



Annual Report  
2023





Azienda Elettrica Ticinese

# Annual Report **2023**



**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 2023;
- the auditors' report;
- the financial statements for the year 2023;
- the proposal for allocation of result.

The english version of the AET 2023 Annual Report is merely a translation:  
the official version is the italian text.

## First Phase of the Piottino Plant Renovation

In operation since 1932, AET's Piottino plant is equipped with three production units with a total power of 67 MW and an average annual production of 310 GWh of electricity. After 90 years of service, it is time for a complete renovation, including the replacement of electromechanical parts and the restoration of civil engineering works.

Between July and October 2023, the first phase of the renovation project was completed. This included the restoration of the last section of the Rodi-Nivo supply tunnel, the adjustment of the surge shaft, the replacement of the six upstream butterfly valves, and the restoration of the turbine discharge systems downstream of the plant.

The images in this publication, taken by photographer Nicola Demaldi, illustrate the work carried out.

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On the cover: The Piottino Power Plant in Lavorgo



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Downstream of the plant, the discharges of the three turbines have been completely restored. The gates that allow the isolation of individual machines from the discharge channel for maintenance purposes have been replaced.



## 2023 in summary

### Key figures

	2023	2022	2021	2020	2019
In CHF million					
Operating income	1,044	1,109	790	867	1,018
Operating result	10	-48	33	23	16
Net result	-18	-56	19	13	9
Equity	272	294	356	340	329
Equity in % of balance sheet total	23.5%	18.5%	36.5%	43.9%	42.7%
Non-current assets	608	563	518	512	501
Balance sheet total	1,158	1,588	976	773	771
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)	319.6	302.7	298.2	285.8	272.6

	2023	2022	2021	2020	2019
In GWh					
Production AET Group	569	555	945	981	1,090
Production participations	1,178	1,262	1,514	1,069	1,637



### **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*



In the discharge channel, the original linings of the synchronous discharge structure, dating back to the construction of the plant, have been completely removed and replaced with high-performance fiber-reinforced concrete (HPFRC). The synchronous discharges help to reduce the pressure increase in the penstocks caused by an emergency shutdown of the units by bypassing them and directing the water directly into the discharge channel.

stet. wilberüstet.

Report of  
the Board of Directors



The work carried out in 2023 involved the hydraulic parts common to the entire plant, which was taken out of service for four months to allow for their completion. In the photo, a detail of the plant facade as seen from the discharge chamber.

# Introduction by the Chairman

## **Towards a new balance**

2023 has been a transition year for AET. The negative operating result has been affected by the long drought lasting from autumn 2021 until summer 2023. Yet, there was an eventual turnaround in the second half of the year, with a positive outlook for the years ahead.

Weather and market fluctuations both continued to play a crucial role in 2023. The almost complete lack of snowfall south of the Alps during the winter of 2022/2023 – one of the worst on record – left basins dry until late summer. Only heavy autumn rainfall helped to recover some hydropower, which nonetheless remained 27% lower than the ten-year average.

Electricity market prices initially stayed at the very high levels of 2022, only to drop and readjust to the average values of recent years during autumn. This was due to French nuclear power plants gradually returning to operation as well as the fading, since the outbreak of hostilities in Ukraine, of uncertainties related to the lack of gas supplies from Russia.

This complex interplay of factors was particularly challenging for AET. The company had to make up for lower hydropower in the early months of 2023, with market purchases being at particularly high prices. By the time the company was in a position to sell own energy, prices were dropping, restricting profit opportunities. The development of the exchange rate between the Euro and the Swiss Franc in the late part of the year further weighted on the situation.

The 2023/2024 winter, marked by abundant precipitations in February and March, finally saw a return to normal levels of snowfall. This bodes well for a significant improvement in hydropower for the current year and a return to profitable operations.

### **A constantly changing framework**

AET's medium- and long-term prospects are, nonetheless, subject to ongoing change. Not only are these prospects influenced by market dynamics and weather conditions, they are also influenced by policy choices currently under discussion at federal level.

The Federal Act on a Secure Electricity Supply with Renewable Energies, commonly referred to as the "Mantelerlass", is of particular importance. It forms the basis of the desired expansion of electricity production from renewable sources in Switzerland. This new legislation sets specific deadlines, releases considerable financial resources and introduces procedural simplifications to speed up the transition to renewable energy. The ambitious aim is to create an electricity supply system based upon the two complementary pillars of hydropower and photovoltaics. Hydropower will supply energy when photovoltaics are less productive, typically at night and during the winter months. The decisions made will kick-start a large new cycle of investments, transforming both the electricity production system and national market models.

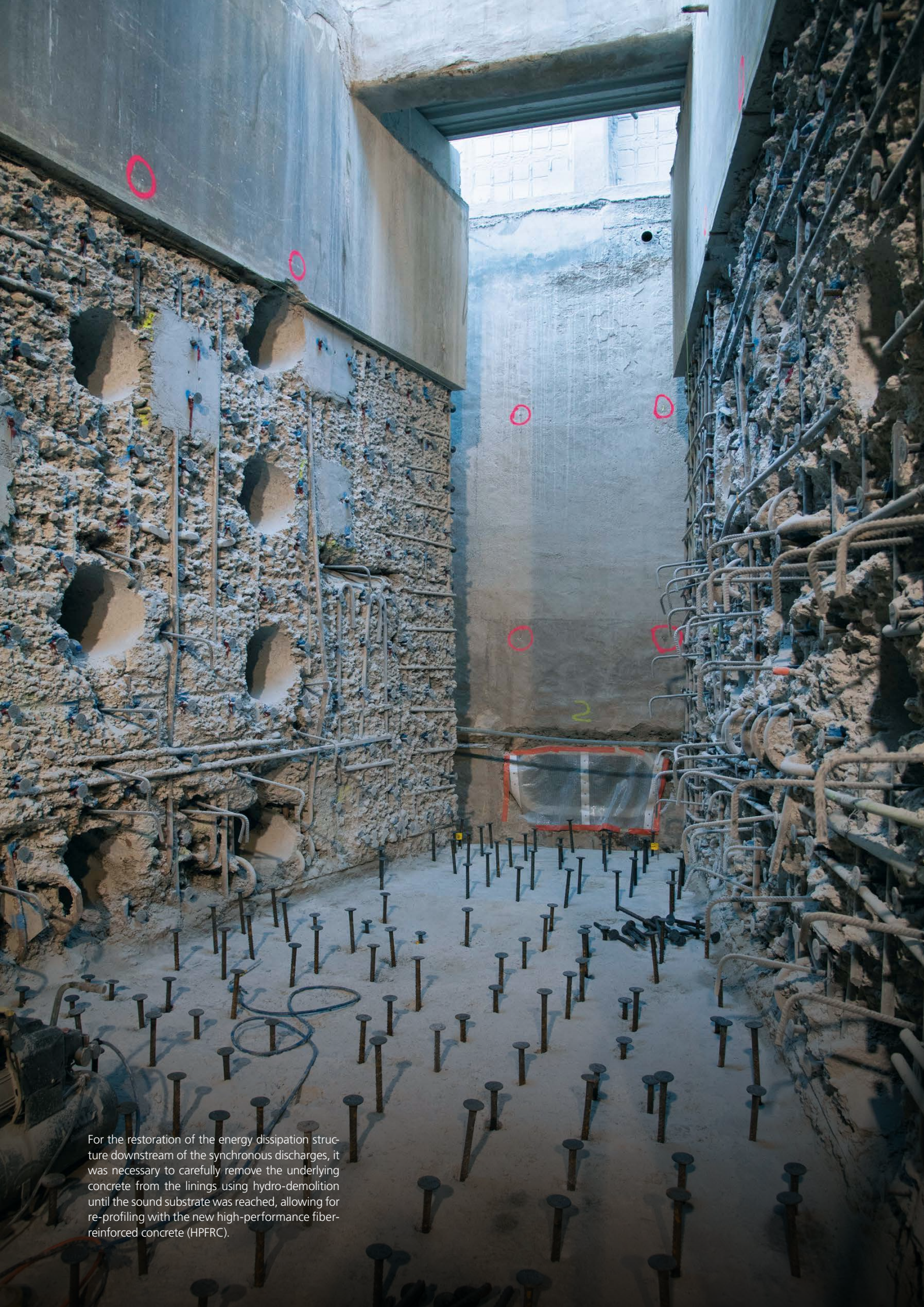
AET is prepared to take a leading role in managing future change and has already planned key investments. The deployment of the Canton's renewable resources – particularly hydroelectric, photovoltaic and wind power – is at the heart of the company's strategy. In recent years AET has built up the necessary resources and expertise to tackle this momentous challenge. Alongside several projects currently in the study phase, numerous others have been launched or are already operational.

