Energy Market Review

January 2025 – December 2025

20th January 2026

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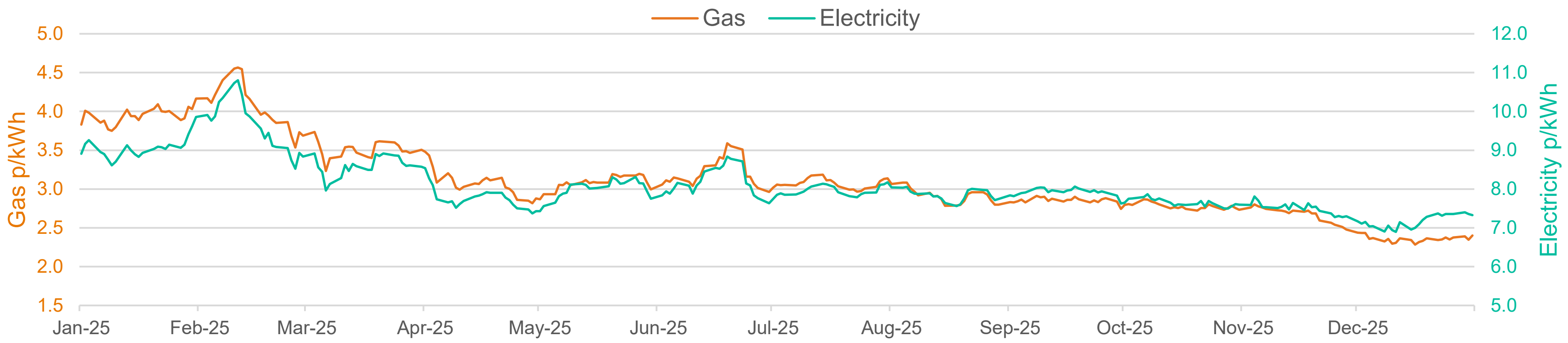
Market Context
Front Year Energy Prices

Front Year Prices - at any point in time the price represents the cost of securing energy to be delivered for the 12-month period starting from the next season (e.g., the price in January 25 represents the cost of energy to be delivered from Apr 25 (Apr 25-Mar 26) and in April 25 the price represents the cost of energy to be delivered from October 25 (Oct 25-Sep 26).

2025 Front Year Energy Prices

U.S. Foreign policy actions underpinned much of the geopolitical turmoil which influenced market movement throughout the year.



Quarter 1

- New U.S. President Inaugurated.
- Freeport LNG, a large U.S. LNG hub suspended flows due to cold weather in Texas.
- Threats to European energy infrastructure caused price to rise as Turk Stream pipeline (which takes gas from Russia to Turkey) attack was avoided.
- The first round of peace talks regarding the conflict in Ukraine forced prices down in February but fighting on the ground continued.

Quarter 2

- U.S. trade tariffs created global recession fears which pushed prices lower.
- Warm weather reduced pressure on storage targets.
- In June, tensions in the Middle East escalated as Iran and Israel exchanged fire before a ceasefire was announced.
- Fears that shipping through the Strait of Hormuz would be disrupted pushed prices higher.

Quarter 3

- The U.S. Trade war continued keeping the macro-economic outlook uncertain.
- Peace talks between Ukraine and Russia were revived in August but slowly diminished in September.
- LNG demand in Asia remained low keeping European prices subdued.

