 2026 data indicate some softening in the labour market. In the second quarter of 2026, the unemployment rate stood at 7.0 per cent, 0.3 percentage points higher than a year earlier but 0.1 percentage points lower than in the first quarter. At the same time, the employment rate increased to 65.1 per cent and the number of employed persons reached 885.5 thousand.

Despite relatively stable unemployment, the labour market remains tight in several sectors. Latvia continues to face structural labour shortages resulting from demographic trends and a declining population of working age. Wage growth therefore remains relatively strong.

This combination of relatively low unemployment, labour shortages and strong wage growth provides support for private consumption, but also contributes to persistent services inflation and increasing operating costs for businesses.

Unemployment rate, per cent

	2021	2022	2023	2024	2025
Latvia	7.6	6.9	6.5	6.9	6.9
EU (27) average	7.1	6.2	6.1	5.9	approx. 6.0

Source: Central Statistical Bureau of Latvia, Eurostat.

Public Finance

Latvia's public finances have improved materially from the high deficits recorded at the beginning of the five-year period, although fiscal pressures have started to increase again.

The general government deficit declined from 7.2 per cent of GDP in 2021 to 4.9 per cent in 2022, 2.3 per cent in 2023 and 1.8 per cent in 2024. In 2025, however, the deficit increased to 2.5 per cent of GDP, equivalent to approximately EUR 1.1 billion. General government expenditure increased by 7.7 per cent in 2025, reaching EUR 19.8 billion, while revenue increased by 5.9 per cent to EUR 18.7 billion.

The deterioration in 2025 reflects increasing expenditure pressures, particularly related to defence, social expenditure and investment. Defence spending is becoming a structurally more important component of government expenditure and is expected to remain elevated over the coming years.

Latvia's government debt remains relatively low by European standards. General government gross debt increased from 45.9 per cent of GDP in 2021 to 46.9 per cent of GDP in 2025. In nominal terms, government debt reached EUR 20.2 billion at the end of 2025.

Although the debt burden remains moderate, the direction of the fiscal trajectory is increasingly important. Persistent deficits combined with higher defence expenditure are likely to result in a gradual increase in the debt ratio.

General government balance, per cent of GDP

	2021	2022	2023	2024	2025
Latvia	(7.2)	(4.9)	(2.3)	(1.8)	(2.5)
EU (27) average	(4.7)	(3.4)	(3.5)	(3.2)	approx. (3.1)

General government gross debt, per cent of GDP

	2021	2022	2023	2024	2025
Latvia	45.9	44.4	44.4	46.2	46.9
EU (27) average	88.2	82.5	80.8	81.0	approx. 82.8

Source: Central Statistical Bureau of Latvia, Eurostat.

Latvia continues to maintain an investment grade sovereign credit profile. As of June 2026, the ratings were:

Sovereign credit ratings (June 2026)

Rating agency	Rating	Outlook
Moody's	A3	Stable
S&P Global	A	Stable
Fitch Ratings	A-	Stable
R&I	A	Stable

All four agencies currently maintain stable outlooks. Moody's reaffirmed Latvia's A3 rating in January 2026 and highlighted moderate public debt and solid debt affordability as key credit strengths, while noting that these are expected to weaken as defence spending increases.

Foreign Trade

Latvia remains a highly open economy, with foreign trade representing an important component of economic activity. The structure of external trade has continued to shift towards EU markets, while Latvia's trade exposure to Russia and Belarus has declined significantly.

In 2025, Latvia's foreign trade turnover in goods reached approximately EUR 42.7 billion. Goods exports amounted to approximately EUR 19.5 billion, an increase of 3.7 per cent compared with 2024, while imports increased by 6.9 per cent to approximately EUR 23.2 billion.

The increase in exports was supported by machinery and electrical equipment, wood and wood products, agricultural and food products and mineral products. Imports were driven by stronger domestic demand and investment.

The external trade position strengthened during the first half of 2026. Foreign trade turnover reached EUR 22.81 billion, 7.0 per cent more than in the first half of 2025. Exports increased by 5.8 per cent to EUR 10.43 billion, while imports increased by 8.0 per cent to EUR 12.39 billion. In June alone, exports increased by 18.6 per cent year on year and imports by 14.1 per cent.