There are still many uncertainties that need to be addressed, starting with the relationships with the EU and ensuring sufficient winter reserves. It is crucial that federal policies promptly address these issues and provide electricity companies, businesses and end consumers with the answers that they require. The security, sustainability and affordability of Switzerland's energy supply require a coherent regulatory framework to ensure that future energy investments are aligned with clear, common objectives.



Giovanni Leonardi  
Chairman





For the restoration of the energy dissipation structure downstream of the synchronous discharges, it was necessary to carefully remove the underlying concrete from the linings using hydro-demolition until the sound substrate was reached, allowing for re-profiling with the new high-performance fiber-reinforced concrete (HPFRC).



A detail of the work on the metal carpentry. The work carried out in 2023 required the involvement of numerous workers, ensuring the completion of the tasks safely and within the scheduled time frame.

# Management report

## A transition Year

AET's financial year 2023 ended with an operating result of CHF + 10 million (2022: CHF – 48 million) and a consolidated net loss of CHF –18 million (2022: CHF – 56 million). The result is affected by an again below-average hydropower generation, the aftermath of the complex market situation in 2022 and an adverse evolution of the exchange rate between the Swiss Franc and the Euro in the last period of the year.

## Production

### Electricity

The first half of 2023 saw hydropower south of the Alps adversely affected by poor winter snowfall, mirroring that of the previous year. Only the abundant autumn rains made up, albeit partially, for the previous months' lack of water inflows. Overall, although AET's cantonal hydropower was slightly higher than in 2022, it was still well below (– 27%) the ten-year average.

AET's hydropower plants produced 555 GWh compared to 542 GWh in the previous year. This represented a + 2.4% increase, despite the Piottino power plant being shut for renovation works between early July and mid-October. On the other hand, hydropower from participations stood at 503 GWh, up 45.8% from 345 GWh in 2022.

The share of the energy generated by the German plant in Lünen was 301 GWh, down 47.8% from 2022. The financial year was characterised by the unfavourable development in the ratio of plant operating costs to electricity prices. Nonetheless, the result was positive (CHF 4.77 million) thanks to production being contracted at favourable market conditions in previous years.

Total production from the St. Gotthard wind farm came to 13.4 GWh, marking an increase of 8% on the previous year. This result was possible due to higher wind speed levels than in 2022, although still below long-term averages.

Production generated by participations in the nuclear sector in Switzerland and France benefitted from a more stable framework than in the recent past, totalling 331 GWh (+ 11% compared to 2022).

### Thermal energy

The biomass projects launched by TERIS Teleriscaldamento del Bellinzonese SA, a company 60% owned by AET and 40% by the Azienda Cantonale dei Rifiuti (ACR), made significant progress.

The Camorino thermal plant renovation works started. The building application for the new Bellinzona Nord (Lumino) plant project was published. Meanwhile, the foreseen thermal plant in the Motta Valley (Coldrerio), which will feed the district heating grid extending towards the centre of Mendrisio, is currently in the planning phase.

Calore SA, a company owned by AET and Società Elettrica Sopracenerina SA (SES), continued to work on the “Verbano 2030” project for a new district heating grid in the urban area of Locarno. At the end of the year, Locarno City Council issued the building permit for the construction of the thermal plant, which will be built in the area of the wastewater treating plant (IDA) of the Verbano Wastewater Treatment Consortium. Construction work on the plant and laying of the grid is expected to begin in the second half of 2024. Finally, discussions began with the Ferrovie Autolinee Regionali Ticinesi (FART) aimed at acquiring their thermal plant and the corresponding district heating grid from 2024.

Capriasca Calore SA, a company jointly owned by AET, the Azienda Elettrica di Massagno (AEM) and the Municipality of Capriasca, posted a fall in consumption compared to 2022. This was due to the mild climate over winter and the energy-saving measures that were adopted in public buildings.

The company is currently assessing new connections: the new primary school is already scheduled for 2024 while, in the medium term, an extension of the thermal grid to the San Giuseppe elderly residence is under assessment.

Metanord SA, a company in which AET holds a 33% stake, closed 2023 with a slight net loss. This was a result of containing tariff rises for customers in the face of a significant rise in supply costs. Nevertheless, cash flow was positive, while interest in methane gas is recovering following the “shock” of Russia’s invasion of Ukraine in February 2022.

## Energy trade

### The market

After reaching peak levels in 2022, average electricity prices on European markets saw a notable decrease in 2023, although they remained high across the continent. Despite a – 62% year-on-year decline, average prices in Switzerland remained above the EUR 100 / MWh threshold.

Future electricity prices also returned to levels more in tune with multi-year trends, spurred by significantly lower demand and supply no longer affected by droughts, nuclear power plant outage and concerns over winter energy supplies. All of the extraordinary factors that had pushed 2023 forward prices above EUR 1,000 / MWh in August 2022 subsided.

### Sales

With prices stabilising on the electricity markets, business relations with the company’s main customers recovered. Supply contract renewals with distribution companies in Ticino returned to normal levels in 2023, while a number of new customers were acquired.

kwick, founded by AET and Società Elettrica Sopracenerina SA (SES) to offer electricity purchasing and managing solutions to private customers, transitioned into a corporation in 2023 and acquired new partners. In addition to Azienda Elettrica di Massagno (AEM) SA, already a partner in the project, the following companies joined kwick SA as shareholders: Azienda Multiservizi di Bellinzona (AMB), Azienda Elettrica Comunale di Ascona, Cooperativa Elettrica di Faido and Azienda Elettrica Comunale di Airolo. The company also acquired new final customers in 2023, increasing the volume of energy sold, and launched a new management service for groupings for own consumption (abbreviated to “RCP” in Italian).

## Grid

As part of the plan to modernise AET's supra-regional distribution grid, preliminary work began in 2023 for cabling of the 50 kV lines between Stalvedro and Rodi. Additionally, the authorisation phase started for the 50 kV grid extension project between Sigirino and Manno.

AET collaborated with Azienda Multiservizi di Bellinzona (AMB) and Società Elettrica Sopracenerina SA (SES) to complete substation renovations at Castione and Avegno. Construction of the new building at Pollegio started, while the construction licence was obtained for Cadenazzo.

Also in 2023 AET obtained several contracts for the supervision, maintenance and management of extra-high voltage lines on the south side of the Alps, in particular from Swissgrid and Swiss Federal Railways – SBB. These include the commission to design the future 220 kV Swissgrid "Rotondo" substation in All'Acqua as well as renovating the new 220 kV Biasca substation.

