



Annual Report
2022



Azienda Elettrica Ticinese

Annual Report **2022**

**Report of the Board of Directors
of the Azienda Elettrica Ticinese
to the Grand Council and the Council of State
of the Republic and Canton of Ticino**

Ladies and Gentlemen,
Chairmen,
State Councillors,
Parliamentary Representatives,

in accordance with the provisions contained in article 6 of the Act of the Azienda elettrica ticinese (LAET), we hereby submit:

- the report of the Board of Directors for the year 2022;
- the auditors' report;
- the financial statements for the year 2022;
- the proposal for allocation of result.

The english version of the AET 2022 Annual Report is merely a translation:
the official version is the italian text.



The new transformer at the Magadino substation

In the second half of 2022, a modern and silent 220/150 kV 250 MVA transformer came into operation at the AET substation in Magadino, replacing one of similar at the end of its life cycle. The new transformer will play a major role in ensuring the Canton's supply, as it serves as a connection point between Swissgrid's national transmission grid and AET's 150 kV regional transmission grid in central Ticino. The pictures accompanying this report, taken by [parisiva.ch](https://www.parisiva.ch), illustrate the different stages of transport and commissioning of the new transformer.

On the cover: the Magadino substation

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9 meters long, 3 meters wide and 4 meters high, weighing 195 tons, the new transformer was transported by rail to the Cadenazzo SBB station. From there it was transported to the substation by a special platform vehicle driven by 12 individually manoeuvrable axles.

2022 in summary

Key figures

	2022	2021	2020	2019	2018
In CHF million					
Operating income	1,109	790	867	1,018	871
Operating result	-48	33	23	16	-15
Net result	-56	19	13	9	-2
Equity	294	356	340	329	323
Equity in % of balance sheet total	18.5%	36.5%	43.9%	42.7%	41.8%
Non-current assets	563	518	512	501	506
Balance sheet total	1,588	976	773	771	775
Distribution of dividends to the State	-	3	-	-	-
Interest on capital, due to the State	3	3	3	3	3
Employees of the Group (full time equivalent)	302.7	298.2	285.8	272.6	265.3
	2022	2021	2020	2019	2018
In GWh					
Production AET Group	555	945	981	1,090	955
Production participations	1,262	1,514	1,069	1,637	1,550



The Executive Management of AET

From left: Claudio Nauer, Roberto Pronini, Flavio Kurzo, Edy Losa, Giorgio Tognola, Fiorenzo Scerpella.

Photo: Studio Pagi

Company officers

Board of Directors

Leonardi Giovanni, *Chairman*
Cereghetti Claudio, *Vice Chairman*
Cauzza Dino
Codoni – Sulmoni Marika
Gianora Fabiana
Pantani Tettamanti Roberta
Passoni Alberto

Group auditor

KPMG SA, Lugano

Executive Management

Pronini Roberto, *CEO*
Nauer Claudio, *Co-CEO*
Kurzo Flavio, *CFO*
Losa Edy, *Head of energy production*
Scerpella Fiorenzo, *Head of grid*
Tognola Giorgio, *Head of energy trade*



The vehicle was skillfully driven through the narrow streets of the Piano di Magadino at a walking pace, controlled by a worker via a hand-held control panel.

Report of the Board of Directors



An exceptional, and at times spectacular, transport that required careful planning and the involvement of the local authorities and police.

Introduction by the Chairman

Nothing taken for granted

Energy supply was unfortunately one of the hot-button issues in 2022. Unchecked increases in prices and fears of possible shortages in Europe were a focus of concerns for governments, businesses and consumers throughout the year. It took only a few weeks to show us how fragile the equilibria underlying the global energy system are, and that they cannot be taken for granted. AET was not unaffected by the consequences of the scenario that emerged from this, and has had to confront the worst result in its entire history.

The reasons for this upheaval can be found in a confluence of extraordinary and unprecedented events, which have had major effects on the energy sector. The first of these was the outbreak of the war in Ukraine: the resulting fall in gas supplies highlighted the extreme level of dependence of Germany and parts of Europe on Russia, raising well-founded concerns over whether they would be able to get through the winter. This was compounded by a prolonged period of drought which affected the entire continent, compromising the productive capacity not only of hydroelectric power but also of thermal power stations that need water for their cooling systems. Still on the production side, we should finally mention the extended downtime of half of France's nuclear power generation capacity due to extraordinary maintenance, which lasted until well into the winter.

The conjunction of these factors sparked justified concerns regarding security of energy supply during the cold months, leading to calls to save energy and plans for the creation of energy reserves throughout Europe. For their part, the markets responded with a high dose of jitters and the price of not only electricity but in part also other energy vectors shot up exponentially, reaching hitherto unprecedented peaks.

The consequences for AET

In general, the framework conditions in 2022 were unfavourable for AET; specifically, the volume of hydropower generated was 40% lower than the long-term average, in particular due to the prolonged dry period. In order to be able to honour existing contracts with clients, the company had to incur extraordinary costs to make up for the production deficit by purchasing energy on the open market at prices several times higher than those at which it supplies energy. This resulted in an operating loss of CHF 56 million, the highest ever recorded in the history of AET.

The question of winter energy supply security in Switzerland, which came to the fore following the outbreak of the war in Ukraine, had in actual fact already been on sectoral operators' radar for some time. The strategy of AET, focused on the transformation of supply models, took account of this issue which, alongside a solid balance sheet structure, enabled the company to absorb the loss whilst remaining relatively stable.

Future unknowns

The start of 2023 brought with it several signs of an easing of tensions: The mild winter favoured low energy consumption, averting the worse potential shortages. In parallel, wholesale prices started to fall back to levels that had previously been anticipated over the medium term, whilst still however being markedly higher than in the past. The outlook for 2023 remains tense and full of unknowns. Winter snowfall south of the Alps was even lower than last year, which has compromised the accumulation potential of basins and hence production capacity during the spring quarter. A continuation of the drought into the hotter months is likely to result in a second year of major difficulties for AET.

Moreover, problems still remain on the security of supply front, both on a structural level in connection with the energy transition and over the short term as regards the supply of gas in Europe. In the face of these conditions, it is fundamentally important for politicians to move quickly to create the legal framework necessary to support the energy transition, with the measures that have been discussed for a number of years.



Giovanni Leonardi
Chairman



Due to the heavy weight of the load (approx. 195 tons), the bridge crossing the canal adjacent to the substation was reinforced with an overbridge to ensure maximum safety during transit.



Crossing the bridge was the crucial moment of the operation: the important work of planning an exceptional transport has to be taken care of down to the last detail and can take several months.

Management report

A year marked by extraordinary negative factors

The 2022 financial year ended with an operating result of CHF – 48 million (2021: CHF + 33 million) and a consolidated net loss of CHF – 56 million (2021: CHF + 19 million), the highest ever recorded in the company's history.

The result reflects the combination of two extraordinary negative factors – the massive loss on hydropower caused by drought south of the Alps and the parallel surge in prices on international markets, which forced the company to purchase energy at several times the prices at which it is sold.

Production

Electricity

542 GWh of hydropower was generated at AET's plants in 2022, a result significantly below the average for the period 2012 – 2021, and down around 42% compared to the previous year. The hydropower generated by participations amounted to only 345 GWh, which was also significantly lower than the previous year (– 46%). South of the Alps, 2022 was characterised by a short period of snow melting, which reduced accumulation in particular, as well as a general lack of precipitation throughout the summer and autumn, which impaired run-of-the-river productivity.

AET's share of the energy generated by the German plant in Lünen was 577 GWh, up 6% from 2021. The result was favoured by the improvement in the ratio of the price of fuel to the cost of CO2 emissions certificates. On the other hand, the fact that production was covered by contracts concluded in previous years coupled with the higher carbon supply and storage costs caused by the outbreak of the war in Ukraine meant that it was not possible to profit from rising market prices, resulting in cost increases of around CHF 30 million for AET.

Abnormal weather also affected production by the St. Gotthard wind farm, which generated 12.4 GWh during its second year of operation. This figure was 25% below expectations, which can be accounted for by the sharp drop in wind levels on the pass compared to those measured in previous years.

Energy generated by participations operating in the nuclear sector in Switzerland and France amounted to 299 GWh (10% below the average forecast volume), which was also markedly below expectations due to the limited availability of French plants during the summer. Indeed, the combination of high temperatures and low river levels caused problems for power stations' cooling systems, requiring numerous production shutdowns for safety reasons.

Thermal energy

TERIS Teleriscaldamento del Bellinzonese SA transferred all of its staff to the newly incorporated service company PIÙCALORE SA. Since the start of 2022, the tasks previously performed by TERIS have been carried out under contract by PIÙCALORE SA. The company started work on the extension of the network to the north of Bellinzona, creating a series of new connections. TERIS has also offered its expertise on the development of projects in conjunction with third parties in Bodio, Camorino, Castione/Arbedo and Mendrisio.

Calore SA, a company owned by AET and Società Elettrica Sopracenerina SA (SES), has continued the planning work necessary for the completion of the “Verbano 2030” project, which was presented in 2021. The project envisages the extension of the Locarno district heating network to the Rusca-Saleggi area and the creation of a new thermal power station fuelled by heat pumps. They will exploit the heat generated by the sewage treatment plant at the mouth of the River Maggia, which is owned by the Consorzio Depurazione Acque del Verbano, and, if necessary, the heat from Lake Verbano.

Capriasca Calore SA, a company in which equal stakes are held by AET, Azienda Elettrica di Massagno (AEM) and the Municipality of Capriasca, has finished work on the new district heating plant in Tesserete in accordance with the investment budget. In 2022, work started on connecting the new primary school in Tesserete to the network, with construction due to finish in 2024. New potential clients have expressed an interest in connecting to the network.

Metanord SA, a company in which AET owns a 33% stake, ended 2022 with a very positive result. Performance is set to be less favourable over the short to medium term – the war in Ukraine has resulted in a significant increase in supply costs for 2023, which will have a negative impact on supply prices and the company's results, and also on supplies to new clients.

Energy trade

The market

In 2022, average prices were consistently higher than 200 EUR per MWh, peaking at more than 300 EUR per MWh on the Italian market. Switzerland registered an average price of more than 280 EUR per MWh.

The outbreak of the war in Ukraine led to an increase in the already high volatility, which spiked last summer when the gas crisis was compounded by the initial consequences of weather conditions and the reduction in French nuclear power production. Prices reached their peak in August, with average monthly prices above 450 EUR per MWh on all markets, and a high point of 543 EUR per MWh in Italy.

The critical situation last summer fuelled concerns over long-term electricity supply. Indeed, in August, the price for the supply of base load energy in Switzerland in 2023 breached the 1,100 EUR per MWh mark. Price volatility gradually fell towards the end of the year on the back of prospects of a relatively mild winter.

Sales

The sharp and abrupt increase in prices, which occurred against the backdrop of general economic uncertainty, caused a shock which led energy buyers to adopt a particularly cautious stance. Renewal levels for contracts for future supplies to distributors based in Italian-speaking Switzerland were lower than in the past, although new client relationships were established north of the St. Gotthard Pass.

The tense and objectively difficult situation of numerous clients required specific solutions to be devised in order to manage and mitigate price fluctuations. Kwick, a project created in partnership with Società Elettrica Sopracenerina SA (SES) and Azienda Elettrica di Massagno (AEM) SA with the goal of offering online solutions for electricity purchasing and management, secured its first clients. The company is continuing to develop products capable of fulfilling requirements dictated by the evolving energy market, such as for example the increasing prevalence of privately operated photovoltaic installations.

The partnership with Enerti SA relating to the sale of a range of eco-products (tiacqua, tinatura and tisoletto) in Ticino was renewed for another year. Due to the low levels of precipitation in 2022, exceptional measures had to be adopted in order to make up for the reduction in local production capacity.

Grid

In 2022, the civil engineering part of work to upgrade AET's interregional distribution grid was completed for the cabling of the 50 kV lines between Stalvedro and Rodi, and in the Blenio Valley between Pollegio and Acquarossa.

Upgrade projects have been pursued for numerous substations in partnership with SES and Azienda Multiservizi Bellinzona (AMB). Projects moved to the execution phase during the year in Castione and Avegno, whilst in Pollegio, the procedure for obtaining a building permit was concluded. Finally, the 220/150 kV transformer was replaced with a 250 MVA transformer at the Magadino substation.

In terms of services provided to third parties, AET once again secured various contracts for specialist work south of the Alps in 2022, in particular from Swissgrid and Swiss Federal Railways – SBB. These include a contract for regular substation inspections, the design of lines and auxiliary services, and the replacement of underwater cables in lakes.