The latest GDP data also indicate stronger external sector activity in Q2 2026. Exports of goods and services increased by 7.7 per cent year on year, with goods exports increasing by 11.6 per cent.

The geographic composition of Latvia's trade has continued to shift towards the European Union. Russia and Belarus now represent a substantially smaller share of Latvia's imports than in previous years. In 2025, exports to Russia amounted to EUR 962.5 million, or approximately 4.9 per cent of total exports, while imports from Russia were only EUR 125.6 million, representing approximately 0.5 per cent of total imports.

Latvia's foreign trade therefore remains exposed to European economic conditions and global commodity prices, but the country's external trade structure has become more diversified and increasingly integrated with EU markets.

Foreign trade in goods

	2021	2022	2023	2024	2025	H1 2026
Exports, EUR bn	approx. 18.0	21.3	19.0	18.8	19.5	10.4
Imports, EUR bn	approx. 20.0	25.8	22.7	21.7	23.2	12.4
Trade turnover, EUR bn	approx. 38.0	47.2	41.7	40.5	42.7	22.8

Source: Central Statistical Bureau of Latvia.

The goods trade balance remains structurally negative. However, Latvia generates a surplus in parts of the services sector, particularly business and other professional services, which partially offsets the goods deficit.

Current account

Latvia's current account position has remained in deficit during most of the five-year period, reflecting the country's structurally negative goods balance and strong import demand.

The current account deficit narrowed during 2023 and 2024 but widened again in 2025 as imports increased more rapidly than exports.

The main factor behind the external deficit is the goods trade imbalance. In 2025, imports of goods increased by 6.9 per cent compared with 3.7 per cent growth in exports. Strong domestic consumption and investment therefore generated additional demand for imported goods and equipment.

The current account deficit is not, however, solely a reflection of weak export competitiveness. Latvia has a significant services sector and receives EU funding and investment inflows that provide financing for part of the external imbalance.

The external position nevertheless represents an area of vulnerability for the Latvian economy. A sustained current account deficit combined with weak export growth could increase dependence on external financing. The risk is partly mitigated by Latvia's euro area membership, access to EU funding and continued integration into European financial and trade markets.

Current account balance, per cent of GDP

	2021	2022	2023	2024	2025
Latvia	approx. (4.1)	approx. (5.5)	approx. (3.9)	approx. (2.1)	(3.4)
EU (27) average	approx. 2.1	approx. 1.6	approx. 1.3	approx. 2.5	approx. 2.5

Source: Latvijas Banka, Eurostat.

TAXATION

Tax legislation of the investor's member state and of the Issuer's country of incorporation may have an impact on the income received from the Notes.

The following is a general summary of certain tax consideration in the Republic of Latvia in relation to the Notes. It is not exhaustive and does not purport to be a complete analysis of all tax consequences relating to the Notes, as well as does not take into account or discuss the tax implications of any country other than the Republic of Latvia. The information provided in this section shall not be treated as legal or tax advice; and prospective investors are advised to consult their own tax advisors as to the tax consequences of the subscription, ownership and disposal of the Notes applicable to their particular circumstances.

This summary is based on the laws of Latvia as in force on the date of this Base Prospectus and is subject to any change in law that may take effect after such date, provided that such changes could apply also retroactively.

Latvia has entered into a number of tax conventions on elimination of the double taxation, which may provide more favourable taxation regime. Therefore, if there is a valid tax convention with the country of a non-resident prospective investor, it should be also examined. The procedures for application of tax conventions are provided in the Republic of Latvia Cabinet of Ministers' Regulations No. 178 of 30 April 2001 "Procedures for Application of Tax Relief Determined in International Agreements for Prevention of Double Taxation and Tax Evasion".

Taxation of the Noteholders individuals

Resident Individuals

An individual will be considered as a resident of Latvia for taxation purposes:

- if the individual's declared place of residence is in the Republic of Latvia; or
- if the individual stays in the Republic of Latvia 183 days or more within any 12-month period, starting or ending in the taxation year; or
- if the individual is a citizen of the Republic of Latvia employed abroad by the government of the Republic of Latvia.