## Strategic projects

The first phase of Piottino plant renovation works was successfully completed in 2023, involving the hydraulic parts common to the three generation groups. Completion of this work meant that the plant was out of service between the start of July and mid-October. The project will be completed between 2025 and 2029, with a total planned investment of CHF 78.3 million.

At the new Ritom power station construction site, AET continues to provide services to accompany the construction and commissioning phases of the plant. Work to install shoring in the penstock began, and production unit assembly continued. The demodulation basin was also finished. Ritom SA, a company owned 75% by Swiss Federal Railways – SBB and 25% by the Canton of Ticino, is constructing the plant. AET will oversee maintenance and manage the Canton's share when commissioning scheduled for 2026 begins.

In the field of photovoltaics, AET commissioned several new plants in 2023 with an approximate total capacity of 500 kWp. Two of these plants form part of the agreement signed with the Canton to develop the photovoltaic potential of State buildings. A further six installations on public buildings, totalling approximately 1.2 MWp, have been planned and approved for 2024. In partnership with Aziende Industriali di Lugano (AIL) SA and Società Elettrica Sopracenerina SA (SES), AET also won the FEDRO competition for installing panels on noise barriers along the motorway in Ticino.

In wind power generation, new measurements were taken on the St. Gotthard Pass to verify the possibility of expanding the wind farm by installing two new wind turbines.

## Conclusions

The 2023 financial year brought in results below expectations for AET. This was the outcome of a combination of adverse factors, including scarce rainfall and unfavourable market price dynamics. These factors characterized both the 2022 and 2023 fiscal years, with completely unpredictable fluctuations for all industry professionals. AET has drawn the necessary conclusions from this, engaging external consultants to deepen the management of portfolios and implementing necessary adjustments for the future, especially considering that certain extreme events (e.g., prolonged periods of drought) will become increasingly frequent. The results of the last two years did not undermine the foundations of the company, which was able to limit the negative impact thanks to a robust balance sheet.

Armed with adequate resources, specialised skills and a targeted strategy, AET looks to the coming years with confidence. The initiatives undertaken to adapt to regulatory and market changes, along with its investments to develop the production park in Ticino and to modernise the transmission grid and the focus on sustainability, show an awareness of the challenges and a clear vision of the future. AET is steadfast as it faces up to remaining uncertainties. The company is emboldened by its commitment to providing a reliable, sustainable, and cost-effective energy supply throughout the Canton of Ticino.

## 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 2023	-24,070
- to the State: 8% interest on the endowment capital	-3,200
- dividend to the State	-
- allocation to the general reserves	-
<b>Allocation to the results carried forward</b>	<b>-27,270</b>

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

- the financial statements for the year 2023;
- the proposal for allocation of result;
- the discharge to the Board of Directors and the Management for their activity.



The rails in the energy dissipation structure downstream of the synchronous discharges have been completely replaced. These elements help to dampen the pressure of the water exiting the synchronous discharge before releasing it into the discharge channel.







Upstream of the plant, the surge tank has been restored, structurally reinforced, and waterproofed. The perimeter walls have been raised to accommodate the increased volumes of water caused by the transient phenomena produced by the future production units, which are more powerful and efficient.

# Consolidated financial statements

# Consolidated balance sheet

## Assets

		31.12.2023	31.12.2022
In CHF 1,000	Notes		
Plants and equipment		257,425	261,040
Land and buildings		52,292	52,677
Tangible fixed assets under construction		63,315	46,173
Other tangible fixed assets		4,646	2,412
<b>Tangible fixed assets</b>	2	<b>377,678</b>	<b>362,302</b>
Participations in associates	3	98,708	93,880
Long-term securities	4	54,130	42,785
Advances and loans to participations	5	17,841	18,317
Other financial assets		242	252
<b>Financial assets</b>		<b>170,921</b>	<b>155,234</b>
Usage rights		6,873	7,148
Energy procurement rights		27,382	34,228
Intangible assets under development		1,829	1,549
Other intangible assets		1,872	2,044
<b>Intangible assets</b>	6	<b>37,956</b>	<b>44,969</b>
<b>Other non-current assets</b>	7	<b>21,497</b>	<b>–</b>
<b>Non-current assets</b>		<b>608,052</b>	<b>562,505</b>
Other short-term assets	8	37,664	98,565
Prepayments and accrued income	9	439,198	833,945
Receivables from goods and services	10	46,080	26,279
Cash and cash equivalents	11	26,209	66,557
<b>Current assets</b>		<b>549,151</b>	<b>1,025,346</b>
<b>Assets</b>		<b>1,157,203</b>	<b>1,587,851</b>

## Liabilities and equity

		31.12.2023	31.12.2022 <sup>1</sup>
In CHF 1,000	Notes		
Endowment capital		40,000	40,000
Conversion differences		-8,869	-8,232
Retained earnings		247,648	306,448
Net result		-18,415	-55,758
<b>Equity attributable to AET</b>		<b>260,364</b>	<b>282,458</b>
Minority interests		11,176	11,409
<b>Group equity</b>		<b>271,540</b>	<b>293,867</b>
Long-term provisions	12	7,226	7,936
Other long-term liabilities		13,011	5,396
Long-term financial liabilities	13	413,259	226,437
<b>Long-term liabilities</b>		<b>433,496</b>	<b>239,769</b>
Short-term provisions	12	3,408	24,087
Other short-term liabilities	14	19,257	52,413
Short-term financial liabilities	15	318,622	827,505
Accrued liabilities and deferred income	16	87,589	140,419
Payables from goods and services	17	23,291	9,791
<b>Current liabilities</b>		<b>452,167</b>	<b>1,054,215</b>
<b>Liabilities</b>		<b>885,663</b>	<b>1,293,984</b>
<b>Liabilities and equity</b>		<b>1,157,203</b>	<b>1,587,851</b>

<sup>1</sup> 2022 figures restated

## Consolidated income statement

		2023	2022
In CHF 1,000	Notes		
<b>Operating income</b>			
Energy income	18	971,280	1,039,745
Grid income		49,372	47,670
Other operating income	19	23,314	21,322
<b>Operating income</b>		<b>1,043,966</b>	<b>1,108,737</b>
<b>Operating expenses</b>			
Energy purchases	20	-912,586	-1,078,952
Grid expenses		-22,754	-24,877
Personnel expenses	21	-34,716	-31,772
Service and material expenses		-10,341	-8,077
Depreciation, amortisation and impairment	22	-27,636	13,434
Other operating expenses	23	-26,317	-26,965
<b>Operating expenses</b>		<b>-1,034,350</b>	<b>-1,157,209</b>
<b>Operating result</b>		<b>9,616</b>	<b>-48,472</b>
Financial result	24	-35,420	-8,162
Result from associates	3	7,423	6,385
<b>Ordinary result</b>		<b>-18,381</b>	<b>-50,249</b>
Non-operating result		-	-
Extraordinary result	25	333	-1,263
<b>Result before income taxes</b>		<b>-18,048</b>	<b>-51,512</b>
Income taxes	26	-338	-3,689
<b>Group net result</b>		<b>-18,386</b>	<b>-55,201</b>
Minority interests		-29	-557
<b>Net result attributable to AET</b>		<b>-18,415</b>	<b>-55,758</b>