Strategic projects

Work has continued on the design and planning of the overhaul of the Piottino plant in Lavorgo: this will involve the replacement of three turbine-alternator groups, targeted interventions on civil engineering work and the refurbishment of the building. The overhaul of the hydraulic systems was postponed until 2023 in order to ensure that the plant would remain available throughout the winter and to mitigate the potential risk of an energy shortage. The planned investment for the overhaul will be greater than CHF 50 million and work is scheduled to be completed in 2027.

AET is continuing to provide grid connection, civil engineering and electro-mechanical services on the construction site for the new Ritom plant. The plant is being built by Ritom SA, a company under 75% ownership by Swiss Federal Railways – SBB and 25% by the Canton of Ticino. After it

has been placed into operation, AET will manage the share of production pertaining to the Canton, and will also attend to maintenance of the plan. Excavation work for the surge shaft using a vertical shaft sinking machine was completed in 2022, whilst assembly of the production groups started downstream. Work is scheduled to finish in 2025.

Finally, in the photovoltaic sector, an agreement was announced with the Logistics Section of the Canton of Ticino. AET is set to invest CHF 40 million by 2035 in order to instal new solar systems on the roofs of buildings owned by the Canton. This plan will enable 20 GWh of energy to be generated each year, representing a further specific pillar of AET's commitment to promote an increase in the production of local renewable energy.

During 2022, a process was launched to analyse the focus on cantonal resources and the environment in which AET operates, which will result in the publication of the company's first Sustainability Report in parallel with the 2023 Annual Report. The United Nations 2030 Agenda for Sustainable Development provides the framework for this activity. Indicators for monitoring the company's developing operations were identified during the course of the year and the data collection and analysis phase is currently ongoing. The first results are due at the end of the current year.

Conclusions

Following two years of growing profits, fuelled by a steady rise in market prices, AET ended 2022 with the worst ever result in its history. This trend reversal is attributable to a range of extraordinary factors, which negatively affected the company's operations.

Some signs of possible instability, such as the major price volatility on the market and the structural risk of winter energy shortages, had already emerged during previous years. The reduction in Russian gas supplies to Germany acted as a catalyst, accelerating and exacerbating the evolution of existing problems. This caused a further dramatic increase in volatility, with energy prices reaching unheard-of highs. The situation was compounded by an unprecedented dry period, which caused a loss of 40% of hydropower in Ticino compared to the long-term average, worth more than CHF 150 million in 2022. It must also be remembered that, under the terms of existing contracts, AET was obliged to make up for distributors' production deficits (hydroelectric plants in Airolo, Faido, Ticinetto, Giumaglio, Morobbia and Stampa) totalling around 50 GWh, which was worth around CHF 15 million.

The need to offset these production deficits by purchasing energy on the open market caused a loss of CHF 56 million for AET.

The company was able to absorb the losses thanks to its solid balance sheet structure, a sufficiently diversified production portfolio and prospects of rebalancing resulting from a return to median levels of hydropower. Unfortunately, weather trends during the winter of 2022/23, which was characterised by a prolonged lack of precipitation south of the Alps, point towards further difficulties on the hydropower front. AET is preparing to manage existing resources conservatively and to accelerate plans to increase production from renewable sources as well as their diversification.

Proposals for approval to the State Council and the Grand Council

The Board of Directors, in accordance with article 18 LAET (respectively article 672 of the Swiss Code of Obligations), proposes to allocate the result as follows:

In CHF 1,000	
Net result 2022	-59,758
- to the State: 8% interest on the endowment capital	-3,200
- dividend to the State	-
- allocation to the general reserves	-
Allocation to the results carried forward	-62,958

The Board of Directors proposes to the State Council and the Grand Council the approval of:

- the financial statements for the year 2022;
- the proposal for allocation of result;
- the discharge to the Board of Directors and the Management for their activity.



The new transformer is of fundamental importance for the connection of the national and regional grids.





The network extends on one side to the Piottino power station in Leventina and on the other side to the Verzasca power station, passing through the Riazzino substation, from which the 50 kV lines branch off in a star formation, running 200 km towards Locarno, Bellinzona and the Veduggio valley up to the Capriasca substation.

Consolidated financial statements

Consolidated balance sheet

Assets

In CHF 1,000	Notes	31.12.2022	31.12.2021
Plants and equipment		261,040	269,560
Land and buildings		52,677	50,922
Tangible fixed assets under construction		46,173	31,838
Other tangible fixed assets		2,412	2,768
Tangible fixed assets	2	362,302	355,088
Participations in associates	3	93,880	88,879
Long-term securities	4	42,785	44,220
Advances and loans to participations	5	18,317	18,789
Other financial assets		252	288
Financial assets		155,234	152,176
Usage rights		7,148	7,430
Energy procurement rights		34,228	0
Intangible assets under development		1,549	1,407
Other intangible assets		2,044	2,092
Intangible assets	6	44,969	10,929
Non-current assets		562,505	518,193
Other short-term assets	7	98,565	184,290
Prepayments and accrued income	8	833,945	181,909
Receivables from goods and services	9	26,279	12,079
Cash and cash equivalents	10	66,557	79,283
Current assets		1,025,346	457,561
Assets		1,587,851	975,754

Liabilities and equity

		31.12.2022	31.12.2021
In CHF 1,000	Notes		
Endowment capital		40,000	40,000
Conversion differences		-13,244	-10,923
Retained earnings		311,460	296,993
Net result		-55,758	18,845
Equity attributable to AET		282,458	344,915
Minority interests		11,409	10,852
Group equity		293,867	355,767
Long-term provisions	11	7,936	23,283
Other long-term liabilities		5,396	5,742
Long-term financial liabilities	12	226,437	269,687
Long-term liabilities		239,769	298,712
Short-term provisions	11	24,087	16,081
Other short-term liabilities	13	52,413	74,597
Short-term financial liabilities	14	827,505	105,962
Accrued liabilities and deferred income	15	140,419	107,819
Payables from goods and services	16	9,791	16,816
Current liabilities		1,054,215	321,275
Liabilities		1,293,984	619,987
Liabilities and equity		1,587,851	975,754

Consolidated income statement

		2022	2021
In CHF 1,000	Notes		
Operating income			
Energy income	17	1,039,745	729,877
Grid income		47,670	39,600
Other operating income	18	21,322	20,576
Operating income		1,108,737	790,053
Operating expenses			
Energy purchases	19	-1,078,952	-647,652
Grid expenses		-24,877	-23,092
Personnel expenses	20	-31,772	-33,125
Service and material expenses		-8,077	-7,264
Depreciation, amortisation and impairment	21	13,434	-19,974
Other operating expenses	22	-26,965	-25,470
Operating expenses		-1,157,209	-756,577
Operating result		-48,472	33,476
Financial result	23	-8,162	-3,528
Result from associates	3	6,385	7,631
Ordinary result		-50,249	37,579
Non-operating result		-	-
Extraordinary result	24	-1,263	-17,219
Result before income taxes		-51,512	20,360
Income taxes	25	-3,689	-612
Group net result		-55,201	19,748
Minority interests		-557	-903
Net result attributable to AET		-55,758	18,845

Consolidated cash flow statement

	2022	2021
In CHF 1,000		
Net result	-55,758	18,845
Minority interests to income statement	557	903
Depreciation, amortisation and impairment	-13,434	19,974
Change in provisions	-7,065	17,113
Profit / loss from disposal of non-current assets	-14	-1,058
Result from associates	-5,395	-4,529
Other non cash expenses and income	-5,742	-1,273
Change in receivables, prepayments and accrued income and other short-term assets	-581,223	-192,088
Change in payables, accrued liabilities and deferred income and other short-term liabilities	3,200	77,135
Cash flow from operating activities	-664,874	-64,978
Outflows for investment in tangible fixed assets	-25,343	-20,526
Inflows from disposal of tangible fixed assets	14	48
Outflows for investment in intangible assets	-431	-431
Inflows from disposal of intangible assets	-	-
Outflows for investment in financial assets	0	-240
Inflows from disposal of financial assets	566	1,154
Cash flow from investing activities	-25,194	-19,995
Issuance / repayment of short-term financial liabilities	675,268	81,456
Issuance / repayment of long-term financial liabilities	8,337	11,781
Payments related to minority shareholders	-	-
Interests on capital, due to the State	-3,200	-3,200
Distribution of dividends to the State	-3,000	-
Cash flow from financing activities	677,405	90,037
Cash and cash equivalents at the beginning of the year	79,283	74,281
Cash flow	-12,663	5,064
Conversion differences on cash and cash equivalents	-63	-62
Cash and cash equivalents at the end of the year	66,557	79,283

Statement of changes in consolidated equity

	Endowment capital	Conversion differences	Retained earnings	Net result	Equity attributable to AET	Minority interests	Group Equity
In CHF 1,000							
Equity at 01.01.2021	40,000	-8,965	285,652	12,903	329,590	9,949	339,539
Allocation of result	-	-	12,903	-12,903	-	-	-
Interests on capital, due to the State	-	-	-3,200	-	-3,200	-	-3,200
Distribution of dividends	-	-	-	-	-	-	-
Capital increases	-	-	-	-	-	-	-
Conversion differences	-	-1,958	1,638	-	-320	-	-320
Change in consolidation scope	-	-	-	-	-	-	-
Offset consolidation difference	-	-	-	-	-	-	-
Net result 2021	-	-	-	18,845	18,845	903	19,748
Equity at 31.12.2021	40,000	-10,923	296,993	18,845	344,915	10,852	355,767
Allocation of result	-	-	18,845	-18,845	-	-	-
Interests on capital, due to the State	-	-	-3,200	-	-3,200	-	-3,200
Distribution of dividends	-	-	-3,000	-	-3,000	-	-3,000
Capital increases	-	-	-	-	-	-	-
Conversion differences	-	-2,321	1,822	-	-499	-	-499
Change in consolidation scope	-	-	-	-	-	-	-
Offset consolidation difference	-	-	-	-	-	-	-
Net result 2022	-	-	-	-55,758	-55,758	557	-55,201
Equity at 31.12.2022	40,000	-13,244	311,460	-55,758	282,458	11,409	293,867

Notes to the consolidated financial statements

1. Accounting principles

The 2022 group financial statements of Azienda Elettrica Ticinese (AET) were prepared in accordance to the Swiss GAAP FER as a whole and approved by the Board of Directors on the 26.04.2023.

1.1. Consolidation principles

1.1.1. Companies consolidated according to the full consolidation method

The following controlled companies, of which AET holds the majority of the voting rights, were consolidated according to the full consolidation method:

Subsidiaries ¹	Currency	Share capital	Shareholding at 31.12.2022	Shareholding at 31.12.2021
		in 1,000	%	%
AET Italia Srl	EUR	871	100.00	100.00
Calore SA	CHF	2,000	65.00	65.00
CEG Srl	EUR	120	100.00	100.00
Lucendro SA	CHF	3,000	100.00	100.00
Parco eolico del San Gottardo SA	CHF	6,000	70.00	70.00
Senco Holding SA	CHF	150	65.00	65.00
Senco Sagl	CHF	220	65.00	65.00
SPE Società per Partecipazioni Energetiche SA	CHF	8,000	100.00	100.00
TERIS Teleriscaldamento del Bellinzonese SA	CHF	10,000	60.00	60.00

¹ Direct and indirect subsidiaries

All consolidated companies have closed their financial year on the 31.12.2022.

At the time of acquisition, all acquired net assets are valued at fair value. Any difference between the acquisition price and the value of the acquired net assets is recognised as consolidation difference and immediately compensated with group equity. All transactions between group companies and the related income and expenses were eliminated in the consolidation process. For participations of which the AET Group holds less than 100%, the minority interests in shareholders' equity and in shareholders' result are reported as separate items on the balance sheet and income statement.

1.1.2. Changes in consolidation scope

During 2022 and 2021 there has been no change in the consolidation scope of the AET Group.

1.1.3. Companies recognised according to the equity method

The shareholdings in companies over which the AET Group exercises significant influence but no control are recognised in the Group consolidated financial statements according to the equity method (recognition of the share of shareholders' equity and net profit according to the Group accounting principles, with neutral treatment of the conversion differences arising from foreign exchange translation adjustment).

As for the fully consolidated companies, any positive or negative difference between acquisition price and the value of the net assets acquired is immediately compensated with group equity without impact on the net result.