In accordance with the Law on Personal Income Tax (in Latvian – *Likums "Par iedzīvotāju ienākuma nodokli"*), interest income derived by resident individuals from the Notes is subject to personal income tax at a rate of 25.5 percent, which will be withheld by the Issuer before the payment.

Income (capital gains) arising from the alienation of the Notes is subject to personal income tax at a rate of 25.5 percent, but the tax must be declared and paid by the individual him/herself. If an individual holds Notes through an investment account that qualifies as such under the Law on Personal Income Tax for, personal income tax at a rate of 25.5 percent is applied to the positive difference between the total amount paid into the investment account and the total amount withdrawn from the investment account (except exempt income and income taxed at source).

If the total taxable income of a resident individual (including dividends, capital gains, income from investment account), as determined under the Law on Personal Income Tax, exceeds EUR 200,000 in a given year, an additional tax at a rate of 3 percent is applied to the portion of income exceeding EUR 200,000. This additional tax is payable by individual through self-assessment.

Non-resident individuals

An individual will be considered a non-resident for tax purposes if he or she does not qualify as a resident individual of the Republic of Latvia (as described above). Non-resident individuals acting through a fixed base in Latvia are treated, in respect to income derived through this fixed base, in the same manner as resident individuals for personal income tax purposes.

In accordance with the Law on Personal Income Tax (in Latvian – *Likums "Par iedzīvotāju ienākuma nodokli"*), interest income from the Notes that are publicly traded (i.e. admitted to trading on a regulated market within the meaning of MiFID II), as well as income from the alienation of such publicly traded Notes, is not subject to personal income tax in Latvia. Taxation of the Noteholders entities.

Resident entities

An entity is considered a resident of Latvia for tax purposes if it is, or should have been, established and registered in the Republic of Latvia in accordance with the legislative acts of the Republic of Latvia. Permanent establishments of non-resident legal entities are treated, in respect of income derived through this permanent establishment, in the same manner as resident entities for corporate income tax purposes.

Interest payments in respect of the Notes and proceeds from the disposal of the Notes received by a resident entity, or a non-resident entity operating through a permanent establishment in Latvia, are not subject to corporate income tax in Latvia at the moment of the receipt of the income. Under the Corporate Income Tax Law (in Latvian – *Uzņēmumu ienākuma nodokļa likums*), corporate income tax is levied on distributed profits and deemed (implicit) profit distributions, including non-business expenses, interest payments made in excess of defined thresholds, loans made to related parties (subject to specific criteria), transfer pricing adjustments, and other disguised distributions. Corporate income tax is charged at the level of the distributing entity at the time the profit distributions are made (with the exception of credit institutions and entities providing consumer crediting services, which are subject to an annual corporate income tax surcharge of 20%). Distributed profits are subject to corporate income tax at a rate of 20 per cent applied to the grossed-up amount of the distribution (i.e. the tax is calculated by dividing the net distributions by 0.8 and then by multiplying by the 20 per cent rate).

Resident entities whose shareholders consist exclusively of individuals may elect for an alternative tax regime under which:

(i) profit distributions at the level of legal entity are subject to corporate income tax at the rate of 15 per cent on the gross amount of the distributions (with the tax base calculated by dividing the distributions by 0,85 and applying the 15 per cent rate); and

(ii) dividends at the level of an individual are subject to personal income tax at the rate of 6 per cent on the amount of dividends.

Under the alternative tax regime, personal income tax may be credited against the individual's tax liability in the country of residence, if the laws of that country permit such credit.

Non-resident entities

An entity will be considered as a non-resident entity if it is not a resident entity of the Republic of Latvia.

In accordance with the Corporate Income Tax Law (in Latvian – *Uzņēmumu ienākuma nodokļa likums*), the interest income and income from the alienation of the Notes received by a non-resident entity without a permanent establishment in Latvia are not subject to corporate income tax in Latvia.