## Consolidated cash flow statement

	2023	2022
In CHF 1,000		
Net result	-18,415	-55,758
Minority interests to income statement	29	557
Depreciation, amortisation and impairment	27,636	-13,434
Change in provisions	-21,101	-7,065
Profit / loss from disposal of non-current assets	-31	-14
Result from associates	-4,617	-5,395
Other non cash expenses and income	-22,990	-5,742
Change in other short-term assets	60,208	85,109
Change in prepayments and accrued income	394,747	-652,040
Change in receivables	-19,819	-14,292
Change in other short-term liabilities	-33,068	-22,125
Change in accrued liabilities and deferred income	-45,934	32,321
Change in payables	13,503	-6,996
<b>Cash flow from operating activities</b>	<b>330,148</b>	<b>-664,874</b>
Outflows for investment in tangible fixed assets	-34,225	-25,343
Inflows from disposal of tangible fixed assets	31	14
Outflows for investment in intangible assets	-517	-431
Inflows from disposal of intangible assets	-	-
Outflows for investment in financial assets	-13,209	0
Inflows from disposal of financial assets	758	566
<b>Cash flow from investing activities</b>	<b>-47,162</b>	<b>-25,194</b>
Issuance / repayment of short-term financial liabilities	-529,646	675,268
Issuance / repayment of long-term financial liabilities	209,847	8,337
Payments related to minority shareholders	-262	-
Interests on capital, due to the State	-3,200	-3,200
Distribution of dividends to the State	-	-3,000
<b>Cash flow from financing activities</b>	<b>-323,261</b>	<b>677,405</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>66,557</b>	<b>79,283</b>
<b>Cash flow</b>	<b>-40,275</b>	<b>-12,663</b>
Conversion differences on cash and cash equivalents	-73	-63
<b>Cash and cash equivalents at the end of the year</b>	<b>26,209</b>	<b>66,557</b>

## Statement of changes in consolidated equity

	Endowment capital	Conversion differences <sup>1</sup>	Retained earnings <sup>1</sup>	Net result	Equity attributable to AET	Minority interests	Group Equity
In CHF 1,000							
<b>Equity at 01.01.2022<sup>1</sup></b>	<b>40,000</b>	<b>-7,733</b>	<b>293,803</b>	<b>18,845</b>	<b>344,915</b>	<b>10,852</b>	<b>355,767</b>
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 <sup>1</sup>	-	-499	-	-	-499	-	-499
Change in consolidation scope	-	-	-	-	-	-	-
Offset consolidation difference	-	-	-	-	-	-	-
Net result 2022	-	-	-	-55,758	-55,758	557	-55,201
<b>Equity at 31.12.2022<sup>1</sup></b>	<b>40,000</b>	<b>-8,232</b>	<b>306,448</b>	<b>-55,758</b>	<b>282,458</b>	<b>11,409</b>	<b>293,867</b>
Allocation of result	-	-	-55,758	55,758	-	-	-
Interests on capital, due to the State	-	-	-3,200	-	-3,200	-	-3,200
Distribution of dividends	-	-	-	-	-	-262	-262
Capital increases	-	-	-	-	-	-	-
Conversion differences	-	-637	-	-	-637	-	-637
Change in consolidation scope	-	-	158	-	158	-	158
Offset consolidation difference	-	-	-	-	-	-	-
Net result 2023	-	-	-	-18,415	-18,415	29	-18,386
<b>Equity at 31.12.2023</b>	<b>40,000</b>	<b>-8,869</b>	<b>247,648</b>	<b>-18,415</b>	<b>260,364</b>	<b>11,176</b>	<b>271,540</b>

<sup>1</sup> 2022 figures restated

The items "Conversion differences" and "Retained earnings" as of 01.01.2022 and 31.12.2022 have been reclassified by respectively CHF 3.2 million and CHF 5.0 million. These reclassifications have no impact on "Net result" or "Group Equity" and are only due to a change in the presentation of the translation differences. In the past, the difference coming from the conversion of financial statements of companies in foreign currencies was split between "Conversion differences" and "Retained earnings". In line with Swiss GAAP FER, the translation differences are now fully disclosed under the item "Conversion differences".

The item "Conversion differences" includes the difference from the conversion in CHF of the financial statements of subsidiaries and participated companies, those differences are booked into the equity without impact on the income statement.

The "Retained earnings" are related to "General reserves", "Statutory reserves" and "Results carried forward". Any distribution of these reserves occurs in accordance with the Act of the Azienda elettrica ticinese.



# Notes to the consolidated financial statements

## 1. Accounting principles

The 2023 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 25.04.2024.

### 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 <sup>1</sup>	Currency	Share capital	Shareholding at 31.12.2023	Shareholding at 31.12.2022
		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

<sup>1</sup> Direct and indirect subsidiaries

All consolidated companies have closed their financial year on the 31.12.2023.

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 2023 and 2022 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 <sup>1</sup>	Currency	Share capital	Shareholding at 31.12.2023	Shareholding at 31.12.2022
		in 1,000	%	%
Capriasca Calore SA	CHF	1,313	33.33	33.33
kwick SA	CHF	2,000	44.20	–
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

<sup>1</sup> 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)	2023	2022
Exchange rate on the balance sheet date 31.12	0.9297	0.9875
Average exchange rate	0.9717	1.0048

## 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
Electrotechnical 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 in the financial period of power 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 Repubblica e Cantone 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					
<b>Cost value at 01.01.2022</b>	<b>720,444</b>	<b>65,853</b>	<b>31,838</b>	<b>10,593</b>	<b>828,728</b>
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
<b>Cost value at 31.12.2022</b>	<b>728,722</b>	<b>68,706</b>	<b>46,173</b>	<b>10,387</b>	<b>853,988</b>
Change in consolidation scope	–	–	–	–	–
Reclassification	13,270	670	–16,205	2,265	–
Additions	57	–	33,347	821	34,225
Disposals	–5,889	–	–	–687	–6,576
Conversion differences	–	–	–	–	–
<b>Cost value at 31.12.2023</b>	<b>736,160</b>	<b>69,376</b>	<b>63,315</b>	<b>12,786</b>	<b>881,637</b>
<b>Accumulated depreciation at 01.01.2022</b>	<b>–450,884</b>	<b>–14,931</b>	<b>–</b>	<b>–7,825</b>	<b>–473,640</b>
Change in consolidation scope	–	–	–	–	–
Reclassification	–	–	–	–	–
Depreciation	–16,818	–1,059	–	–629	–18,506
Additions	–	–39	–	–	–39
Disposals	20	–	–	471	491
Conversion differences	–	–	–	8	8
<b>Accumulated depreciation at 31.12.2022</b>	<b>–467,682</b>	<b>–16,029</b>	<b>–</b>	<b>–7,975</b>	<b>–491,686</b>
Change in consolidation scope	–	–	–	–	–
Reclassification	–	40	–	–40	–
Depreciation	–16,942	–1,095	–	–812	–18,849
Additions	–	–	–	–	–
Disposals	5,889	–	–	687	6,576
Conversion differences	–	–	–	–	–
<b>Accumulated depreciation at 31.12.2023</b>	<b>–478,735</b>	<b>–17,084</b>	<b>–</b>	<b>–8,140</b>	<b>–503,959</b>
<b>Net carrying amount at 01.01.2022</b>	<b>269,560</b>	<b>50,922</b>	<b>31,838</b>	<b>2,768</b>	<b>355,088</b>
<b>Net carrying amount at 31.12.2022</b>	<b>261,040</b>	<b>52,677</b>	<b>46,173</b>	<b>2,412</b>	<b>362,302</b>
<b>Net carrying amount at 31.12.2023</b>	<b>257,425</b>	<b>52,292</b>	<b>63,315</b>	<b>4,646</b>	<b>377,678</b>

### 3. Participations in associates

	31.12.2023	31.12.2022
In CHF 1,000		
Opening balance	93,880	88,879
Acquisitions / capital increases	390	–
Disposals	–	–
Change in consolidation scope	68	–
Conversion differences	–285	–203
Result from associates	7,423	6,385
Received dividends	–2,806	–990
Reversal of impairments	38	–
Impairment	–	–191
<b>Closing balance</b>	<b>98,708</b>	<b>93,880</b>

Equity method values of associates to 31.12.2023 (according to Swiss GAAP FER).