Associates ¹	Currency	Share capital	Shareholding at 31.12.2022	Shareholding at 31.12.2021
		in 1,000	%	%
Capriasca Calore SA	CHF	1,313	33.33	33.33
Metanord SA	CHF	18,000	33.33	33.33
Nord Energia SpA	EUR	10,200	40.00	40.00
PIÙCALORE SA	CHF	1,000	31.20	31.20
Società Elettrica Sopracenerina SA (SES)	CHF	16,500	30.00	30.00

¹ Direct and indirect associates

1.1.4. Other participations

The shareholdings in companies over which AET does not exercise significant influence are valued at their cost value adjusted for any impairment, they are booked within long-term securities.

1.1.5. Conversion of financial statements held in foreign currency

The consolidated financial statements are reported in thousands of Swiss francs (CHF 1,000). The assets and liabilities of foreign subsidiaries are converted at the balance sheet date exchange rates. The income statement figures are converted at the yearly average exchange rates.

Conversion differences are recorded within Group equity, without impact on the net result.

Exchange rates applied (EUR / CHF)	2022	2021
Exchange rate on the balance sheet date 31.12	0.9875	1.0362
Average exchange rate	1.0048	1.0810

1.2. Accounting principles

Assets and liabilities are valued in accordance to uniform principles. The most significant accounting principles are described in the following.

1.2.1. Tangible fixed assets

Tangible fixed assets are valued at their acquisition or construction cost, taking into account the necessary technical-economical depreciation and any necessary impairment. Depreciation is computed on a straight-line basis, considering the technical life of the assets generally accepted within the sector. Land is not depreciated. Tangible fixed assets under construction are reported at construction cost, tangible fixed assets under construction are not depreciated. The following minimum and maximum depreciation periods for each tangible fixed asset category are applied:

Civil works	40 – 80 years
Electromechanical installations	40 – 50 years
Electromechanical equipments	15 – 35 years
Power lines	30 – 55 years
Substations and transformers	20 – 35 years
Buildings	40 – 50 years
Photovoltaic plants	20 – 30 years
Machinery and tools	5 – 25 years
Vehicles	3 – 10 years
IT equipments	3 – 5 years

Renewal or optimisation investments on plants are capitalised if useful life, capacity or performance of the involved plant are significantly improved.

1.2.2. Financial assets

Financial assets are reported at their cost value, adjusted for any impairment. For production participations, organised according to the principle of energy withdrawal at generation costs, the investment value exceeding the expected equity value at the end of the useful life of the power plant is depreciated on a straight-line basis according to the useful life of the power plant. Long-term advances in foreign currency are converted at the year-end exchange rates.

1.2.3. Intangible assets

Intangible assets are capitalised at their acquisition cost taking into account the necessary technical-economical amortisation and any necessary impairment. Amortisation is computed on a straight-line basis, considering the useful life of the asset. Usage right without expiration are amortised on the basis of the technical life of the involved plant (40-80 years).

1.2.4. Energy related and similar certificates

Energy related and similar certificates, acquired for the purpose of hedging of the generation portfolio of AET, are booked at their weighted average purchase price.

1.2.5. Inventories

Inventories include small tools, spare parts and consumables. They are valued at their weighted average purchase price, taking into account any impairment for slow-moving items or obsolescence.

1.2.6. Receivables

Receivables are reported at their face value, taking into account potential losses. Foreign currency receivables are converted at year-end exchange rate.

1.2.7. Cash and cash equivalents

Cash and cash equivalents are reported at their face value and include cash in hand and account balances at financial institutions. Balances in foreign currencies are converted at year-end exchange rate.

1.2.8. Impairment

At each balance sheet date, all assets are tested for any impairment indicators. In case of existence of such indicators, the recoverable amount, that is the higher between the net selling price and the value in use, is computed. The value in use is generally computed on the basis of the present value of the expected future cash flows. If necessary, the carrying value is adjusted to the recoverable amount through the recording of an impairment. In case of improvement of the recoverable amount, the carrying value is revaluated at maximum to the value according to the original depreciation scheme.

1.2.9. Provisions

Provisions are deemed to cover probable future disbursements related to legal or implicit obligations arising from past events. Long-term provisions are reported at the present value at the balance sheet day of the expected future disbursement.

1.2.10 Liabilities

All liabilities are reported at their nominal value. Liabilities in foreign currency are converted at year-end exchange rate.

1.2.11. Contingent liabilities

All contingent liabilities and other non-recognisable commitments existing at the balance sheet date are disclosed in the notes to the consolidated financial statements.

1.2.12. Energy forward sale and purchase transactions

Energy forward sale and purchase transactions, as well as the economic result of energy related transactions with financial instruments, made within the trading portfolio are booked at their market value at the balance sheet date (mark to market). Positive and negative replacement values (the difference between the market price at the balance sheet date and the contract price) are booked within other short-term assets and other short-term liabilities respectively. Changes in market value incurred during the financial year are recorded in the income statement within other energy income.

Energy forward sale and purchase transactions, as well as the economic result of transactions with energy related financial instruments, entered for the purpose of hedging of AET's generation portfolio are recognised in the income statement at delivery.

1.2.13. Revenues

Grid income and other operating income are recognised within the income statement when they are incurred. All revenues are recorded net of price reductions, sale taxes and value added taxes.

1.2.14. Pension funds

Pension benefits for employees hired by Swiss entities are covered by autonomous pension funds. The financial implications of the pension schemes in place, regardless of their structure and legal form, are included in the consolidated financial statements. Surplus payments or deficits are determined on the basis of the latest available financial statements of the pension funds involved. Any liabilities (economic obligations) or any assets (economic benefits) in addition to the payment of the regular premiums are recorded in the financial statements. Economic obligations are recognised when pension liabilities are undercovered, generating a future cash outflow for the company in the form of restructuring contributions. Economic benefits consist of future positive cash flow resulting from the use of employer's contribution reserves or other benefits. The personnel employed in Italy is covered for pension according to the ordinary Italian pension scheme. The Group companies operating abroad thus have no obligation or benefit related to the pension schemes, which are not recorded in the financial statements. The yearly contributions, the yearly change in any economic obligations and economic benefits, as well as the change in the employer's contribution reserve, are recorded in the income statements under personnel expenses.

1.2.15. Income taxes

Income tax expense includes all current and deferred taxes. Deferred taxes arise from valuation differences between the tax financial statements and the financial statements used for consolidated reporting purposes. The Group parent company AET is not subject to any income tax.

1.2.16. Related party transactions

Transactions with associates include all transactions and debit / credit relationships with companies of which AET holds between 20% and 50% of the voting rights. Transactions with other related parties include transactions with the power generation / procurement companies Officine idroelettriche della Maggia SA, Officine idroelettriche di Blenio SA, Verzasca SA, Ritom SA held by the Canton Ticino as well as Kraftwerke Mattmark AG, AKEB Aktiengesellschaft für Kernenergie-Beteiligungen Luzern and Trianel Kohlekraftwerk Lünen GmbH & Co. KG held by AET for less than 20%. AET offtakes the respective share of energy and pays the related production / procurement costs.

2. Tangible fixed assets

	Plants and equipment	Land and buildings	Tangible fixed assets under construction	Other tangible fixed assets	Total
In CHF 1,000					
Cost value at 01.01.2021	710,084	65,698	23,755	10,339	809,876
Change in consolidation scope	–	–	–	–	–
Reclassification	11,598	20	–12,045	199	–228
Additions	808	135	20,128	277	21,348
Disposals	–2,046	–	–	–215	–2,261
Conversion differences	–	–	–	–7	–7
Cost value at 31.12.2021	720,444	65,853	31,838	10,593	828,728
Change in consolidation scope	–	–	–	–	–
Reclassification	7,882	2,697	–10,713	94	–40
Additions	416	156	25,048	179	25,799
Disposals	–20	–	–	–471	–491
Conversion differences	–	–	–	–8	–8
Cost value at 31.12.2022	728,722	68,706	46,173	10,387	853,988
Accumulated depreciation at 01.01.2021	–436,586	–13,932	–	–7,396	–457,914
Change in consolidation scope	–	–	–	–	–
Reclassification	–	–	–	–	–
Depreciation	–16,651	–999	–	–597	–18,247
Additions	–	–	–	–	–
Disposals	2,353	–	–	161	2,514
Conversion differences	–	–	–	7	7
Accumulated depreciation at 31.12.2021	–450,884	–14,931	–	–7,825	–473,640
Change in consolidation scope	–	–	–	–	–
Reclassification	–	–	–	–	–
Depreciation	–16,818	–1,059	–	–629	–18,506
Additions	–	–39	–	–	–39
Disposals	20	–	–	471	491
Conversion differences	–	–	–	8	8
Accumulated depreciation at 31.12.2022	–467,682	–16,029	–	–7,975	–491,686
Net carrying amount at 01.01.2021	273,498	51,766	23,755	2,943	351,962
Net carrying amount at 31.12.2021	269,560	50,922	31,838	2,768	355,088
Net carrying amount at 31.12.2022	261,040	52,677	46,173	2,412	362,302

3. Participations in associates

	31.12.2022	31.12.2021
In CHF 1,000		
Opening balance	88,879	84,312
Acquisitions / capital increases	–	312
Disposals	–	–
Change in consolidation scope	–	–72
Conversion differences	–203	–119
Result from associates	6,385	7,631
Received dividends	–990	–3,102
Impairment	–191	–83
Closing balance	93,880	88,879

Equity method values of associates to 31.12.2022 (according to Swiss GAAP FER).

	Metanord SA	Nord Energia Group	SES Group ¹	Various	Total
In CHF 1,000					
Non-current assets	55,685	–	483,663	3,387	542,735
Current assets	3,981	29,330	56,924	1,225	91,460
Assets	59,666	29,330	540,587	4,612	634,195
Equity	14,824	20,168	284,622	1,341	320,955
Long-term liabilities	42,124	–	167,315	2,017	211,456
Current liabilities	2,718	9,162	88,650	1,254	101,784
Liabilities and equity	59,666	29,330	540,587	4,612	634,195
Revenues	10,382	9,704	149,650	853	170,589
EBITDA	2,547	5,616	42,720	15	50,898
Net result	570	3,560	17,797	–508	21,419
AET's shareholdings, in %	33.33%	40%	30%	various	
AET's share of the equity	4,941	8,067	85,387	426	98,821
Impairments	–4,941	–	–	–	–4,941
Value of participations in associates	0	8,067	85,387	426	93,880

¹ Excluding Calore SA, Senco Holding SA and Senco Sagl, because fully consolidated and PIÙCALORE SA, which is considered within the participation share of the group.

The shares of Metanord SA are pledged in favour of creditors of the company. The assets of the company are impaired on the basis of the present value of the expected cash flows.

4. Long-term securities

	31.12.2022	31.12.2021
In CHF 1,000		
Swissgrid AG	12,936	12,936
Kraftwerke Mattmark AG	10,860	11,017
Trianel Kohlekraftwerk Lünen GmbH & Co. KG	10,231	11,509
AKEB Aktiengesellschaft für Kernenergie-Beteiligungen Luzern	6,300	6,300
Terravent AG	2,250	2,250
Aliunid AG	690	690
./ impairment	-690	-690
Other	208	208
Total	42,785	44,220

The investment into Kraftwerke Mattmark AG is amortised on a straight-line basis to the equity value expected at expiration of the operating concession.

The participation into Trianel Kohlekraftwerk Lünen GmbH & Co. KG is amortised on a straight-line basis according to the duration of the power purchase agreement in force.

5. Advances and loans to participations

	31.12.2022	31.12.2021
In CHF 1,000		
Terravent AG	10,050	10,589
Metanord SA	8,200	8,200
Other	67	-
Total	18,317	18,789

The advances to Terravent AG and Metanord SA are entirely subordinated.