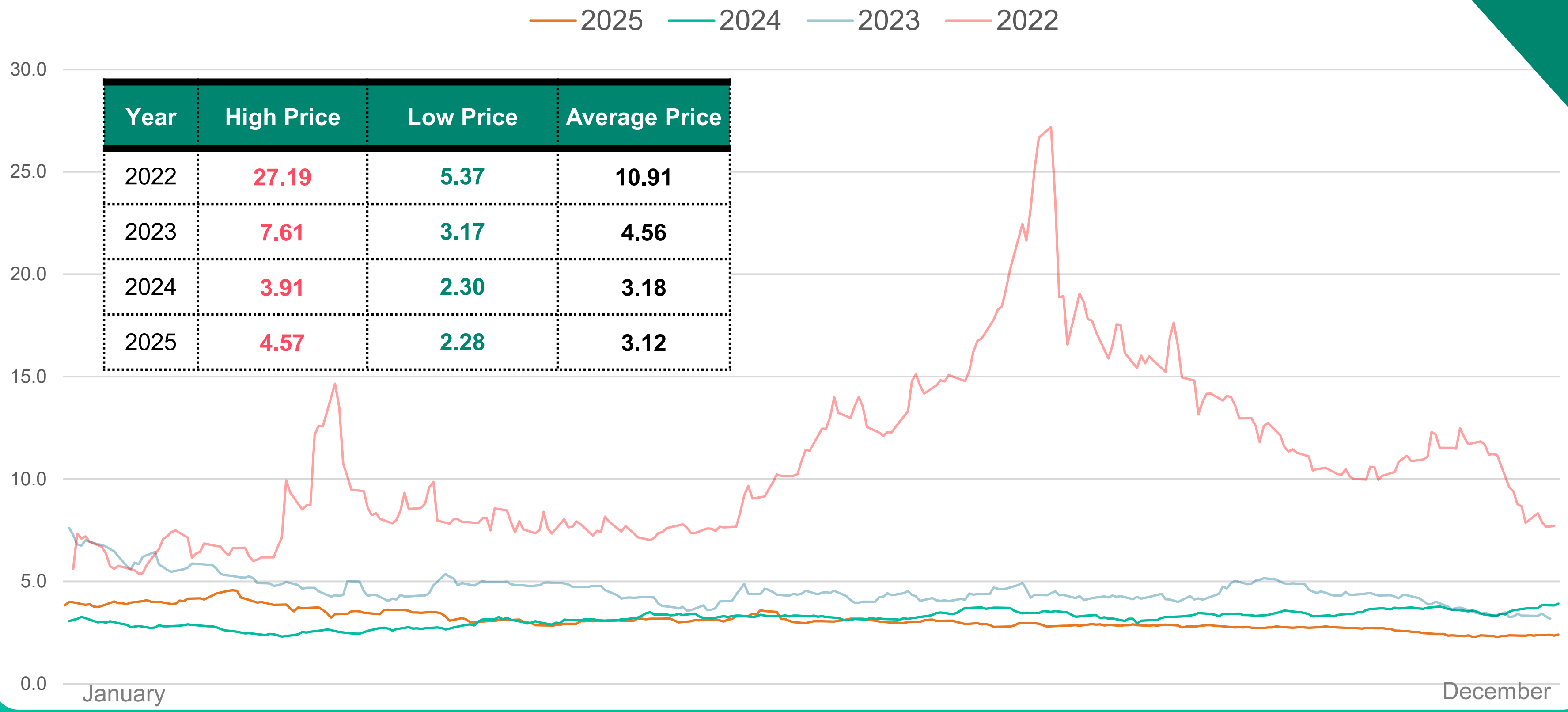
Quarter 4

- Intense fighting between Russia and Ukraine continued with attacks becoming increasingly more targeted on Energy infrastructure.
- A ceasefire was agreed in Gaza but there were accusations of breaches.
- The EU agreed an exit from buying Russian fuel which still represented 12% imports.
- In November, the U.S. released a peace plan which sparked a fresh diplomatic effort to end the war in Ukraine pushing prices to their lowest levels in some time. Efforts continued through December but, despite progress, large disconnects between the two sides were evident concerning territory and future security.

Gas Front Year Prices Year-on-year

2025 witnessed higher maximum prices than 2024 but, on average, prices were marginally down across the year.

Year	High Price	Low Price	Average Price
2022	27.19	5.37	10.91
2023	7.61	3.17	4.56
2024	3.91	2.30	3.18
2025	4.57	2.28	3.12