	Metanord SA	Nord Energia Group	SES Group <sup>1</sup>	Various	Total
In CHF 1,000					
Non-current assets	54,407	–	500,181	2,902	557,490
Current assets	5,433	18,112	56,634	2,306	82,485
<b>Assets</b>	<b>59,840</b>	<b>18,112</b>	<b>556,815</b>	<b>5,208</b>	<b>639,975</b>
Equity	14,710	17,729	302,327	2,467	337,233
Long-term liabilities	41,911	–	192,767	2,057	236,735
Current liabilities	3,219	383	61,721	684	66,007
<b>Liabilities and equity</b>	<b>59,840</b>	<b>18,112</b>	<b>556,815</b>	<b>5,208</b>	<b>639,975</b>
Revenues	16,704	1	174,088	1,753	192,546
EBITDA	1,804	–264	45,312	66	46,918
Net result	–115	2,941	21,305	–115	24,016
<b>AET's shareholdings, in %</b>	<b>33.33%</b>	<b>40%</b>	<b>30%</b>	<b>various</b>	
AET's share of the equity	4,903	7,092	90,698	918	103,611
Impairments	–4,903	–	–	–	–4,903
<b>Value of participations in associates</b>	<b>0</b>	<b>7,092</b>	<b>90,698</b>	<b>918</b>	<b>98,708</b>

<sup>1</sup> Excluding Calore SA, Senco Holding SA and Senco Sagl, because fully consolidated and PIUCALORE SA and kwick SA, which are 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

	31.12.2023	31.12.2022
In CHF 1,000		
Swissgrid AG	25,575	12,936
Kraftwerke Mattmark AG	10,703	10,860
Trianel Kohlekraftwerk Lünen GmbH & Co. KG	9,094	10,231
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
<b>Total</b>	<b>54,130</b>	<b>42,785</b>

## 5. Advances and loans to participations

	31.12.2023	31.12.2022
In CHF 1,000		
Terravent AG	9,574	10,050
Metanord SA	8,200	8,200
Other	67	67
<b>Total</b>	<b>17,841</b>	<b>18,317</b>

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					
<b>Cost value at 01.01.2022</b>	<b>27,097</b>	<b>144,555</b>	<b>1,407</b>	<b>11,978</b>	<b>185,037</b>
Change in consolidation scope	–	–	–	–	–
Reclassification	–	–	–285	325	40
Additions	4	–	427	–	431
Disposals	–	–	–	–13	–13
Conversion differences	–	–	–	–11	–11
<b>Cost value at 31.12.2022</b>	<b>27,101</b>	<b>144,555</b>	<b>1,549</b>	<b>12,279</b>	<b>185,484</b>
Change in consolidation scope	–	–	–	–	–
Reclassification	–	–	–228	228	–
Additions	9	–	508	–	517
Disposals	–	–	–	–	–
Conversion differences	–	–	–	–12	–12
<b>Cost value at 31.12.2023</b>	<b>27,110</b>	<b>144,555</b>	<b>1,829</b>	<b>12,495</b>	<b>185,989</b>
<b>Accumulated amortisation at 01.01.2022</b>	<b>–19,667</b>	<b>–144,555</b>	<b>–</b>	<b>–9,886</b>	<b>–174,108</b>
Change in consolidation scope	–	–	–	–	–
Reclassification	–	–	–	–	–
Amortisation	–286	–	–	–373	–659
Additions	–	–	–	–	–
Disposals	–	–	–	13	13
Impairments	–	34,228	–	–	34,228
Conversion differences	–	–	–	11	11
<b>Accumulated amortisation at 31.12.2022</b>	<b>–19,953</b>	<b>–110,327</b>	<b>–</b>	<b>–10,235</b>	<b>–140,515</b>
Change in consolidation scope	–	–	–	–	–
Reclassification	–	–	–	–	–
Amortisation	–284	–6,846	–	–400	–7,530
Additions	–	–	–	–	–
Disposals	–	–	–	–	–
Impairments	–	–	–	–	–
Conversion differences	–	–	–	12	12
<b>Accumulated amortisation at 31.12.2023</b>	<b>–20,237</b>	<b>–117,173</b>	<b>–</b>	<b>–10,623</b>	<b>–148,033</b>
<b>Net carrying amount at 01.01.2022</b>	<b>7,430</b>	<b>0</b>	<b>1,407</b>	<b>2,092</b>	<b>10,929</b>
<b>Net carrying amount at 31.12.2022</b>	<b>7,148</b>	<b>34,228</b>	<b>1,549</b>	<b>2,044</b>	<b>44,969</b>
<b>Net carrying amount at 31.12.2023</b>	<b>6,873</b>	<b>27,382</b>	<b>1,829</b>	<b>1,872</b>	<b>37,956</b>

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).

## 7. Other non-current assets

As of 31.12.2023 this item includes in particular the deficit arising from volume- and tariff-related timing differences of the distribution grid for CHF 10.6 million (2022: CHF 6.8 million, in the balance sheet as of 31.12.2022 this deficit is booked within "Prepayments and accrued income") as well as a timing difference deficit related to pluriannual contracts for CHF 10.9 million (2022: -).

## 8. Other short-term assets

	31.12.2023	31.12.2022
In CHF 1,000		
Other short-term receivables from associates	–	–
Other short-term receivables from other related parties	431	1,269
Other short-term receivables from third parties	30,202	54,910
./ allowance for doubtful receivables	–249	–296
Positive replacement values of transactions valued at market value	636	37,901
Energy related and similar certificates	2,789	1,241
Inventories of spare, spare parts and consumables	3,855	3,540
<b>Total</b>	<b>37,664</b>	<b>98,565</b>

"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".

## 9. Prepayments and accrued income

	31.12.2023	31.12.2022
In CHF 1,000		
Associates	6,936	5,106
Other related parties	26,534	23,835
Third parties	154,585	134,225
Deposits to energy exchanges for hedging operations	247,875	668,682
Work in progress	3,268	2,097
<b>Total</b>	<b>439,198</b>	<b>833,945</b>

The balance includes amounts in foreign currency for EUR 392.7 million (EUR 773.0 million at 31.12.2022).

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, the decrease of the balance incurred in 2023 is due to the delivery of hedged positions and to the, at least partially, reduced market price volatility.

## 10. Receivables from goods and services

	31.12.2023	31.12.2022
In CHF 1,000		
Associates	8,836	5,217
Other related parties	428	243
Third parties	38,221	22,891
./. allowance for doubtful receivables	-1,405	-2,072
<b>Total</b>	<b>46,080</b>	<b>26,279</b>

The balance includes amounts in foreign currency for EUR 7.3 million (EUR 5.0 million at 31.12.2022).

## 11. Cash and cash equivalents

	31.12.2023	31.12.2022
In CHF 1,000		
Balances in CHF	12,734	54,132
Balances in foreign currencies	13,475	12,425
<b>Total</b>	<b>26,209</b>	<b>66,557</b>

## 12. Provisions

	Energy onerous contracts	Current and deferred taxes	Personnel related expenses	Other	Total
In CHF 1,000					
<b>Carrying amount at 01.01.2022</b>	<b>24,101</b>	<b>505</b>	<b>3,983</b>	<b>10,775</b>	<b>39,364</b>
<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
<b>Carrying amount at 31.12.2022</b>	<b>17,200</b>	<b>391</b>	<b>2,315</b>	<b>12,117</b>	<b>32,023</b>
<i>thereof long-term</i>	–	114	–	7,822	7,936
<i>thereof short-term</i>	17,200	277	2,315	4,295	24,087
Change in consolidation scope	–	–	–	–	–
Increase	–	220	568	–	788
Utilisation	-17,095	-261	-340	-511	-18,207
Release	-105	-18	–	-3,847	-3,970
<b>Carrying amount at 31.12.2023</b>	<b>–</b>	<b>332</b>	<b>2,543</b>	<b>7,759</b>	<b>10,634</b>
<i>thereof long-term</i>	–	100	–	7,126	7,226
<i>thereof short-term</i>	–	232	2,543	633	3,408

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.