6. Intangible assets

	Usage rights	Energy procurement rights	Intangible assets under development	Other intangible assets	Total
In CHF 1,000					
Cost value at 01.01.2021	27,074	144,555	1,895	10,863	184,387
Change in consolidation scope	–	–	–	–	–
Reclassification	–	–	–896	1,124	228
Additions	23	–	408	–	431
Disposals	–	–	–	–	–
Conversion differences	–	–	–	–9	–9
Cost value at 31.12.2021	27,097	144,555	1,407	11,978	185,037
Change in consolidation scope	–	–	–	–	–
Reclassification	–	–	–285	325	40
Additions	4	–	427	–	431
Disposals	–	–	–	–13	–13
Conversion differences	–	–	–	–11	–11
Cost value at 31.12.2022	27,101	144,555	1,549	12,279	185,484
Accumulated amortisation at 01.01.2021	–19,379	–144,555	–	–9,467	–173,401
Change in consolidation scope	–	–	–	–	–
Reclassification	–	–	–	–	–
Amortisation	–288	–	–	–427	–715
Additions	–	–	–	–	–
Disposals	–	–	–	–	–
Impairments	–	–	–	–	–
Conversion differences	–	–	–	8	8
Accumulated amortisation at 31.12.2021	–19,667	–144,555	–	–9,886	–174,108
Change in consolidation scope	–	–	–	–	–
Reclassification	–	–	–	–	–
Amortisation	–286	–	–	–373	–659
Additions	–	–	–	–	–
Disposals	–	–	–	13	13
Impairments	–	34,228	–	–	34,228
Conversion differences	–	–	–	11	11
Accumulated amortisation at 31.12.2022	–19,953	–110,327	–	–10,235	–140,515
Net carrying amount at 01.01.2021	7,695	0	1,895	1,396	10,986
Net carrying amount at 31.12.2021	7,430	0	1,407	2,092	10,929
Net carrying amount at 31.12.2022	7,148	34,228	1,549	2,044	44,969

Usage rights include rights for utilisation of third party plants, in particular related to exclusive usage of third party power grid plants, as well as concession fees paid in respect of hydro power concessions.

The energy procurement rights mainly refer to an energy procurement contract with EDF (expiration 31.12.2027); during 2022 the book value of the contract has been restored as the causes of its impairment have ceased.

7. Other short-term assets

	31.12.2022	31.12.2021
In CHF 1,000		
Other short-term receivables from associates	–	20,259
Other short-term receivables from other related parties	1,269	1,146
Other short-term receivables from third parties	54,910	94,369
./. allowance for doubtful receivables	–296	–311
Positive replacement values of transactions valued at market value	37,901	63,112
Energy related and similar certificates	1,241	2,080
Inventories of spare, spare parts and consumables	3,540	3,635
Total	98,565	184,290

“Other short-term receivables from third parties” include in particular the “initial margin” part of the margin call payments made by AET to the energy exchanges in relationships with forward sale and purchase activity.

The position “Positive replacement values of transactions valued at market value” is largely offset by the liability position “Negative replacement values of transactions valued at market value”.

8. Prepayments and accrued income

	31.12.2022	31.12.2021
In CHF 1,000		
Associates	5,106	5,188
Other related parties	23,835	10,540
Third parties	134,225	93,357
Deposits to energy exchanges for hedging operations	668,682	70,705
Work in progress	2,097	2,119
Total	833,945	181,909

The balance includes amounts in foreign currency for EUR 773.0 million (EUR 131.3 million at 31.12.2021).

Accrued income mainly includes the value of energy sold during the last reporting month and not yet invoiced.

AET Group hedges part of its energy generation portfolio through the use of financial products traded on the energy exchanges. These operations foresee the payment of the negative mark to market values of the hedging transactions entered into (margin call). In 2022 the mark to market value of hedging transactions made in the past has become negative, AET Group had to cover the corresponding margin call with cash deposits. As these transactions are made for hedging purposes, negative mark to market values are accrued on the balance sheet on the line “Deposits to energy exchanges for hedging operations”; the related positions are recognised within the profit and loss statement in the period of power delivery. In the Consolidated financial statements 2021 the value related to this matter (CHF 70.7 million) was booked within the line “Third parties”.

9. Receivables from goods and services

	31.12.2022	31.12.2021
In CHF 1,000		
Associates	5,217	409
Other related parties	243	427
Third parties	22,891	13,718
./. allowance for doubtful receivables	-2,072	-2,475
Total	26,279	12,079

The balance includes amounts in foreign currency for EUR 5.0 million (EUR 1.7 million at 31.12.2021).

10. Cash and cash equivalents

	31.12.2022	31.12.2021
In CHF 1,000		
Balances in CHF	54,132	39,672
Balances in foreign currencies	12,425	39,611
Total	66,557	79,283

11. Provisions

	Energy onerous contracts	Current and deferred taxes	Personnel related expenses	Other	Total
In CHF 1,000					
Carrying amount at 01.01.2021	13,562	476	3,306	4,628	21,972
<i>thereof long-term</i>	11,970	143	-	1,315	13,428
<i>thereof short-term</i>	1,592	333	3,306	3,313	8,544
Change in consolidation scope	-	-	-	-	-
Increase	12,620	366	1,700	6,175	20,861
Utilisation	-1,592	-323	-1,000	-	-2,915
Release	-489	-14	-23	-28	-554
Carrying amount at 31.12.2021	24,101	505	3,983	10,775	39,364
<i>thereof long-term</i>	16,736	128	-	6,419	23,283
<i>thereof short-term</i>	7,365	377	3,983	4,356	16,081
Change in consolidation scope	-	-	-	-	-
Increase	464	250	32	2,421	3,167
Utilisation	-7,365	-350	-1,700	-1,024	-10,439
Release	-	-14	-	-55	-69
Carrying amount at 31.12.2022	17,200	391	2,315	12,117	32,023
<i>thereof long-term</i>	-	114	-	7,822	7,936
<i>thereof short-term</i>	17,200	277	2,315	4,295	24,087

Provisions for energy onerous contracts mainly refer to an energy purchase agreement with the Azienda Cantonale dei Rifiuti. Deferred income taxes are computed considering a 20% income tax rate. The provision for personnel related expenses represents the value of overtime worked and not-taken holidays.

12. Long-term financial liabilities

	31.12.2022	31.12.2021
In CHF 1,000		
Liabilities due between 1 and 5 years	61,636	103,265
Liabilities due between 5 and 10 years	101,801	83,422
Liabilities due after 10 years	63,000	83,000
Total	226,437	269,687

13. Other short-term liabilities

	31.12.2022	31.12.2021
In CHF 1,000		
Other short-term liabilities towards associates	77	60
Other short-term liabilities towards other related parties	4,533	4,533
Other short-term liabilities towards third parties	10,687	9,448
Negative replacement values of transactions valued at market value	37,116	60,556
Total	52,413	74,597

14. Short-term financial liabilities

	31.12.2022	31.12.2021
In CHF 1,000		
Financial liabilities in CHF	739,622	69,697
Financial liabilities in foreign currency	87,883	36,265
Total	827,505	105,962

The increase in short-term financial liabilities has been driven by the need to fund the margin call payments to the energy exchanges on which AET Group has made transactions to hedge its generation portfolio.

15. Accrued liabilities and deferred income

	31.12.2022	31.12.2021
In CHF 1,000		
Associates	10	542
Other related parties	8,827	6,389
Third parties	131,582	100,888
Total	140,419	107,819

The balance includes amounts in foreign currency for EUR 90.5 million (EUR 69.3 million at 31.12.2021).

Accrued liabilities mainly includes the value of energy purchased during the last reporting month and not yet invoiced.

16. Payables from goods and services

	31.12.2022	31.12.2021
In CHF 1,000		
Associates	117	795
Other related parties	3,298	6,932
Third parties	6,376	9,089
Total	9,791	16,816

The balance includes amounts in foreign currency for EUR 0.7 million (EUR 2.5 million at 31.12.2021).

17. Energy income

	2022	2021
In CHF 1,000		
Energy sales in Switzerland	447,508	408,790
Energy sales in Italy	71,158	17,394
Energy sales in Germany	251,112	240,463
Energy sales in France	186,280	51,067
Other energy income	83,687	12,163
Total	1,039,745	729,877

18. Other operating income

	2022	2021
In CHF 1,000		
Income from services	11,744	11,160
Own work capitalised	5,093	4,255
Other	4,485	5,161
Total	21,322	20,576

19. Energy purchases

	2022	2021
In CHF 1,000		
Purchases from participations	-135,734	-99,860
Long-term contractual purchases	-33,817	-32,237
Purchases on the market	-909,401	-515,555
Total	-1,078,952	-647,652

The expenses related to the energy offtaken from the production participations held by the Canton Ticino (Officine idroelettriche della Maggia SA, Officine idroelettriche di Blenio SA and Verzasca SA) are included within purchases from participations.

20. Personnel expenses

	2022	2021
In CHF 1,000		
Salaries and other compensation	-25,441	-27,026
Social contributions	-5,923	-5,875
Other expenses	-679	-517
Recoveries from insurance companies	271	293
Total	-31,772	-33,125

In 2022 the total compensation (gross of the legal contributions) of the six executive committee members has been of CHF 1.9 million, respectively of CHF 0.3 million for the seven members of the Board of Directors.

Employees of the Group

	31.12.2022	31.12.2021
Full time equivalent		
Permanent employees	246.8	241.0
Auxiliary employees	9.9	12.2
Apprentices	46.0	45.0
Total	302.7	298.2

21. Depreciation, amortisation and impairment

	2022	2021
In CHF 1,000		
Depreciation on tangible fixed assets	-18,506	-18,247
Amortisation on intangible assets	-659	-715
Other depreciation and amortisation	-1,438	-1,012
Reversal of impairments on non-current assets	34,228	-
Impairments of non-current assets	-191	-
Total	13,434	-19,974

22. Other operating expenses

	2022	2021
In CHF 1,000		
Water fees	-15,239	-15,239
Local taxes and other contributions	-4,374	-4,001
Other	-7,352	-6,230
Total	-26,965	-25,470

Other contributions include the payment of accumulation contributions to power plants upstream to AET's plants for CHF 1.0 million.

23. Financial result

	2022	2021
In CHF 1,000		
Interest income	532	185
Income from participations	1,604	1,122
Exchange rate differences	-484	1,624
Interest payments	-9,349	-6,299
Other financial expenses	-465	-160
Total	-8,162	-3,528

Exchange rate differences include the cost of foreign exchange currency hedging operations.

24. Extraordinary result

	2022	2021
In CHF 1,000		
Profit from disposal of non-current assets	14	1,058
Release of provisions	-	489
Other extraordinary income	182	54
Increase of provisions	-1,379	-18,486
Other extraordinary expenses	-80	-334
Total	-1,263	-17,219

25. Income taxes

The income taxes contain CHF 3.3 million of tax expenses related to previous financial years.

26. Goodwill

The positive difference between the acquisition cost of a participation and its equity value is treated as goodwill. It is offset with retained earnings without impact on the income statement in the acquisition year.

If the goodwill paid were capitalised on the balance sheet and amortised on a straight-line basis over 5 years, the consolidated balance sheet and the consolidated income statement would present the following variations:

	2022	2021
In CHF 1,000		
Goodwill, historical cost	1,493	1,493
Goodwill, net book value	297	596
Equity (retained earnings)	596	895
Amortisation goodwill of the year	-299	-299
Net result	-299	-299

27. Contingent liabilities

AET issued guarantees in favour of financing parts of former participations, which have been disposed. As of 31.12.2022 those had a value of CHF 4.5 million (31.12.2021: CHF 4.7 million); in the context of the sales of those participations, AET has been granted with pledges or guarantees in order to be kept armless from those exposures.

28. Other non-recognisable commitments

In the context of the management of its energy portfolio, the AET Group has entered into transactions on the futures markets and finalised various long-term energy sale and purchase agreements involving irrevocable obligations.

Energy sale and purchase contracts and market operations

31.12.2022	Energy sales		Energy purchases	
	Market transactions	Long-term contracts	Market transactions	Long-term contracts
Cumulative volume in CHF 1,000				
2023	872,820	32,939	609,238	42,469
from 2 to 5 year	769,459	161,062	788,233	163,290
over 5 year	7,161	203,846	–	40,956

31.12.2021	Energy sales		Energy purchases	
	Market transactions	Long-term contracts	Market transactions	Long-term contracts
Cumulative volume in CHF 1,000				
2022	695,103	30,460	621,646	39,224
from 2 to 5 year	404,727	134,619	310,625	164,111
over 5 year	3,536	186,048	–	51,567

AET Group further has an offtake commitment for the energy produced by its own power generation participations and the participations of the Canton Ticino, paying its production cost quota. The duration of these obligations is undetermined and depends on the future developments of those participations.

At 31.12.2022 AET Group has derivative financial instruments subscribed for interest rate hedging purpose for a contractual volume of CHF 8.7 million (31.12.2021: CHF 9.3 million).