Average annual energy prices Year-on-year

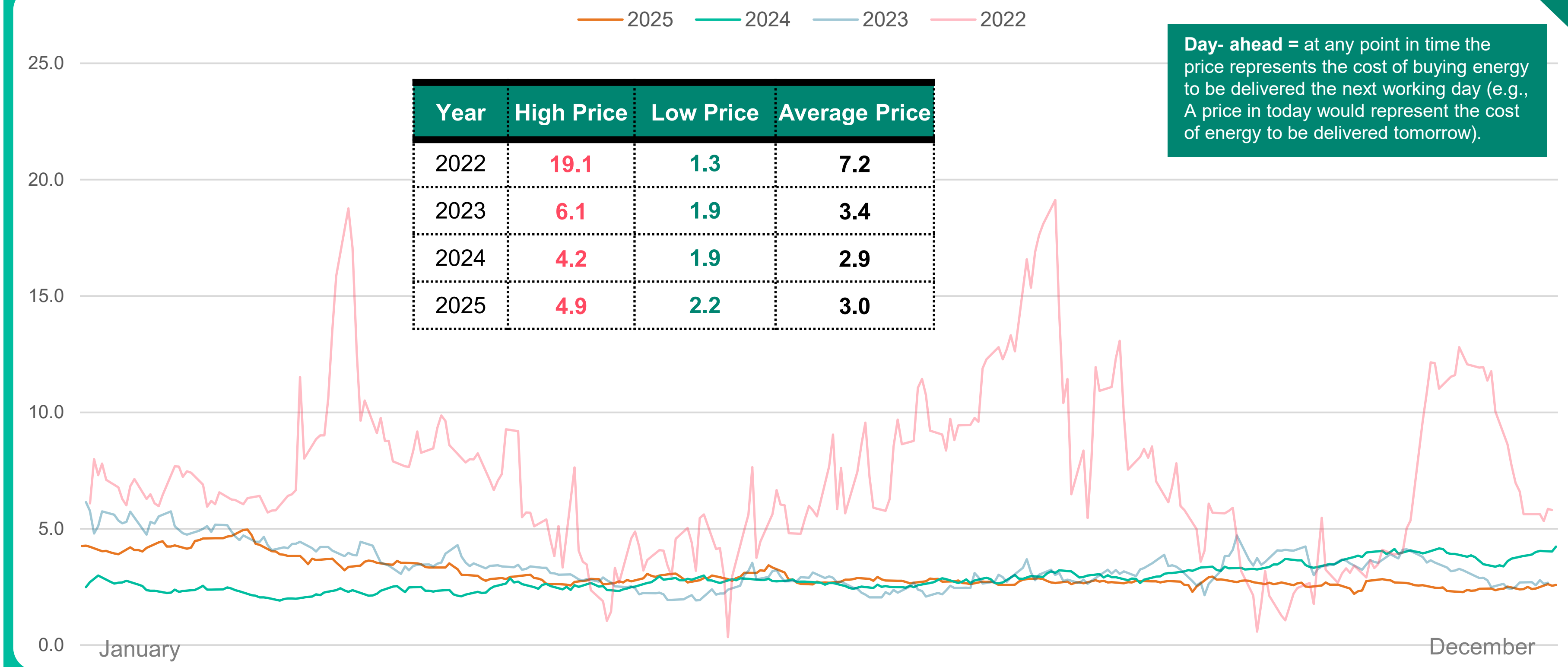
Description	Year	Gas	Y-o-Y Difference	Electricity	Y-o-Y Difference
Pre-energy Crisis	2019	1.67	n/a	5.18	n/a
Covid - low global energy demand	2020	1.19	-28%	4.26	-18%
Economic rebound leading on to start of energy crisis	2021	3.08	158%	99.17	115%
Peak of crisis due to removal of Russian piped gas	2022	10.91	254%	29.16	218%
Descending Prices	2023	4.56	-58%	12.71	-56%
Relative stability	2024	3.18	-30%	7.94	-38%
“New Normal” relative stability	2025	3.12	-2%	8.10	2%
2025 prices are still significantly higher than pre-energy crisis levels in 2019	2025 vs 2019		87%		56%

Gas Day-ahead Prices Year-on-year

In contrast to 2024, 2025 witnessed the highest Day-ahead prices early in the year but the overall averages across the years align.

Day- ahead = at any point in time the price represents the cost of buying energy to be delivered the next working day (e.g., A price in today would represent the cost of energy to be delivered tomorrow).

Year	High Price	Low Price	Average Price
2022	19.1	1.3	7.2
2023	6.1	1.9	3.4
2024	4.2	1.9	2.9
2025	4.9	2.2	3.0



Average Day-ahead energy prices Y-o-Y

Description	Year	Gas	Y-o-Y Difference	Electricity	Y-o-Y Difference
Pre-energy Crisis	2019	1.2	n/a	4.30	n/a
Covid - low global energy demand	2020	0.8	-29%	3.4	-16%
Economic rebound leading on to start of energy crisis	2021	4.03	298%	9.90	172%
Peak of crisis due to removal of Russian piped gas	2022	7.20	78%	18.53	87%
Descending Prices	2023	3.37	-53%	9.57	-48%
Relative stability	2024	2.86	-15%	7.36	-23%
More fundamental based price movement	2025	3.03	6%	8.10	10%
2025 prices are still significantly higher than pre-energy crisis levels	2025 vs 2019		133%		67%

Market Outlook

Looking forward to 2026 the LNG glut is expected to continue potentially pushing prices lower. However, there is a risk that low European gas prices could see capital investment become difficult to secure for future projects due to uncertain returns. This could curtail the amount of supply growth expected reducing the global oversupply predicted over the coming years. That said, liquification capacity is set to continue to grow to allow more LNG to enter Europe.

Over the last few years Europe has moved away from heavy dependence on Russian piped gas to U.S. LNG. Flows to Europe from the U.S. were up 60% year-on-year in 2025 and so far, this winter the vast flows of LNG have subdued prices despite the comparatively low storage levels. These high levels will need to be maintained to make up for the low storage inventories expected at the end of winter. This strong dependence means that any issues with LNG supply, due to outages or transport disruption, could have larger price implications than in previous years.

Heavy reliance on the U.S. ensures that U.S. Foreign policy will continue to have large impacts on European and global commodity markets. This year has demonstrated that the impacts of unpredictable decisions made in the White House can have myriad consequences for energy prices. It is extremely likely that this trend continues throughout 2026 with situations in Venezuela, Greenland, Ukraine, and Iran all highly live in January. U.S. trade tariffs conversations are also likely to persist.