Taxation of low-tax non-residents

In general, payments (including interest payments) to non-residents located, registered or incorporated in a no-tax or low-tax country or territory as defined in the Regulations of the Cabinet of Ministers No.333 "List of No-Tax or Low-Tax Countries and Territories", adopted on 27 June 2023; effective as of 1 July 2023 ("**Low-Tax Non-Latvian Residents**") are subject to withholding tax of 20 per-cent if the payer is a Latvian legal entity or 25.5 per-cent if the payer is a Latvian individual resident having obligation to withhold tax. However, pursuant to Article 5(6) of the Corporate Income Tax Law (in Latvian – *Uzņēmumu ienākuma nodokļa likums*) payments by Latvian legal entities to Low-Tax Non-Latvian Residents for securities publicly traded in the EU or EEA are exempt from withholding tax if made at the market price. The State Revenue Service of the Republic of Latvia in a legally non-binding explanation has confirmed that pursuant to Article 5(6) of the of the Corporate Income Tax Law (in Latvian – *Uzņēmumu ienākuma nodokļa likums*), there is no withholding tax also on the interest payments made by an issuer to the holders of the notes publicly traded in the EU or EEA who are Low-Tax Non-Latvian Residents, provided that the payments are made at the market price.

Stamp duties and transfer taxes

The alienation of the Notes is not subject to stamp duties or transfer taxes in Latvia.

GENERAL INFORMATION

Authorisation

The shareholder of the Issuer has at the Shareholders' Meeting held on 5 August 2026 authorised the issue of the Notes and authorised the Management Board of the Issuer to approve the characteristics of the Notes, the Base Prospectus and any of the documents thereto, as well as any amendments and supplements thereof.

Management Board of the Issuer has at its meeting held on 16 September 2026 approved the Base Prospectus and the General Terms and Conditions of the Notes.

Each Final Terms issued in respect of each issue of Notes shall be approved by a separate resolution of the Management Board of the Issuer.

Auditors

"KPMG Baltics SIA", registration number: 40003235171, legal address: Roberta Hirša iela 1, Riga, LV-1045, Latvia, has audited the 2024 and 2025 Financial Statements and issued an unqualified auditor's report on the aforementioned financial statements. KPMG also provided limited assurance on the Issuer's consolidated Sustainability Report for 2025, prepared in accordance with the ESRS requirements, and issued an unqualified limited assurance report thereon.

"KPMG Baltics SIA" is included in the register of audit firms maintained by the Latvian Association of Certified Auditors and holds audit company license No.55. On behalf of "KPMG Baltics SIA", the auditors' reports on the 2025 Financial Statements and the 2024 Financial Statements were signed by Armine Movsisjana, holding auditor's certificate No. 178.

Listing

Application will be made to Nasdaq Riga for admitting each Tranche to listing and trading on the official bond list (the Baltic Bond List) of Nasdaq Riga according to the requirements of Nasdaq Riga not later than within 3 (three) months after the Issue Date of the respective Tranche. Nasdaq Riga is a regulated market for the purposes of MiFID II.

Clearing of the Notes

The Notes shall be issued in the bearer dematerialised form and registered with Nasdaq CSD SE, registration number: 40003242879. The International Securities Identification Number (ISIN) in relation to the Notes of each Tranche will be specified in the relevant Final Terms.

The address of Nasdaq CSD SE is Vaļņu iela 1, Riga, LV-1050, Latvia.

Legal Entity Identifier

The Issuer's legal entity identifier is 64883LC3F12690GATG87.

Documents available

For as long as the Notes are listed on the official bond list (the Baltic Bond List) of Nasdaq Riga, the copies of the following documents will be available on the Issuer's website www.ast.lv:

(i) the Articles of Association of the Issuer;

(ii) the Financial Statements;

(iii) the Programme Factsheet;

(iv) each Final Terms; and

(v) this Base Prospectus together with any supplement.

Arrangers and Dealers transacting with the Issuer

The Arranger and Dealer has engaged in, and may in the future engage in, investment banking and/or commercial banking or other services provided to the Group in the ordinary course of business (see Section *Risk Factors – Risk related to the Notes - Certain material interests).*

Interests of natural and legal persons involved in the issue/offer of the Notes

Save for commissions to be paid to the Arranger and the Dealer, so far as the Issuer is aware, no person involved in the issue/offer of the Notes has an interest material to the issue/offer.