Forward currency operations

31.12.2022	Maturity year 2023		Maturity year 2024	
	Amount in currency (in 1,000)	Average exchange rate (currency/CHF)	Amount in currency (in 1,000)	Average exchange rate (currency/CHF)
Operation				
Buy EUR	27,000	0.98	–	–
Sell EUR	579,500	0.98	–	–

	Maturity year 2023		Maturity year 2024	
	Amount in currency (in 1,000)	Average exchange rate (currency/EUR)	Amount in currency (in 1,000)	Average exchange rate (currency/EUR)
Operation				
Buy USD	12,269	0.90	4,788	0.90
Sell USD	240	0.95	–	–

31.12.2021	Maturity year 2022		Maturity year 2023	
	Amount in currency (in 1,000)	Average exchange rate (currency/CHF)	Amount in currency (in 1,000)	Average exchange rate (currency/CHF)
Operation				
Sell EUR	207,500	1.05	8,000	1.08

	Maturity year 2022		Maturity year 2023	
	Amount in currency (in 1,000)	Average exchange rate (currency/EUR)	Amount in currency (in 1,000)	Average exchange rate (currency/EUR)
Operation				
Buy USD	12,187	0.86	2,352	0.86

Forward foreign currency transactions have been entered into with the purpose of hedging expected future foreign currency cash flows.

At 31.12.2022 Group AET has no off-balance sheet lease commitments (31.12.2021: unchanged).

29. Pension benefit obligations

CPE Fondazione di Previdenza Energia	Coverage rate	Economic benefit/economic obligations for the Group	Change recognised in the income statement	Expense for contributions of the period	Pension benefit expense within personnel expenses
In CHF 1,000					
31.12.2022	107.7%	–	–	–2,714	–2,714
31.12.2021	125.2%	–	–	–2,653	–2,653

30. Transactions with related parties

Transactions with associates

	2022	2021
In CHF 1,000		
Energy income	34,125	29,740
Service and other income	13,904	13,789
Financial income	82	82
Energy purchases	419	357
Service and other expenses	6,720	9,609

Transactions with other related parties

	2022	2021
In CHF 1,000		
Energy income	1,122	213
Service and other income	3,134	3,223
Financial income	789	558
Energy purchases	135,062	100,701
Service and other expenses	2,141	1,786

31. Risk assessment

The Board of Directors and Management give the utmost attention and deploy the necessary resources for the valuation and management of risks in order to adhere to the standards of the sector. The management and valuation of the company's risks have been integrated into the company's operating procedures, in order to guarantee the maximum effectiveness.

From a financial point of view the AET Group is exposed to following main risk factors:

Volume risk: is the risk associated with the variation in the sales volume, respectively of production volumes compared to forecasts. Its principal cause is the meteorological risk in that the meteorological deviations from the long-term averages cause variations in consumption and production from the hydroelectric plants that are difficult to predict. In the long-term the AET Group manages this risk by diversifying its supplies with long-term contracts and participations. In the medium to short-term this risk is managed with a gradual rebalancing of the portfolio using updated forecasts and historical data. In addition the AET Group can count on reserve capacity from its own hydroelectric plants.

Market risk: is the risk associated with the variations of energy market price, the fluctuation of exchange rates and of interest rates. The AET Group manages this risk by monitoring the evolutions and the expectations of market prices and consequently hedges the positions. The foreign exchange risk is managed through hedging operations. The risk associated with change in interest rates is mainly managed through diversification of the expiration dates of the financial debt. Market risks mostly have an effect on the quantity of energy sold and produced resulting from the volume risk that can not be efficiently hedged in advance because unknown.

Liquidity risk: hedging made through the use of financial instruments are associated with liquidity risk because of the margin calls commanded by those transactions. AET Group manages this risk by keeping sufficient liquidity and credit lines to operate and through the constant monitoring of the open positions and of the related portfolio management activities on the financial markets.

Counterparty risk: is the risk of loss related to payment default of commercial counterparties. The wholesale activity is mainly performed with large Swiss and bordering countries power companies. Exposure limits are determined for each counterparty, based on their economic and financial situation. Counterparty risk related to the Swiss commercial / distribution activity is managed through the constant monitoring of the receivable positions, the subscription of receivables insurances, the request of bank guarantees or deposits.

Operating risk: this risk is associated to malfunctions of installations, processes, systems, to human mistakes or external circumstances (e.g. cyber attacks). This risk is managed through internal control, regular maintenance, training of involved employees and the definition of preventive and corrective measures.

Regulatory risk: relates to the implementation or modification of laws, acts or rules at Swiss or European level, which might have an impact on the activity of the AET Group. In order to ensure an high level of surveillance and compliance, the AET Group constantly monitors regulatory developments, acting on internal policies and making appropriate corrections whenever necessary.

32. Subsequent events

2022: no significant event.

2021: at the begin of 2022 the geopolitical tensions around Ukraine and its invasion by Russia have put additional pressure on the energy markets, with sharp increases of prices and volatility, pushing forward the development already seen in the fourth quarter of 2021. This situation causes and increase of the financial risks of AET and the need of higher cash deposits to cover forward market transactions (margin calls). AET has implemented portfolio management and treasury measures to mitigate the impact of these developments. The tensions on the energy markets also cause uncertainties about the availability of natural gas and consequently of electricity, especially in respect of the winter 2022/23. AET is working in close connection with the federal authorities and the other players of the sector contributing to the efforts to ensure the energy supply of the country.

Audit report by KPMG SA on the consolidated financial statements



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Report of the Statutory Auditor to the Gran Consiglio of Repubblica e Cantone Ticino Azienda elettrica ticinese, Bellinzona

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Azienda elettrica ticinese and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2022 and the consolidated statement of income, consolidated cash flows and consolidated statement of changes in equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements from page 25 to page 49 give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Swiss GAAP FER and comply with Swiss law and Act of the Azienda elettrica ticinese.

Basis for Opinion

We conducted our audit in accordance with Swiss law, Act of Azienda elettrica ticinese and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the provisions of Swiss law, together with the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements of the company and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



**Azienda elettrica ticinese,
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Board of Directors' Responsibilities for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with Swiss GAAP FER, the provisions of Swiss law and Act of Azienda elettrica ticinese, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law, Act of Azienda elettrica ticinese and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Swiss law, Act of Azienda elettrica ticinese and SA-CH, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.



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- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

In accordance with article 728a para. 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

KPMG SA

Silvan Jurt
Licensed Audit Expert
Auditor in Charge

Sarah Cereghetti
Licensed Audit Expert

Lugano, 26. April 2023



The replacement of the Magadino transformer is part of Azienda Elettrica Ticinese's plan to renew and modernize the regional transmission grid, which aims to ensure a secure electricity supply and an efficient, state-of-the-art infrastructure.

Financial statements

Balance sheet

Assets

		31.12.2022	31.12.2021
In CHF 1,000	Notes		
Plants and equipment		191,431	197,279
Land and buildings		49,942	48,122
Tangible fixed assets under construction		43,305	31,693
Other tangible fixed assets		2,410	2,763
Tangible fixed assets	2	287,088	279,857
Participations	3	43,791	44,041
Long-term securities	4	42,577	44,012
Advances and loans to participations	5	36,832	34,810
Other financial assets		241	275
Financial assets		123,441	123,138
Usage rights		6,943	7,165
Energy procurement rights		34,228	0
Intangible assets under development		1,481	1,340
Other intangible assets		2,044	2,092
Intangible assets	6	44,696	10,597
Non-current assets		455,225	413,592
Other short-term assets	7	84,889	171,088
Prepayments and accrued income	8	832,386	182,617
Receivables from goods and services	9	25,658	11,570
Cash and cash equivalents	10	52,987	64,978
Current assets		995,920	430,253
Assets		1,451,145	843,845

Liabilities and equity

		31.12.2022	31.12.2021
In CHF 1,000	Notes		
Endowment capital		40,000	40,000
General reserves		67,000	67,000
Statutory reserves		51,000	51,000
Results carried forward		108,789	104,387
Net result		-59,758	10,602
Equity		207,031	272,989
Long-term provisions	11	3,240	19,736
Other long-term liabilities		971	1,137
Long-term financial liabilities	12	203,000	243,000
Long-term liabilities		207,211	263,873
Short-term provisions	11	21,365	13,098
Other short-term liabilities	13	49,593	74,274
Short-term financial liabilities	14	825,883	104,265
Accrued liabilities and deferred income	15	131,419	100,231
Payables from goods and services	16	8,643	15,115
Current liabilities		1,036,903	306,983
Liabilities		1,244,114	570,856
Liabilities and equity		1,451,145	843,845

Income statement

		2022	2021
In CHF 1,000	Notes		
Operating income			
Energy income	17	1,031,682	724,682
Grid income		47,671	39,600
Other operating income	18	22,713	21,573
Operating income		1,102,066	785,855
Operating expenses			
Energy purchases	19	-1,088,975	-664,800
Grid expenses		-21,394	-16,382
Personnel expenses	20	-31,553	-32,574
Service and material expenses		-7,544	-7,085
Depreciation, amortisation and impairment	21	18,117	-15,667
Other operating expenses	22	-22,999	-21,907
Operating expenses		-1,154,348	-758,415
Operating result		-52,282	27,440
Financial result	23	-6,451	-1,753
Ordinary result		-58,733	25,687
Non-operating result		-	-
Extraordinary result	24	-1,025	-15,085
Net result		-59,758	10,602

Cash flow statement

	2022	2021
In CHF 1,000		
Net result	-59,758	10,602
Depreciation, amortisation and impairment	-18,117	15,667
Change in provisions	-8,229	15,797
Profit / loss from disposal of non-current assets	-12	-896
Other non cash expenses and income	-5,229	-612
Change in receivables, prepayments and accrued income and other short-term assets	-580,340	-192,057
Change in payables, accrued liabilities and deferred income and other short-term liabilities	-60	78,480
Cash flow from operating activities	-671,745	-73,019
Outflows for investment in tangible fixed assets	-20,985	-16,120
Inflows from disposal of tangible fixed assets	12	48
Outflows for investment in intangible assets	-426	-384
Inflows from disposal of intangible assets	-	-
Outflows for investment in financial assets	-	-240
Inflows from disposal of financial assets	555	14,911
Cash flow from investing activities	-20,844	-1,785
Issuance / repayment of short-term financial liabilities	676,965	81,961
Issuance / repayment of long-term financial liabilities	9,833	-
Interests on capital, due to the State	-3,200	-3,200
Distribution of dividends to the State	-3,000	-
Cash flow from financing activities	680,598	78,761
Cash and cash equivalents at the beginning of the year	64,978	61,021
Cash flow	-11,991	3,957
Cash and cash equivalents at the end of the year	52,987	64,978

Statement of changes in equity

	Endowment capital	General reserves	Statutory reserves	Results carried forward	Net result	Equity
In CHF 1,000						
Equity at 01.01.2021	40,000	67,000	51,000	98,357	9,230	265,587
Allocation of result	–	–	–	9,230	–9,230	–
Interests on capital, due to the State	–	–	–	–3,200	–	–3,200
Distribution of dividends	–	–	–	–	–	–
Net result 2021	–	–	–	–	10,602	10,602
Equity at 31.12.2021	40,000	67,000	51,000	104,387	10,602	272,989
Allocation of result	–	–	–	10,602	–10,602	–
Interests on capital, due to the State	–	–	–	–3,200	–	–3,200
Distribution of dividends	–	–	–	–3,000	–	–3,000
Net result 2022	–	–	–	–	–59,758	–59,758
Equity at 31.12.2022	40,000	67,000	51,000	108,789	–59,758	207,031

Notes to the financial statements

1. Accounting principles

The financial statements 2022 of the Azienda Elettrica Ticinese (AET) were prepared in accordance to the Swiss GAAP FER as a whole and approved by the Board of Directors on the 26.04.2023.

Assets and liabilities are valued in accordance to uniform principles. The most significant accounting principles are described in the following.

1.1. Tangible fixed assets

Tangible fixed assets are valued at their acquisition or construction cost, taking into account the necessary technical-economical depreciation and any necessary impairment. Depreciation is computed on a straight-line basis, considering the technical life of the assets generally accepted within the sector. Land is not depreciated. Tangible fixed assets under construction are reported at construction cost, tangible fixed assets under construction are not depreciated. The following minimum and maximum depreciation periods for each tangible fixed asset category are applied:

Civil works	40 – 80 years
Electromechanical installations	40 – 50 years
Electromechanical equipments	15 – 35 years
Power lines	30 – 55 years
Substations and transformers	20 – 35 years
Buildings	40 – 50 years
Photovoltaic plants	20 – 30 years
Machinery and tools	5 – 25 years
Vehicles	3 – 10 years
IT equipments	3 – 5 years

Renewal or optimisation investments on plants are capitalised if useful life, capacity or performance of the involved plant are significantly improved.

1.2. Financial assets

Financial assets are reported at their cost value, adjusted for any impairment. For production participations, organised according to the principle of energy withdrawal at generation costs, the investment value exceeding the expected equity value at the end of the useful life of the power plant is depreciated on a straight-line basis according to the useful life of the power plant. Long-term advances in foreign currency are converted at the year-end exchange rates.