Further cold weather this winter, combined with a stronger than originally anticipated demand rebound in Europe, could push prices higher. German requirements due to a resurgence in industrial demand and higher power sector gas usage owing to lower gas prices undercutting coal, could underpin the increases.

Overall, risk is marginally skewed towards further downside in 2026, but key threats remain including Europe's heavy reliance on LNG and unpredictable U.S. Foreign policy outcomes.

Potential Upside Drivers

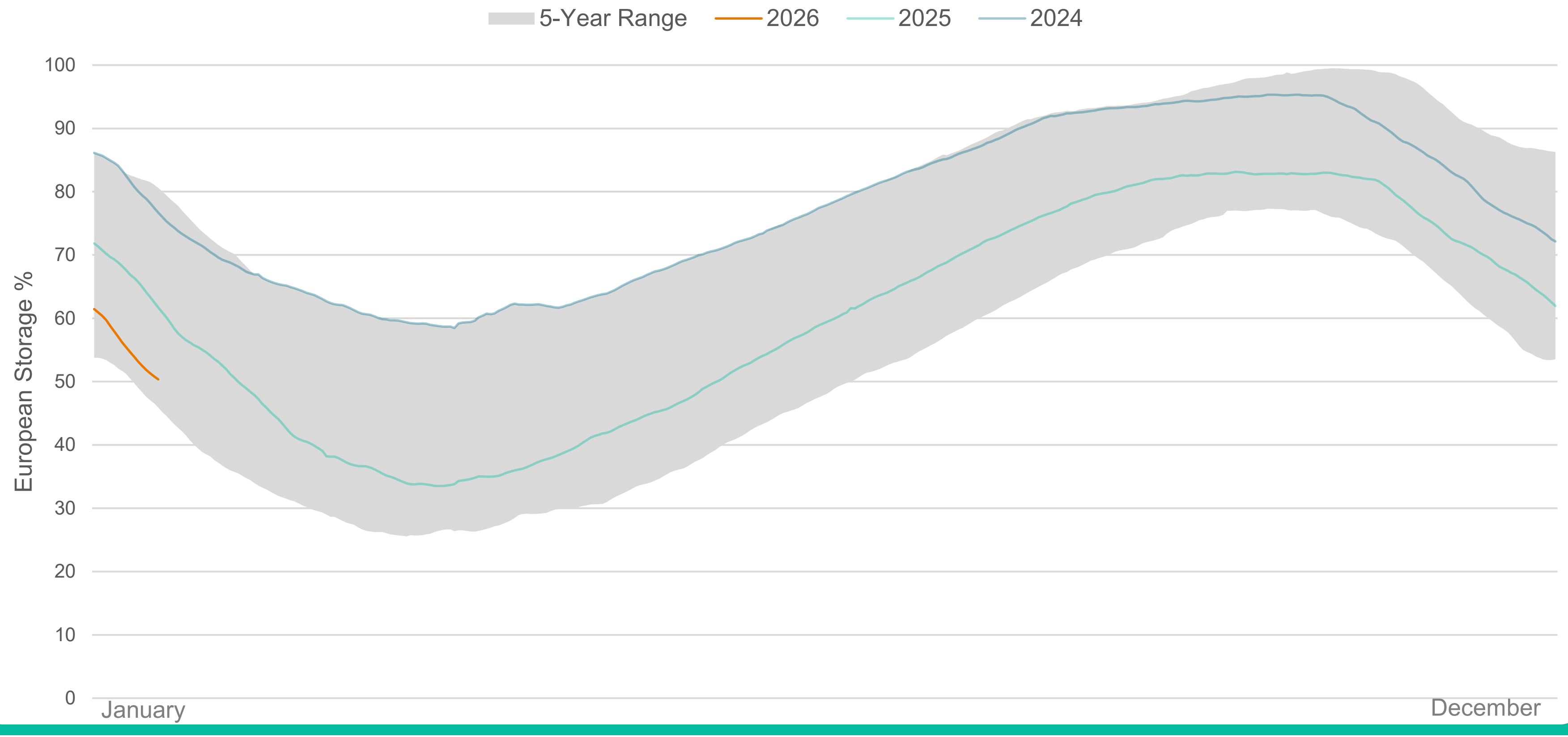
- Low EU storage levels comparative to 5-year average.
- Further cold spells could see stocks severely depleted.
- LNG supply issues.
- U.S. Foreign Policy.

Potential Downside Drivers

- Possible ceasefire in Ukraine.
- Mild weather for remainder of winter.
- Continued high LNG flows and new capacity coming online.
- U.S. Foreign Policy.

European Gas Storage

European gas storage levels will continue to be a key price driver for 2026 with inventories currently at very low levels comparative to the last 2-years.



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