Expenses Charged to the Investors

No expenses or taxes will be charged to the investors by the Issuer in respect to the issue of the Notes. However, the investors may be obliged to cover expenses which are related to the opening of securities accounts with the credit institutions or investment brokerage firms, as well as commissions which are charged by the credit institutions or investment brokerage firms in relation to the execution of the investor's purchase or selling orders of the Notes, the holding of the Notes or any other operations in relation to the Notes. Neither the Issuer, nor the Arrangers or the Dealers shall compensate the Noteholders for any such expenses.

Credit Ratings

As of the date of this Base Prospectus, the Issuer has a long-term credit rating A- by S&P Global Ratings Europe Limited. The outlook is stable.

S&P Global Ratings Europe Limited is established in the EEA and is registered under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**"), and is, as of the date of this Base Prospectus, included in the list of credit rating agencies published by the European Securities and Markets Authority ("**ESMA**").

Notes to be issued under the Programme may be rated or unrated. Where an issue of Notes is rated, the applicable rating will be specified in the relevant Final Terms. Such rating will not necessarily be the same as the rating(s) assigned to the Issuer or to Notes already issued (if applicable). Whether or not a credit rating applied for in relation to a relevant Series of Notes will be issued by a credit rating agency established in the EEA and registered under the CRA Regulation will be disclosed in the Final Terms.

A rating is not a recommendation to buy or sell or hold Notes and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. Up-to-date information should always be sought by direct reference to the relevant rating agency.

INFORMATION INCORPORATED BY REFERENCE

The following documents have been incorporated by reference to this Base Prospectus and form a part of the Base Prospectus:

1. the audited consolidated and standalone financial statements of the Issuer for the financial year ended 31 December 2025, together with the audit report thereon, which appear in the Issuer's annual report and accounts for the year ended 31 December 2025 (the **"2025 Financial Statements"**) and which are available at Augstsprieguma tikls Financial statements 2024 | AST - www.ast.lv

https://www.ast.lv/sites/default/files/editor/AST-Ilgtspejas-Finansu-Parskats-2025-Apstiprinats_EN.pdf(a)	Statement of profit or loss	Set out on numbered page 184 of the 2025 Financial Statements.
(b)	Statement of comprehensive income	Set out on numbered page 185 of the 2025 Financial Statements.
(c)	Statement of financial position	Set out on numbered pages 186 to 188 of the 2025 Financial Statements.
(d)	Statement of changes in equity	Set out on numbered pages 189 to 190 of the 2025 Financial Statements.
(e)	Statement of cash flows	Set out on numbered pages 191 to 193 of the 2025 Financial Statements.
(f)	Notes to the financial statements	Set out on numbered pages 194 to 284 of the 2025 Financial Statements.
(g)	Independent auditor's report covering year ending 31 December 2025	Set out on numbered pages 285 to 291 of the 2025 Financial Statements.

2. the audited consolidated and standalone financial statements of the Issuer for the financial year ended 31 December 2024, together with the audit report thereon, which appear in the Issuer's annual report and accounts for the year ended 31 December 2024 (the **"2024 Financial Statements"**) and which are available at Augstsprieguma tikls Financial statements 2024 | AST

https://www.ast.lv/sites/default/files/editor/Gada atkarības pārskati/Gada_parskats_Ilgtspeja_EN_2024.pdf(a)	Statement of profit or loss	Set out on numbered page 164 of the 2024 Financial Statements.
(b)	Statement of comprehensive income	Set out on numbered page 165 of the 2024 Financial Statements.
(c)	Statement of financial position	Set out on numbered pages 166 to 167 of the 2024 Financial Statements.
(d)	Statement of changes in equity	Set out on numbered pages 168 to 169 of the 2024 Financial Statements.
(e)	Statement of cash flows	Set out on numbered pages 170 to 171 of the 2024 Financial Statements.
(f)	Notes to the financial statements	Set out on numbered pages 173 to 258 of the 2024 Financial Statements.
(g)	Independent auditor's report covering year ending 31 December 2024	Set out on numbered pages 260 to 268 of the 2024 Financial Statements.