1.3. Intangible assets

Intangible assets are capitalised at their acquisition cost taking into account the necessary technical-economical amortisation and any necessary impairment. Amortisation is computed on a straight-line basis, considering the useful life of the asset. Usage right without expiration are amortised on the basis of the technical life of the involved plant (40-80 years).

1.4. Energy related and similar certificates

Energy related and similar certificates, acquired for the purpose of hedging of the generation portfolio of AET, are booked at their weighted average purchase price.

1.5. Inventories

Inventories include small tools, spare parts and consumables. They are valued at their weighted average purchase price, taking into account any impairment for slow-moving items or obsolescence.

1.6. Receivables

Receivables are reported at their face value, taking into account potential losses. Foreign currency receivables are converted at year-end exchange rate.

1.7. Cash and cash equivalents

Cash and cash equivalents are reported at their face value and include cash in hand and account balances at financial institutions. Balances in foreign currencies are converted at year-end exchange rate.

1.8. Impairment

At each balance sheet date, all assets are tested for any impairment indicators. In case of existence of such indicators, the recoverable amount, that is the higher between the net selling price and the value in use, is computed. The value in use is generally computed on the basis of the present value of the expected future cash flows. If necessary, the carrying value is adjusted to the recoverable amount through the recording of an impairment. In case of improvement of the recoverable amount, the carrying value is revaluated at maximum to the value according to the original depreciation scheme.

1.9. Provisions

Provisions are deemed to cover probable future disbursements related to legal or implicit obligations arising from past events. Long-term provisions are reported at the present value at the balance sheet day of the expected future disbursement.

1.10. Liabilities

All liabilities are reported at their nominal value. Liabilities in foreign currency are converted at year-end exchange rate.

1.11. Contingent liabilities

All contingent liabilities and other non-recognisable commitments existing at the balance sheet date are disclosed in the notes to the financial statements.

1.12. Energy forward sale and purchase transactions

Energy forward sale and purchase transactions, as well as the economic result of energy related transactions with financial instruments, made within the trading portfolio are booked at their market value at the balance sheet date (mark to market). Positive and negative replacement values (the difference between the market price at the balance sheet date and the contract price) are booked within other short-term assets and other short-term liabilities respectively. Changes in market value incurred during the financial year are recorded in the income statement within other energy income.

Energy forward sale and purchase transactions, as well as the economic result of transactions with energy related financial instruments, entered for the purpose of hedging of AET's generation portfolio are recognised in the income statement at delivery.

1.13. Revenues

Grid income and other operating income are recognised within the income statement when they are incurred. All revenues are recorded net of price reductions, sale taxes and value added taxes.

1.14. Pension funds

The personnel of AET is affiliated to a multi-employer independent pension institution of the energy sector. The financial implications of the pension schemes in place, regardless of their structure and legal form, are included in the financial statements. Surplus payments or deficits are determined on the basis of the latest available financial statements of the pension funds involved. Any liabilities (economic obligations) or any assets (economic benefits) in addition to the payment of the regular premiums are recorded in the financial statements. Economic obligations are recognised when pension liabilities are undercovered, generating a future cash outflow for the company in the form of restructuring contributions. Economic benefits consist of future positive cash flow resulting from the use of employer's contribution reserves or other benefits. The yearly contributions, the yearly change in any economic obligations and economic benefits, as well as the change in the employer's contribution reserve, are recorded in the income statements under personnel expenses.

1.15. Income taxes

AET is not subject to any income tax.

1.16. Related party transactions

Transactions with subsidiaries include all transactions and debit / credit relationships with companies controlled by AET through its voting rights majority. Transactions with associates include all transactions and debit / credit relationships with companies of which AET holds between 20% and 50% of the voting rights. Transactions with other related parties include transactions with the power generation / procurement companies Officine idroelettriche della Maggia SA, Officine idroelettriche di Blenio SA, Verzasca SA, Ritom SA held by the Canton Ticino as well as Kraftwerke Mattmark AG, AKEB Aktiengesellschaft für Kernenergie-Beteiligungen Luzern and Trianel Kohlekraftwerk Lünen GmbH & Co. KG held by AET for less than 20%. AET offtakes the respective share of energy and pays the related production / procurement costs.

2. Tangible fixed assets

	Plants and equipment	Land and buildings	Tangible fixed assets under construction	Other tangible fixed assets	Total
In CHF 1,000					
Cost value at 01.01.2021	529,270	60,989	23,756	10,137	624,152
Reclassification	6,443	20	-6,890	199	-228
Additions	2,274	135	14,827	277	17,513
Disposals	-2,046	-	-	-215	-2,261
Cost value at 31.12.2021	535,941	61,144	31,693	10,398	639,176
Reclassification	6,363	2,697	-9,194	94	-40
Additions	-	156	20,806	179	21,141
Disposals	-20	-	-	-313	-333
Cost value at 31.12.2022	542,284	63,997	43,305	10,358	659,944
Accumulated depreciation at 01.01.2021	-327,085	-12,087	-	-7,204	-346,376
Reclassification	-	-	-	-	-
Depreciation	-12,230	-935	-	-592	-13,757
Additions	-1,393	-	-	-	-1,393
Disposals	2,046	-	-	161	2,207
Accumulated depreciation at 31.12.2021	-338,662	-13,022	-	-7,635	-359,319
Reclassification	-	-	-	-	-
Depreciation	-12,211	-994	-	-626	-13,831
Additions	-	-39	-	-	-39
Disposals	20	-	-	313	333
Accumulated depreciation at 31.12.2022	-350,853	-14,055	-	-7,948	-372,856
Net carrying amount at 01.01.2021	202,185	48,902	23,756	2,933	277,776
Net carrying amount at 31.12.2021	197,279	48,122	31,693	2,763	279,857
Net carrying amount at 31.12.2022	191,431	49,942	43,305	2,410	287,088

3. Participations

	31.12.2022	31.12.2021
In CHF 1,000		
Società Elettrica Sopracenerina SA (SES)	21,052	21,052
Metanord SA	11,505	11,505
./ impairment	-11,505	-11,505
SPE Società per Partecipazioni Energetiche SA	8,000	8,000
./ impairment	-8,000	-8,000
Parco eolico del San Gottardo SA	7,861	7,861
Lucendro SA	6,051	6,301
TERIS Teleriscaldamento del Bellinzonese SA	6,000	6,000
Senco Holding SA	1,149	1,149
Calore SA	1,000	1,000
Capriasca Calore SA	438	438
PIUCALORE SA	240	240
Total	43,791	44,041

The shares in Metanord SA are pledged in favour of creditors of the company, the impairment has been determined on the basis of the present value of expected cash flows.

The participation into Lucendro SA is amortised on a straight-line basis to the equity value expected at expiration of the operating concession.

4. Long-term securities

	31.12.2022	31.12.2021
In CHF 1,000		
Swissgrid AG	12,936	12,936
Kraftwerke Mattmark AG	10,860	11,017
Trianel Kohlekraftwerk Lünen GmbH & Co. KG	10,231	11,509
AKEB Aktiengesellschaft für Kernenergie-Beteiligungen Luzern	6,300	6,300
Terravent AG	2,250	2,250
Aliunid AG	690	690
./ impairment	-690	-690
Other	0	0
Total	42,577	44,012

The investment into Kraftwerke Mattmark AG is amortised on a straight-line basis to the equity value expected at expiration of the operating concession.

The participation into Trianel Kohlekraftwerk Lünen GmbH & Co. KG is amortised on a straight-line basis according to the duration of the power purchase agreement in force.

5. Advances and loans to participations

	31.12.2022	31.12.2021
In CHF 1,000		
SPE Società per Partecipazioni Energetiche SA	11,422	11,985
./ impairment	-9,939	-10,428
Terravent AG	10,050	10,589
Metanord SA	8,200	8,200
Parco eolico del San Gottardo SA	5,414	5,414
Lucendro SA	4,900	4,900
TERIS Teleriscaldamento del Bellinzonese SA	4,000	4,000
AET Italia Srl	2,568	-
Other	217	150
Total	36,832	34,810

The advance to SPE Società per Partecipazioni Energetiche SA (SPE) is subordinated and has been impaired because of the deterioration of the financial and economic conditions of the participations held by SPE.

The advances to Terravent AG and Metanord SA are entirely subordinated.

6. Intangible assets

	Usage rights	Energy procurement rights	Intangible assets under development	Other intangible assets	Total
In CHF 1,000					
Cost value at 01.01.2021	15,586	144,555	1,852	10,625	172,618
Reclassification	–	–	–896	1,124	228
Additions	–	–	384	–	384
Disposals	–	–	–	–	–
Cost value at 31.12.2021	15,586	144,555	1,340	11,749	173,230
Reclassification	–	–	–285	325	40
Additions	–	–	426	–	426
Disposals	–	–	–	–	–
Cost value at 31.12.2022	15,586	144,555	1,481	12,074	173,696
Accumulated amortisation at 01.01.2021	–8,198	–144,555	–	–9,230	–161,983
Reclassification	–	–	–	–	–
Amortisation	–223	–	–	–427	–650
Additions	–	–	–	–	–
Disposals	–	–	–	–	–
Impairments	–	–	–	–	–
Accumulated amortisation at 31.12.2021	–8,421	–144,555	–	–9,657	–162,633
Reclassification	–	–	–	–	–
Amortisation	–222	–	–	–373	–595
Additions	–	–	–	–	–
Disposals	–	–	–	–	–
Impairments	–	34,228	–	–	34,228
Accumulated amortisation at 31.12.2022	–8,643	–110,327	–	–10,030	–129,000
Net carrying amount at 01.01.2021	7,388	0	1,852	1,395	10,635
Net carrying amount at 31.12.2021	7,165	0	1,340	2,092	10,597
Net carrying amount at 31.12.2022	6,943	34,228	1,481	2,044	44,696

Usage rights include rights for utilisation of third party plants, in particular related to exclusive usage of third party power grid plants, as well as concession fees paid in respect of hydro power concessions.

The energy procurement rights mainly refer to an energy procurement contract with EDF (expiration 31.12.2027); during 2022 the book value of the contract has been restored as the causes of its impairment have ceased.

7. Other short-term assets

	31.12.2022	31.12.2021
In CHF 1,000		
Other short-term receivables from subsidiaries	–	259
Other short-term receivables from associates	–	20,000
Other short-term receivables from other related parties	1,269	1,146
Other short-term receivables from third parties	41,373	81,175
Positive replacement values of transactions valued at market value	37,901	63,112
Energy related and similar certificates	1,241	2,080
Inventories of spare parts and consumables	3,105	3,316
Total	84,889	171,088

“Other short-term receivables from third parties” include in particular the “initial margin” part of the margin call payments made by AET to the energy exchanges in relationships with forward sale and purchase activity.

The position “Positive replacement values of transactions valued at market value” is largely offset by of the liability position “Negative replacement values of transactions valued at market value”.

8. Prepayments and accrued income

	31.12.2022	31.12.2021
In CHF 1,000		
Subsidiaries	70	1,858
Associates	5,106	5,188
Other related parties	23,835	10,539
Third parties	132,236	91,705
Deposits to energy exchanges for hedging operations	668,682	70,705
Work in progress	2,457	2,622
Total	832,386	182,617

The balance includes amounts in foreign currency for EUR 773.0 million (EUR 132.5 million at 31.12.2021).

Accrued income mainly includes the value of energy sold during the last reporting month and not yet invoiced.

AET hedges part of its energy generation portfolio through the use of financial products traded on the energy exchanges. These operations foresee the payment of the negative mark to market values of the hedging transactions entered into (margin call). In 2022 the mark to market value of hedging transactions made in the past has become negative, AET had to cover the corresponding margin call with cash deposits. As these transactions are made for hedging purposes, negative mark to market values are accrued on the balance sheet on the line “Deposits to energy exchanges for hedging operations”; the related positions are recognised within the profit and loss statement in the period of power delivery. In the financial statements 2021 the value related to this matter (CHF 70.7 million) was booked within the line “Third parties”.

9. Receivables from goods and services

	31.12.2022	31.12.2021
In CHF 1,000		
Subsidiaries	1,928	2,242
Associates	5,216	387
Other related parties	228	380
Third parties	18,286	8,561
Total	25,658	11,570

The balance includes amounts in foreign currency for EUR 4.9 million (EUR 3.3 million at 31.12.2021).