### 13. Long-term financial liabilities

	31.12.2023	31.12.2022
In CHF 1,000		
Liabilities due between 1 and 5 years	250,080	61,636
Liabilities due between 5 and 10 years	123,243	101,801
Liabilities due after 10 years	39,936	63,000
<b>Total</b>	<b>413,259</b>	<b>226,437</b>

The position "Liabilities due after 10 years" includes a loan for CHF 10 million made by the Repubblica e Cantone Ticino.

### 14. Other short-term liabilities

	31.12.2023	31.12.2022
In CHF 1,000		
Other short-term liabilities towards associates	53	77
Other short-term liabilities towards other related parties	3,280	4,533
Other short-term liabilities towards third parties	15,349	10,687
Negative replacement values of transactions valued at market value	575	37,116
<b>Total</b>	<b>19,257</b>	<b>52,413</b>

### 15. Short-term financial liabilities

	31.12.2023	31.12.2022
In CHF 1,000		
Financial liabilities in CHF	318,622	739,622
Financial liabilities in foreign currency	–	87,883
<b>Total</b>	<b>318,622</b>	<b>827,505</b>

The increase in short-term financial liabilities in 2022 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. The decrease of short-term debt in 2023 reflects the gradual normalisation of these payments and is partially due to long-term refinancing.

## 16. Accrued liabilities and deferred income

	31.12.2023	31.12.2022
In CHF 1,000		
Associates	11	10
Other related parties	2,555	8,827
Third parties	85,023	131,582
<b>Total</b>	<b>87,589</b>	<b>140,419</b>

The balance includes amounts in foreign currency for EUR 51.6 million (EUR 90.5 million at 31.12.2022).

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

## 17. Payables from goods and services

	31.12.2023	31.12.2022
In CHF 1,000		
Associates	60	117
Other related parties	3,617	3,298
Third parties	19,614	6,376
<b>Total</b>	<b>23,291</b>	<b>9,791</b>

The balance includes amounts in foreign currency for EUR 3.4 million (EUR 0.7 million at 31.12.2022).

## 18. Energy income

	2023	2022
In CHF 1,000		
Energy sales in Switzerland	665,947	447,508
Energy sales in Germany	155,547	251,112
Energy sales in France	124,041	186,280
Other energy income	25,745	154,845
<b>Total</b>	<b>971,280</b>	<b>1,039,745</b>

## 19. Other operating income

	2023	2022
In CHF 1,000		
Income from services	13,129	11,744
Own work capitalised	5,052	5,093
Other	5,133	4,485
<b>Total</b>	<b>23,314</b>	<b>21,322</b>

## 20. Energy purchases

	2023	2022
In CHF 1,000		
Purchases from participations	-93,841	-135,734
Long-term contractual purchases	-40,001	-33,817
Purchases on the market	-778,744	-909,401
<b>Total</b>	<b>-912,586</b>	<b>-1,078,952</b>

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

## 21. Personnel expenses

	2023	2022
In CHF 1,000		
Salaries and other compensation	-28,014	-25,441
Social contributions	-6,353	-5,923
Other expenses	-630	-679
Recoveries from insurance companies	281	271
<b>Total</b>	<b>-34,716</b>	<b>-31,772</b>

In 2023 the total compensation (gross of the legal contributions) of the six executive committee members has been of CHF 1.6 million, respectively of CHF 0.3 million for the seven members of the Board of Directors.

## Employees of the Group

	31.12.2023	31.12.2022
Full time equivalent		
Permanent employees	258.7	246.8
Auxiliary employees	10.9	9.9
Apprentices	50.0	46.0
<b>Total</b>	<b>319.6</b>	<b>302.7</b>

## 22. Depreciation, amortisation and impairment

	2023	2022
In CHF 1,000		
Depreciation on tangible fixed assets	-18,850	-18,506
Amortisation on intangible assets	-7,529	-659
Other depreciation and amortisation	-1,295	-1,438
Reversal of impairments on non-current assets	38	34,228
Impairments of non-current assets	-	-191
<b>Total</b>	<b>-27,636</b>	<b>13,434</b>

## 23. Other operating expenses

	2023	2022
In CHF 1,000		
Water fees	-15,239	-15,239
Local taxes and other contributions	-4,406	-4,374
Other	-6,672	-7,352
<b>Total</b>	<b>-26,317</b>	<b>-26,965</b>

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

## 24. Financial result

	2023	2022
In CHF 1,000		
Interest income	1,737	532
Income from participations	1,848	1,604
Exchange rate differences	-16,171	-484
Interest payments	-21,856	-9,349
Other financial expenses	-978	-465
<b>Total</b>	<b>-35,420</b>	<b>-8,162</b>

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

## 25. Extraordinary result

	2023	2022
In CHF 1,000		
Profit from disposal of non-current assets	31	14
Release of provisions	10	-
Other extraordinary income	412	182
Increase of provisions	-	-1,379
Other extraordinary expenses	-120	-80
<b>Total</b>	<b>333</b>	<b>-1,263</b>

## 26. Income taxes

On the 01.01.2024 the Pillar 2 rules on a global minimum corporate tax rate have come into force, these are part of the OECD's BEPS 2.0 framework. The Pillar 2 rules foresee a top-up tax on corporate income whose effective tax rate is less than 15%. Although AET is a public law institution exempted from the payment of income taxes, the potential application of a top-up tax cannot be ruled out.

In the year 2022 the income taxes contain CHF 3.3 million of tax expenses related to previous financial years.

## 27. 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:

	2023	2022
In CHF 1,000		
Goodwill, historical cost	1,493	1,493
Goodwill, net book value	0	297
Equity (retained earnings)	297	596
Amortisation goodwill of the year	-297	-299
Net result	-297	-299

## 28. Contingent assets and liabilities

Guarantees issued in the interest of third parties have expired during 2023 (31.12.2022: CHF 4.5 million).

In 2023, AET requested the initiation of an arbitration under the Energy Charter Treaty at the International Center for Settlement of Investment Disputes with the aim to obtain financial compensation from the German government with respect to the loss caused by German coal power exit. The procedure is ongoing and it is not possible to estimate the amount of a potential indemnification.

## 29. 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

31.12.2023	Energy sales		Energy purchases	
	Market transactions and sales to resellers	Long-term contracts	Market transactions and purchases from resellers	Long-term contracts
Cumulative volume in CHF 1,000				
2024	1,386,243	38,887	1,050,231	42,527
from 2 to 5 year	908,232	169,435	560,421	133,118
over 5 year	16,777	204,887	–	45,646

31.12.2022	Energy sales		Energy purchases	
	Market transactions and sales to resellers	Long-term contracts	Market transactions and purchases from resellers	Long-term contracts
Cumulative volume in CHF 1,000				
2023	1,434,879	32,939	920,998	42,469
from 2 to 5 year	1,041,197	161,062	813,970	163,290
over 5 year	18,646	203,846	–	40,956



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

At 31.12.2023 AET Group has derivative financial instruments subscribed for interest rate hedging purpose for a contractual volume of CHF 8.0 million (31.12.2022: CHF 8.7 million).