3. the unaudited consolidated and standalone interim financial statements of the Issuer in respect of the six months ended 30 June 2026 (the "**2026 Interim Financial Statements**") and which are available at AST_gada_parskats_2026_6M_EN.pdf

(a)	Statement of profit or loss	Set out on numbered page 17 of the 2026 Interim Financial Statements.
(b)	Statement of comprehensive income	Set out on numbered page 18 of the 2026 Interim Financial Statements.
(c)	Statement of financial position	Set out on numbered page 19 of the 2026 Interim Financial Statements.
(d)	Statement of changes in equity	Set out on numbered page 22 of the 2026 Interim Financial Statements.

(e)	Statement of cash flows	Set out on numbered page 24 of the 2026 Interim Financial Statements.
(f)	Notes to the financial statements	Set out on numbered pages 26 to 55 of the 2026 Interim Financial Statements.

4. the unaudited consolidated and standalone interim financial statements of the Issuer in respect of the six months ended 30 June 2025 (the "**2025 Interim Financial Statements**") and which are available at AST_gada_parskats_2025_6M_ENG.pdf.

https://www.ast.lv/sites/default/files/editor/AST_gada_parskats_2025_6M_ENG.pdf(a)	Statement of profit or loss	Set out on numbered page 22 of the 2025 Interim Financial Statements.
(b)	Statement of comprehensive income	Set out on numbered page 23 of the 2025 Interim Financial Statements.
(c)	Statement of financial position	Set out on numbered pages 24 to 25 of the 2025 Interim Financial Statements.
(d)	Statement of changes in equity	Set out on numbered pages 26 to 27 of the 2025

		Interim Financial Statements.
(e)	Statement of cash flows	Set out on numbered pages 28 to 29 of the 2025 Interim Financial Statements.
(f)	Notes to the financial statements	Set out on numbered pages 31 to 60 of the 2025 Interim Financial Statements.

5. the Issuer's Programme Factsheet, which is available on the following Company's website: Bonds | AST.

Further, any future audited consolidated financial statements or unaudited consolidated interim financial statements of the Issuer, including the notes thereto and the audit report thereon (if any) (the "**Future Financial Statements**"), in each case as and when published on the Issuer's website (available at https://www.ast.lv/en/content/financial-statements) during the 12-month period of validity of this Base Prospectus shall be deemed to be incorporated by reference in, and form part of, this Base Prospectus from the date of their publication.

Copies of the documents specified above as containing information incorporated by reference in this Base Prospectus (including any future financial information) will be published on the websites of (a) the Issuer at https://www.ast.lv/en/content/financial-statements, (b) Nasdaq Riga at www.nasdaqbaltic.com and (c) also on website of the Bank of Latvia (*Latvijas Banka)* Central Storage of Regulated Information at https://csri.investinfo.lv/en/.

In addition to that, copies of the documents specified above as containing information incorporated by reference in this Base Prospectus may also be inspected, free of charge, during normal business hours at the office of the Issuer at: 86 Dārzciema str., Riga, LV-1073, the Republic of Latvia for 12 months from the date of this Base Prospectus.

Prospective investors should consult their own professional advisers to gain an understanding of the financial information incorporated by reference in this Base Prospectus.

Any information contained in or incorporated by reference in any of the documents specified above, which is not expressly incorporated by reference into this Base Prospectus, does not form part of this Base Prospectus and is either not relevant for investors for the purposes of Prospectus Regulation or is covered elsewhere in this Base Prospectus. For the avoidance of doubt, unless specifically incorporated by reference into this Base Prospectus, information contained on the Issuer's website or any website does not form part of this Base Prospectus and shall be considered as additional information, not required by the schedules of the Commission Delegated Regulation (EU) 2019/980 supplementing the Prospectus Regulation. In particular, the independent auditor's reports mentioned above contain references to "Other Information". Such "Other Information" is not incorporated by reference into, and does not form a part of, this Base Prospectus.

ISSUER

Akciju sabiedrība "Augstsprieguma tīkls"
Dārzciema iela 86
Riga, LV-1073
Latvia

ARRANGER

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represented within the Republic of Latvia
by Luminor Bank AS Lithuanian branch

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DEALER

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represented within the Republic of Latvia
by Luminor Bank AS Lithuanian branch

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LEGAL ADVISER TO THE ARRANGER AND DEALER

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