10. Cash and cash equivalents

	31.12.2022	31.12.2021
In CHF 1,000		
Balances in CHF	41,775	26,995
Balances in foreign currencies	11,212	37,983
Total	52,987	64,978

11. Provisions

	Energy onerous contracts	Personnel related expenses	Other	Total
In CHF 1,000				
Carrying amount at 01.01.2021	12,381	3,306	1,350	17,037
<i>thereof long-term</i>	11,481	–	–	11,481
<i>thereof short-term</i>	900	3,306	1,350	5,556
Reclassification	–	–	–	–
Increase	12,620	1,700	3,400	17,720
Utilisation	–900	–1,000	–	–1,900
Release	–	–23	–	–23
Carrying amount at 31.12.2021	24,101	3,983	4,750	32,834
<i>thereof long-term</i>	16,736	–	3,000	19,736
<i>thereof short-term</i>	7,365	3,983	1,750	13,098
Reclassification	–	–	–	–
Increase	464	372	724	1,560
Utilisation	–7,365	–2,040	–359	–9,764
Release	–	–	–25	–25
Carrying amount at 31.12.2022	17,200	2,315	5,090	24,605
<i>thereof long-term</i>	–	–	3,240	3,240
<i>thereof short-term</i>	17,200	2,315	1,850	21,365

Provisions for energy onerous contracts mainly refer to an energy purchase agreement with the Azienda Cantonale dei Rifiuti. The provision for personnel related expenses represents the value of overtime worked and not-taken holidays.

12. Long-term financial liabilities

	31.12.2022	31.12.2021
In CHF 1,000		
Liabilities due between 1 and 5 years	53,000	93,000
Liabilities due between 5 and 10 years	90,000	70,000
Liabilities due after 10 years	60,000	80,000
Total	203,000	243,000

13. Other short-term liabilities

	31.12.2022	31.12.2021
In CHF 1,000		
Other short-term liabilities towards subsidiaries	–	189
Other short-term liabilities towards associates	77	60
Other short-term liabilities towards other related parties	4,533	4,533
Other short-term liabilities towards third parties	7,867	8,936
Negative replacement values of transactions valued at market value	37,116	60,556
Total	49,593	74,274

14. Short-term financial liabilities

	31.12.2022	31.12.2021
In CHF 1,000		
Financial liabilities in CHF	738,000	68,000
Financial liabilities in foreign currency	87,883	36,265
Total	825,883	104,265

The increase in short-term financial liabilities has been driven by the need to fund the margin call payments to the energy exchanges on which AET has made transactions to hedge its generation portfolio.

15. Accrued liabilities and deferred income

	31.12.2022	31.12.2021
In CHF 1,000		
Subsidiaries	778	2,214
Associates	1	20
Other related parties	8,827	6,389
Third parties	121,813	91,608
Total	131,419	100,231

The balance includes amounts in foreign currency for EUR 90.2 million (EUR 69.9 million at 31.12.2021).

Accrued liabilities mainly includes the value of energy purchased during the last reporting month and not yet invoiced.

16. Payables from goods and services

	31.12.2022	31.12.2021
In CHF 1,000		
Subsidiaries	651	1,585
Associates	4	102
Other related parties	3,301	6,919
Third parties	4,687	6,509
Total	8,643	15,115

The balance includes amounts in foreign currency for EUR 0.5 million (EUR 1.5 million at 31.12.2021).

17. Energy income

	2022	2021
In CHF 1,000		
Energy sales in Switzerland	441,055	402,159
Energy sales in Italy	69,468	18,750
Energy sales in Germany	251,112	240,463
Energy sales in France	186,280	51,067
Other energy income	83,767	12,243
Total	1,031,682	724,682

18. Other operating income

	2022	2021
In CHF 1,000		
Income from services	13,787	13,146
Own work capitalised	4,740	4,021
Other	4,186	4,406
Total	22,713	21,573

19. Energy purchases

	2022	2021
In CHF 1,000		
Purchases from participations	-145,248	-107,000
Long-term contractual purchases	-33,817	-32,237
Purchases on the market	-909,910	-525,563
Total	-1,088,975	-664,800

The expenses related to the energy offtaken from the production participations held by the Canton Ticino (Officine idroelettriche della Maggia SA, Officine idroelettriche di Blenio SA and Verzasca SA) are included within purchases from participations.

20. Personnel expenses

	2022	2021
In CHF 1,000		
Salaries and other compensation	-25,294	-26,587
Social contributions	-5,900	-5,776
Other expenses	-630	-504
Recoveries from insurance companies	271	293
Total	-31,553	-32,574

In 2022 the total compensation (gross of the legal contributions) of the six executive committee members has been of CHF 1.9 million, respectively of CHF 0.3 million for the seven members of the Board of Directors.

Employees of the company

	31.12.2022	31.12.2021
Full time equivalent		
Permanent employees	245.8	236.7
Auxiliary employees	9.9	12.2
Apprentices	46.0	45.0
Total	301.7	293.9

21. Depreciation, amortisation and impairment

	2022	2021
In CHF 1,000		
Depreciation on tangible fixed assets	-13,831	-13,757
Amortisation on intangible assets	-595	-650
Other depreciation and amortisation	-1,685	-1,260
Reversal of impairments on non-current assets	34,228	-
Total	18,117	-15,667

22. Other operating expenses

	2022	2021
In CHF 1,000		
Water fees	-12,873	-12,873
Local taxes and other contributions	-3,752	-3,345
Other	-6,374	-5,689
Total	-22,999	-21,907

Other contributions include the payment of accumulation contributions to power plants upstream to AET's plants for CHF 1.0 million.

23. Financial result

	2022	2021
In CHF 1,000		
Interest income	695	369
Income from participations	2,724	2,170
Exchange rate differences	-586	1,675
Interest payments	-8,819	-5,783
Other financial expenses	-465	-184
Total	-6,451	-1,753

Exchange rate differences include the cost of foreign exchange currency hedging operations.

24. Extraordinary result

	2022	2021
In CHF 1,000		
Profit from disposal of non-current assets	12	896
Other extraordinary income	151	39
Increase of provisions	-1,188	-16,020
Total	-1,025	-15,085

25. Contingent liabilities

	31.12.2022	31.12.2021
In CHF 1,000		
Guarantees in the interest of:		
Subsidiaries	11,759	12,412
Associates	-	-
Third parties	4,515	4,738
Total	16,274	17,150

Guarantees are issued as security of financing facilities granted to group companies or as security for operating commitments. Guarantees issued in the interest of third parties are related to the financing of disposed plants for which coverage AET obtained respective pledges or guarantees.

26. Other non-recognisable commitments

In the context of the management of its energy portfolio, AET has entered into transactions on the futures markets and finalised various long-term energy sale and purchase agreements involving irrevocable obligations.

Energy sale and purchase contracts and market operations

31.12.2022	Energy sales		Energy purchases	
	Market transactions	Long-term contracts	Market transactions	Long-term contracts
Cumulative volume in CHF 1,000				
2023	872,820	32,939	609,238	42,469
from 2 to 5 years	769,459	161,062	788,233	163,290
over 5 years	7,161	203,846	–	40,956

31.12.2021	Energy sales		Energy purchases	
	Market transactions	Long-term contracts	Market transactions	Long-term contracts
Cumulative volume in CHF 1,000				
2022	695,103	30,460	621,646	39,224
from 2 to 5 years	404,727	134,619	310,625	164,111
over 5 years	3,536	186,048	–	51,567

AET further has an offtake commitment for the energy produced by its own power generation participations and the participations of the Canton Ticino, paying its production cost quota. The duration of these obligations is undetermined and depends on the future developments of those participations.

Forward currency operations

31.12.2022	Maturity year 2023		Maturity year 2024	
	Amount in currency (in 1,000)	Average exchange rate (currency/CHF)	Amount in currency (in 1,000)	Average exchange rate (currency/CHF)
Operation				
Buy EUR	27,000	0.98	–	–
Sell EUR	579,500	0.98	–	–

31.12.2022	Maturity year 2023		Maturity year 2024	
	Amount in currency (in 1,000)	Average exchange rate (currency/EUR)	Amount in currency (in 1,000)	Average exchange rate (currency/EUR)
Operation				
Buy USD	12,269	0.90	4,788	0.90
Sell USD	240	0.95	–	–

31.12.2021	Maturity year 2022		Maturity year 2023	
	Amount in currency (in 1,000)	Average exchange rate (currency/CHF)	Amount in currency (in 1,000)	Average exchange rate (currency/CHF)
Operation				
Sell EUR	207,500	1.05	8,000	1.08

31.12.2021	Maturity year 2022		Maturity year 2023	
	Amount in currency (in 1,000)	Average exchange rate (currency/EUR)	Amount in currency (in 1,000)	Average exchange rate (currency/EUR)
Operation				
Buy USD	12,187	0.86	2,352	0.86

Forward foreign currency transactions have been entered into with the purpose of hedging expected future foreign currency cash flows.

At 31.12.2022 AET has no off-balance sheet lease commitments (31.12.2021: unchanged).

27. Pension benefit obligations

	Coverage rate	Economic benefit/ economic obligations for the company	Change recognised in the income statement	Expense for contributions of the period	Pension benefit expense within personnel expenses
CPE Fondazione di Previdenza Energia					
In CHF 1,000					
31.12.2022	107.7%	–	–	–2,714	–2,714
31.12.2021	125.2%	–	–	–2,653	–2,653

28. Transactions with related parties

Transactions with subsidiaries

	2022	2021
In CHF 1,000		
Energy income	785	8,494
Service and other income	3,164	3,176
Financial income	463	335
Energy purchases	12,846	19,466
Service and other expenses	152	9

Transactions with associates

	2022	2021
In CHF 1,000		
Energy income	34,125	29,740
Service and other income	13,882	13,766
Financial income	1,072	1,072
Energy purchases	100	76
Service and other expenses	2,840	2,891

Transactions with other related parties

	2022	2021
In CHF 1,000		
Energy income	1,122	213
Service and other income	2,856	2,932
Financial income	619	466
Energy purchases	135,062	100,701
Service and other expenses	2,135	1,739

29. Risk assessment

The Board of Directors and Management give the utmost attention and deploy the necessary resources for the valuation and management of risks in order to adhere to the standards of the sector. The management and valuation of the company's risks have been integrated into the company's operating procedures, in order to guarantee the maximum effectiveness.

From a financial point of view AET is exposed to following main risk factors:

Volume risk: is the risk associated with the variation in the sales volume, respectively of production volumes compared to forecasts. Its principal cause is the meteorological risk in that the meteorological deviations from the long-term averages cause variations in consumption and production from the hydroelectric plants that are difficult to predict. In the long-term AET manages this risk by diversifying its supplies with long-term contracts and participations. In the medium to short-term this risk is managed with a gradual rebalancing of the portfolio using updated forecasts and historical data. In addition AET can count on reserve capacity from its own hydroelectric plants.

Market risk: is the risk associated with the variations of energy market price, the fluctuation of exchange rates and of interest rates. AET manages this risk by monitoring the evolutions and the expectations of market prices and consequently hedges the positions. The foreign exchange risk is managed through hedging operations. The risk associated with change in interest rates is mainly managed through diversification of the expiration dates of the financial debt. Market risks mostly have an effect on the quantity of energy sold and produced resulting from the volume risk that can not be efficiently hedged in advance because unknown.

Liquidity risk: hedging made through the use of financial instruments are associated with liquidity risk because of the margin calls commanded by those transactions. AET manages this risk by keeping sufficient liquidity and credit lines to operate and through the constant monitoring of the open positions and of the related portfolio management activities on the financial markets.

Counterparty risk: is the risk of loss related to payment default of commercial counterparties. Sales are mainly made to large Swiss and bordering countries power companies. Exposure limits are determined for each counterparty, based on their economic and financial situation. Counterparty risk related to the Swiss commercial / distribution activity is managed through the constant monitoring of the receivable positions, the subscription of receivables insurances, the request of bank guarantees or deposits.

Operating risk: this risk is associated to malfunctions of installations, processes, systems, to human mistakes or external circumstances (e.g. cyber attacks). This risk is managed through internal control, regular maintenance, training of involved employees and the definition of preventive and corrective measures.

Regulatory risk: relates to the implementation or modification of laws, acts or rules at Swiss or European level, which might have an impact on the activity of AET. In order to ensure an high level of surveillance and compliance, AET constantly monitors regulatory developments, acting on internal policies and making appropriate corrections whenever necessary.

30. Subsequent events

2022: no significant event.