### Forward currency operations

31.12.2023	Maturity year 2024		Maturity year 2025	
	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	–	–	–	–
Sell EUR	82,000	0.94	–	–

	Maturity year 2024		Maturity year 2025	
	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	8,334	0.90	1,323	0.87
Sell USD	1,825	0.91	–	–

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	–	–

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

At 31.12.2023 Group AET has no off-balance sheet lease commitments (31.12.2022: unchanged).

### 30. Pension benefit obligations

	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
CPE Fondazione di Previdenza Energia					
In CHF 1,000					
31.12.2023	113.9%	–	–	–3,143	–3,143
31.12.2022	107.7%	–	–	–2,714	–2,714

## 31. Transactions with related parties

### Transactions with associates

	2023	2022
In CHF 1,000		
Energy income	49,448	34,125
Service and other income	14,464	13,904
Financial income	82	82
Energy purchases	904	419
Service and other expenses	3,801	6,720

### Transactions with other related parties

	2023	2022
In CHF 1,000		
Energy income	1,349	1,122
Service and other income	4,007	3,134
Financial income	788	789
Energy purchases	92,698	135,062
Service and other expenses	1,843	2,141

## 32. 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.

### 33. Subsequent events

2023: no significant event.

2022: no significant event.

# 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 2023 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 2023, 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,  
Bellinzona**  
Report of the Statutory Auditor  
to the Gran Consiglio of  
Repubblica e Cantone Ticino  
on the Consolidated Financial  
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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.



**Azienda elettrica ticinese,  
Bellinzona**

Report of the Statutory Auditor  
to the Gran Consiglio of  
Repubblica e Cantone Ticino  
on the Consolidated Financial  
Statements

- 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, 25 April 2024



The start of the penstocks outside the valve chamber, located at an altitude of 886.6 meters above the plant.



One of the access tunnels to the plant's supply gallery.



# Financial statements

# Balance sheet

## Assets

		31.12.2023	31.12.2022
In CHF 1,000	Notes		
Plants and equipment		187,304	191,431
Land and buildings		49,622	49,942
Tangible fixed assets under construction		60,807	43,305
Other tangible fixed assets		4,645	2,410
<b>Tangible fixed assets</b>	2	<b>302,378</b>	<b>287,088</b>
Participations	3	43,841	43,791
Long-term securities	4	53,922	42,577
Advances and loans to participations	5	34,285	36,832
Other financial assets		233	241
<b>Financial assets</b>		<b>132,281</b>	<b>123,441</b>
Usage rights		6,724	6,943
Energy procurement rights		27,382	34,228
Intangible assets under development		1,682	1,481
Other intangible assets		1,872	2,044
<b>Intangible assets</b>	6	<b>37,660</b>	<b>44,696</b>
<b>Other non-current assets</b>	7	<b>21,497</b>	<b>–</b>
<b>Non-current assets</b>		<b>493,816</b>	<b>455,225</b>
Other short-term assets	8	30,686	84,889
Prepayments and accrued income	9	438,594	832,386
Receivables from goods and services	10	44,124	25,658
Cash and cash equivalents	11	14,411	52,987
<b>Current assets</b>		<b>527,815</b>	<b>995,920</b>
<b>Assets</b>		<b>1,021,631</b>	<b>1,451,145</b>

## Liabilities and equity

		31.12.2023	31.12.2022
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		45,831	108,789
Net result		-24,070	-59,758
<b>Equity</b>		<b>179,761</b>	<b>207,031</b>
Long-term provisions	12	2,779	3,240
Other long-term liabilities		971	971
Long-term financial liabilities	13	393,494	203,000
<b>Long-term liabilities</b>		<b>397,244</b>	<b>207,211</b>
Short-term provisions	12	2,593	21,365
Other short-term liabilities	14	18,184	49,593
Short-term financial liabilities	15	317,000	825,883
Accrued liabilities and deferred income	16	86,562	131,419
Payables from goods and services	17	20,287	8,643
<b>Current liabilities</b>		<b>444,626</b>	<b>1,036,903</b>
<b>Liabilities</b>		<b>841,870</b>	<b>1,244,114</b>
<b>Liabilities and equity</b>		<b>1,021,631</b>	<b>1,451,145</b>

# Income statement

		2023	2022
In CHF 1,000	Notes		
<b>Operating income</b>			
Energy income	18	960,808	1,031,682
Grid income		49,372	47,671
Other operating income	19	24,510	22,713
<b>Operating income</b>		<b>1,034,690</b>	<b>1,102,066</b>
<b>Operating expenses</b>			
Energy purchases	20	-915,775	-1,088,975
Grid expenses		-22,649	-21,394
Personnel expenses	21	-34,665	-31,553
Service and material expenses		-9,398	-7,544
Depreciation, amortisation and impairment	22	-20,187	18,117
Other operating expenses	23	-22,723	-22,999
<b>Operating expenses</b>		<b>-1,025,397</b>	<b>-1,154,348</b>
<b>Operating result</b>		<b>9,293</b>	<b>-52,282</b>
Financial result	24	-33,418	-6,451
<b>Ordinary result</b>		<b>-24,125</b>	<b>-58,733</b>
Non-operating result		-	-
Extraordinary result	25	55	-1,025
<b>Net result</b>		<b>-24,070</b>	<b>-59,758</b>

# Cash flow statement

	2023	2022
In CHF 1,000		
Net result	-24,070	-59,758
Depreciation, amortisation and impairment	20,187	-18,117
Change in provisions	-19,233	-8,229
Profit / loss from disposal of non-current assets	-31	-12
Other non cash expenses and income	-22,723	-5,229
Change in other short-term assets	59,104	85,619
Change in prepayments and accrued income	393,792	-649,768
Change in receivables	-18,466	-16,191
Change in other short-term liabilities	-31,410	-24,680
Change in accrued liabilities and deferred income	-44,857	31,188
Change in payables	11,644	-6,568
<b>Cash flow from operating activities</b>	<b>323,937</b>	<b>-671,745</b>
Outflows for investment in tangible fixed assets	-29,034	-20,985
Inflows from disposal of tangible fixed assets	31	12
Outflows for investment in intangible assets	-429	-426
Inflows from disposal of intangible assets	-	-
Outflows for investment in financial assets	-15,392	-
Inflows from disposal of financial assets	2,376	555
<b>Cash flow from investing activities</b>	<b>-42,448</b>	<b>-20,844</b>
Issuance / repayment of short-term financial liabilities	-528,024	676,965
Issuance / repayment of long-term financial liabilities	211,159	9,833
Interests on capital, due to the State	-3,200	-3,200
Distribution of dividends to the State	-	-3,000
<b>Cash flow from financing activities</b>	<b>-320,065</b>	<b>680,598</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>52,987</b>	<b>64,978</b>
<b>Cash flow</b>	<b>-38,576</b>	<b>-11,991</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>14,411</b>	<b>52,987</b>

## Statement of changes in equity

	Endowment capital	General reserves	Statutory reserves	Results carried forward	Net result	Equity
In CHF 1,000						
<b>Equity at 01.01.2022</b>	<b>40,000</b>	<b>67,000</b>	<b>51,000</b>	<b>104,387</b>	<b>10,602</b>	<b>272,989</b>
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
<b>Equity at 31.12.2022</b>	<b>40,000</b>	<b>67,000</b>	<b>51,000</b>	<b>108,789</b>	<b>–59,758</b>	<b>207,031</b>
Allocation of result	–	–	–	–59,758	59,758	–
Interests on capital, due to the State	–	–	–	–3,200	–	–3,200
Distribution of dividends	–	–	–	–	–	–
Net result 2023	–	–	–	–	–24,070	–24,070
<b>Equity at 31.12.2023</b>	<b>40,000</b>	<b>67,000</b>	<b>51,000</b>	<b>45,831</b>	<b>–24,070</b>	<b>179,761</b>

Any potential distribution of reserves and results carried forward occurs in accordance to the Act of the Azienda elettrica ticinese.