2021: at the begin of 2022 the geopolitical tensions around Ukraine and its invasion by Russia have put additional pressure on the energy markets, with sharp increases of prices and volatility, pushing forward the development already seen in the fourth quarter of 2021. This situation causes and increase of the financial risks of AET and the need of higher cash deposits to cover forward market transactions (margin calls). AET has implemented portfolio management and treasury measures to mitigate the impact of these developments. The tensions on the energy markets also cause uncertainties about the availability of natural gas and consequently of electricity, especially in respect of the winter 2022/23. AET is working in close connection with the federal authorities and the other players of the sector contributing to the efforts to ensure the energy supply of the country.

Proposal for allocation of result

The Board of Directors, in accordance with article 18 LAET (respectively article 672 of the Swiss Code of Obligations), proposes to allocate the result as follows:

In CHF 1,000	
Net result 2022	-59,758
- to the State: 8% interest on the endowment capital	-3,200
- dividend to the State	-
- allocation to the general reserves	-
Allocation to the results carried forward	-62,958

Audit report by KPMG SA on the financial statements



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Report of the Statutory Auditor to the Gran Consiglio of Repubblica e Cantone Ticino Azienda elettrica ticinese, Bellinzona

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Azienda elettrica ticinese (the Company), which comprise the balance sheet as at 31 December 2022, the income statement, the cash flow statement and the statement of changes in equity, for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements from page 55 to page 78 give a true and fair view of the financial position of the Company as at 31 December 2022, and its results of operations and its cash flows for the year then ended in accordance with Swiss GAAP FER and comply with Swiss law and Act of the Azienda elettrica ticinese.

Basis for Opinion

We conducted our audit in accordance with Swiss law, Act of Azienda elettrica ticinese and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the provisions of Swiss law, together with the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Azienda elettrica ticinese, Bellinzona
 Report of the Statutory Auditor
 on the Financial Statements
 to the General Meeting of Shareholders

Board of Directors' Responsibilities for the Financial Statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss GAAP FER, the provisions of Swiss law and the Act of Azienda elettrica ticinese, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law, Act of Azienda elettrica ticinese and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Swiss law, Act of Azienda elettrica ticinese and SA-CH, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.



Azienda elettrica ticinese, Bellinzona
Report of the Statutory Auditor
on the Financial Statements
to the General Meeting of Shareholders

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

In accordance with article 728a para. 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and Act of Azienda elettrica ticinese. We recommend that the financial statements submitted to you be approved.

KPMG SA

A handwritten signature in blue ink, appearing to be 'S. Jurt', written over a horizontal line.

Silvan Jurt
Licensed Audit Expert
Auditor in Charge

A handwritten signature in blue ink, appearing to be 'S. Cereghetti', written in a cursive style.

Sarah Cereghetti
Licensed Audit Expert

Lugano, 26 April 2023



The power supply of the capillary distribution networks in these regions operated by local network operators such as SES, AMB, AIL or AEM depends on the transformation plants connected to the 50 kV grid.

Annexes

AET Group companies

	Value	Nominal equity at 31.12.2022 In 1,000	Participation at 31.12.2022 %	Participation at 31.12.2021 %
AKEB Aktiengesellschaft für Kernenergie – Beteiligungen Luzern (AKEB) , CH-Luzern <i>Nuclear energy participations and offtake rights</i>	CHF	90,000	7.00	7.00
Aliunid AG , CH-Zug <i>Online energy sale platform</i>	CHF	188	4.66	4.91
Calore SA , CH-Locarno <i>Production and distribution of thermal energy</i>	CHF	2,000	65.00	65.00
Capriasca Calore SA , CH-Capriasca <i>Production and distribution of thermal energy</i>	CHF	1,313	33.33	33.33
Geo-Energie Suisse AG , CH-Zürich <i>Development of geothermal power</i>	CHF	2,270	4.41	4.65
Kraftwerke Mattmark AG (KW Mattmark) , CH-Saas Grund <i>Sub-participation through Axpo Trading AG. Hydroelectric power generation</i>	CHF	90,000	8.41	8.41
Lucendro SA , CH-Airolo <i>Hydroelectric power generation</i>	CHF	3,000	100.00	100.00
Metanord SA , CH-Bellinzona <i>Gas distribution</i>	CHF	18,000	33.33	33.33
Parco eolico del San Gottardo SA (PESG) , CH-Airolo <i>Wind power generation</i>	CHF	6,000	70.00	70.00
PIÙCALORE SA , CH-Bellinzona <i>Development, promotion and services in thermal energy field</i>	CHF	1,000	31.20	31.20
Senco Holding SA , CH-Locarno <i>Holding participation into hydroelectric power generation (micro power plants)</i>	CHF	150	65.00	65.00
CEL Bedretto SA , CH-Bedretto <i>Hydroelectric power generation</i>	CHF	200	13.00	13.00
CEL Buseno SA , CH-Buseno <i>Development of a hydroelectric power plant</i>	CHF	100	13.00	13.00
CEL Campo Vallemaggia SA , CH-Campo Vallemaggia <i>Hydroelectric power generation</i>	CHF	400	14.30	14.30
CEL Cauco SA in liquidazione , CH-Cauco <i>Development of a hydroelectric power plant</i>	CHF	100	13.00	13.00
CEL Cerentino SA , CH-Cerentino <i>Hydroelectric power generation</i>	CHF	200	13.00	13.00
CEL Dalpe SA , CH-Dalpe <i>Hydroelectric power generation</i>	CHF	200	11.70	11.70
CEL Lavizzara SA , CH-Lavizzara <i>Hydroelectric power generation</i>	CHF	200	13.00	13.00
Senco Sagl , CH-Locarno <i>Services in favour of hydroelectric power plants promoted by Senco Holding SA</i>	CHF	220	65.00	65.00

	Value	Nominal equity at 31.12.2022 In 1,000	Participation at 31.12.2022 %	Participation at 31.12.2021 %
Società Elettrica Sopracenerina SA (SES) , CH-Locarno <i>Power distribution company and grid management</i>	CHF	16,500	30.00	30.00
Energie Rinnovabili Losone (ERL) SA , CH-Losone <i>Production and distribution of thermal energy</i>	CHF	2,700	10.00	10.00
Enerti SA , CH-Monteceneri <i>Production and distribution of thermal energy</i>	CHF	200	9.27	9.27
SES Controlli Sagl , CH-Locarno <i>Service company</i>	CHF	20	30.00	30.00
SES Collaudi Sagl , CH-Locarno <i>Service company</i>	CHF	20	24.00	24.00
Società della Funicolare Locarno - Madonna del Sasso SA (FLMS) , CH-Locarno <i>Ownership and operation of a funicular</i>	CHF	900	4.09	4.09
Società Locarnese di Partecipazioni e Immobiliare SA (SAP SA) , CH-Locarno <i>Real estate company</i>	CHF	2,064	29.99	29.99
SPE Società per Partecipazioni Energetiche SA (SPE) , CH-Bellinzona <i>Holding company</i>	CHF	8,000	100.00	100.00
AET Italia Srl , I-Milan <i>Trading of cross-border interconnection capacity</i>	EUR	871	100.00	100.00
CEG Srl , I-Milan <i>Holding and services</i>	EUR	120	100.00	100.00
Nord Energia SpA in liquidazione , I-Milan <i>Management of cross-border interconnection power line (Merchant Line)</i>	EUR	10,200	40.00	40.00
CMC MeSta SA in liquidazione , CH-Bellinzona <i>Detention of Mendrisio – Stabio cross-border power line</i>	CHF	6,000	40.00	40.00
Swissgrid AG , CH-Aarau <i>Swiss transmission system operator</i>	CHF	334,495	1.62	1.62
TERIS Teleriscaldamento del Bellinzonese SA (TERIS) , CH-Bellinzona <i>Production and distribution of thermal energy</i>	CHF	10,000	60.00	60.00
Terravent AG , CH-Luzern <i>Wind power generation</i>	CHF	17,952	12.53	12.53
Trianel Kohlekraftwerk Lünen GmbH & Co. KG (TKL) , D-Aachen <i>Coal fired power generation, Lünen</i>	EUR	147,944	15.84	15.84

Statistical informations

Production and purchases of AET Group

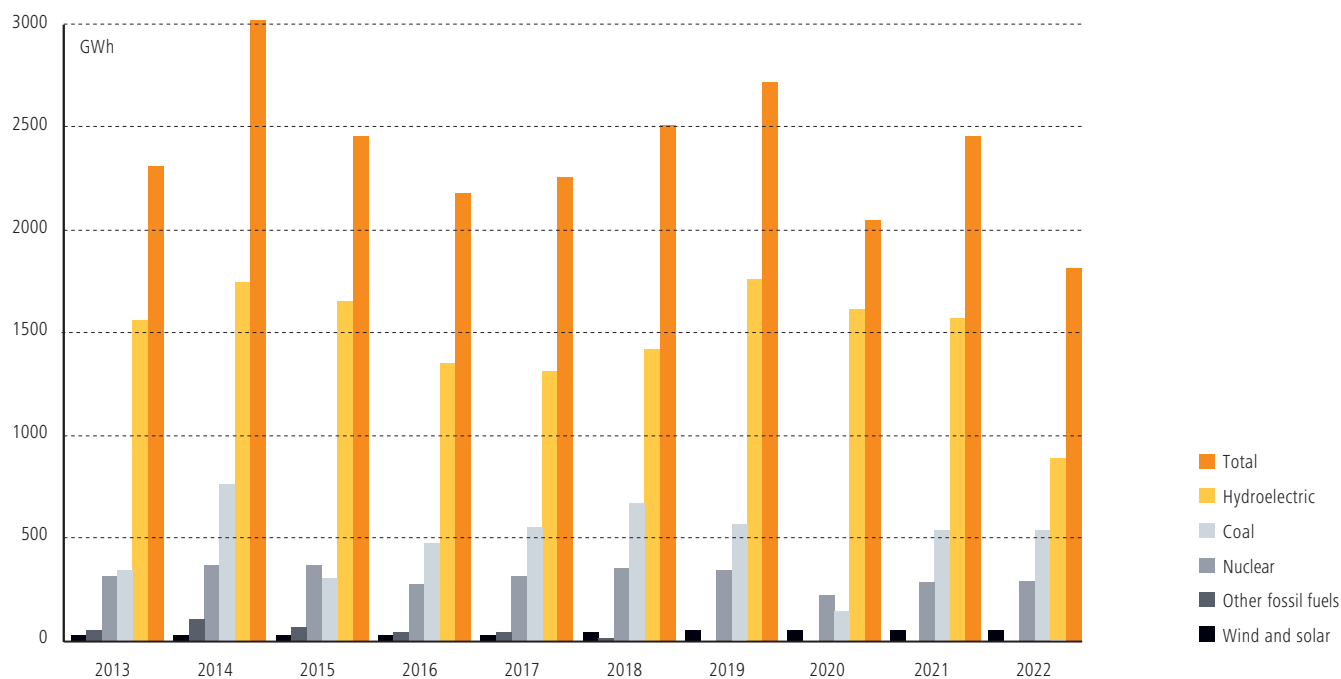
	Winter	Summer	2022	2021
In GWh				
Production AET Group				
AET Biaschina	106	112	218	414
AET Piottino	96	88	184	289
Lucendro	66	12	78	118
AET Stalvedro	11	16	27	59
AET Ofima exchange	5	20	25	33
AET Ponte Brolla	2	3	5	11
AET Tremorgio	5	0	5	10
Parco eolico del San Gottardo (70% share of AET)	5	4	9	7
Photovoltaic	1	3	4	4
Total production AET Group	297	258	555	945
Production participations (share attributable to AET Group)				
Maggia	110	57	167	297
Blenio	59	35	94	191
Verzasca	16	7	23	82
KW Mattmark	29	24	53	51
Senco Group	1	2	3	4
SES Giumaglio	1	2	3	8
SES Ticineto	1	1	2	4
Terravent AG	26	15	41	43
AKEB	171	113	284	285
KK Leibstadt	8	7	15	6
Trianel TKL	321	256	577	543
Total production participations	743	519	1,262	1,514
Long-term contracts ¹	321	344	665	641
Purchases on the market	3,350	2,675	6,025	7,992
Total	4,711	3,796	8,507	11,092

¹ Delivery contractualised for more than 5 years

Supply of AET Group

	Winter	Summer	2022	2021
In GWh				
Sales to distribution companies	878	679	1,557	1,698
Sales to end customers	200	178	378	383
Sales on the market	3,589	2,895	6,484	8,995
Own consumption and losses	44	44	88	16
Total	4,711	3,796	8,507	11,092

Production AET Group and participations





The AET substation in Magadino.



Photos:
parisiva.ch

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