# Notes to the financial statements

## 1. Accounting principles

The financial statements 2023 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 25.04.2024.

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
Electrotechnical 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 in the financial period of power 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 Repubblica e Cantone 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	<b>Total</b>
In CHF 1,000					
<b>Cost value at 01.01.2022</b>	<b>535,941</b>	<b>61,144</b>	<b>31,693</b>	<b>10,398</b>	<b>639,176</b>
Reclassification	6,363	2,697	-9,194	94	-40
Additions	-	156	20,806	179	21,141
Disposals	-20	-	-	-313	-333
<b>Cost value at 31.12.2022</b>	<b>542,284</b>	<b>63,997</b>	<b>43,305</b>	<b>10,358</b>	<b>659,944</b>
Reclassification	7,776	670	-10,711	2,265	-
Additions	-	-	28,213	821	29,034
Disposals	-5,889	-	-	-687	-6,576
<b>Cost value at 31.12.2023</b>	<b>544,171</b>	<b>64,667</b>	<b>60,807</b>	<b>12,757</b>	<b>682,402</b>
<b>Accumulated depreciation at 01.01.2022</b>	<b>-338,662</b>	<b>-13,022</b>	<b>-</b>	<b>-7,635</b>	<b>-359,319</b>
Reclassification	-	-	-	-	-
Depreciation	-12,211	-994	-	-626	-13,831
Additions	-	-39	-	-	-39
Disposals	20	-	-	313	333
<b>Accumulated depreciation at 31.12.2022</b>	<b>-350,853</b>	<b>-14,055</b>	<b>-</b>	<b>-7,948</b>	<b>-372,856</b>
Reclassification	-	40	-	-40	-
Depreciation	-11,903	-1,030	-	-811	-13,744
Additions	-	-	-	-	-
Disposals	5,889	-	-	687	6,576
<b>Accumulated depreciation at 31.12.2023</b>	<b>-356,867</b>	<b>-15,045</b>	<b>-</b>	<b>-8,112</b>	<b>-380,024</b>
<b>Net carrying amount at 01.01.2022</b>	<b>197,279</b>	<b>48,122</b>	<b>31,693</b>	<b>2,763</b>	<b>279,857</b>
<b>Net carrying amount at 31.12.2022</b>	<b>191,431</b>	<b>49,942</b>	<b>43,305</b>	<b>2,410</b>	<b>287,088</b>
<b>Net carrying amount at 31.12.2023</b>	<b>187,304</b>	<b>49,622</b>	<b>60,807</b>	<b>4,645</b>	<b>302,378</b>

### 3. Participations

	31.12.2023	31.12.2022
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
TERIS Teleriscaldamento del Bellinzonese SA	6,000	6,000
Lucendro SA	5,801	6,051
Senco Holding SA	1,149	1,149
Calore SA	1,000	1,000
Capriasca Calore SA	438	438
kwick SA	300	-
PIUCALORE SA	240	240
<b>Total</b>	<b>43,841</b>	<b>43,791</b>

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.

### 4. Long-term securities

	31.12.2023	31.12.2022
In CHF 1,000		
Swissgrid AG	25,575	12,936
Kraftwerke Mattmark AG	10,703	10,860
Trianel Kohlekraftwerk Lünen GmbH & Co. KG	9,094	10,231
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
<b>Total</b>	<b>53,922</b>	<b>42,577</b>

## 5. Advances and loans to participations

	31.12.2023	31.12.2022
In CHF 1,000		
SPE Società per Partecipazioni Energetiche SA	10,754	11,422
./ impairment	-6,792	-9,939
Terravent AG	9,574	10,050
Metanord SA	8,200	8,200
Parco eolico del San Gottardo SA	5,414	5,414
TERIS Teleriscaldamento del Bellinzonese SA	4,000	4,000
AET Italia Srl	3,068	2,568
Lucendro SA	-	4,900
Other	67	217
<b>Total</b>	<b>34,285</b>	<b>36,832</b>

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.

The advance to Lucendro SA has been reclassified as "Other short-term receivables from subsidiaries" within "Other short-term assets".

## 6. Intangible assets

	Usage rights	Energy procurement rights	Intangible assets under development	Other intangible assets	Total
In CHF 1,000					
<b>Cost value at 01.01.2022</b>	<b>15,586</b>	<b>144,555</b>	<b>1,340</b>	<b>11,749</b>	<b>173,230</b>
Reclassification	–	–	–285	325	40
Additions	–	–	426	–	426
Disposals	–	–	–	–	–
<b>Cost value at 31.12.2022</b>	<b>15,586</b>	<b>144,555</b>	<b>1,481</b>	<b>12,074</b>	<b>173,696</b>
Reclassification	–	–	–228	228	–
Additions	–	–	429	–	429
Disposals	–	–	–	–	–
<b>Cost value at 31.12.2023</b>	<b>15,586</b>	<b>144,555</b>	<b>1,682</b>	<b>12,302</b>	<b>174,125</b>
<b>Accumulated amortisation at 01.01.2022</b>	<b>–8,421</b>	<b>–144,555</b>	<b>–</b>	<b>–9,657</b>	<b>–162,633</b>
Reclassification	–	–	–	–	–
Amortisation	–222	–	–	–373	–595
Additions	–	–	–	–	–
Disposals	–	–	–	–	–
Impairments	–	34,228	–	–	34,228
<b>Accumulated amortisation at 31.12.2022</b>	<b>–8,643</b>	<b>–110,327</b>	<b>–</b>	<b>–10,030</b>	<b>–129,000</b>
Reclassification	–	–	–	–	–
Amortisation	–219	–6,846	–	–400	–7,465
Additions	–	–	–	–	–
Disposals	–	–	–	–	–
Impairments	–	–	–	–	–
<b>Accumulated amortisation at 31.12.2023</b>	<b>–8,862</b>	<b>–117,173</b>	<b>–</b>	<b>–10,430</b>	<b>–136,465</b>
<b>Net carrying amount at 01.01.2022</b>	<b>7,165</b>	<b>0</b>	<b>1,340</b>	<b>2,092</b>	<b>10,597</b>
<b>Net carrying amount at 31.12.2022</b>	<b>6,943</b>	<b>34,228</b>	<b>1,481</b>	<b>2,044</b>	<b>44,696</b>
<b>Net carrying amount at 31.12.2023</b>	<b>6,724</b>	<b>27,382</b>	<b>1,682</b>	<b>1,872</b>	<b>37,660</b>

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).

## 7. Other non-current assets

As of 31.12.2023 this item includes in particular the deficit arising from volume- and tariff-related timing differences of the distribution grid for CHF 10.6 million (2022: CHF 6.8 million, in the balance sheet as of 31.12.2022 this deficit is booked within "Prepayments and accrued income") as well as a timing difference deficit related to pluriannual contracts for CHF 10.9 million (2022: –).

## 8. Other short-term assets

	31.12.2023	31.12.2022
In CHF 1,000		
Other short-term receivables from subsidiaries	4,900	–
Other short-term receivables from associates	–	–
Other short-term receivables from other related parties	431	1,269
Other short-term receivables from third parties	18,445	41,373
Positive replacement values of transactions valued at market value	636	37,901
Energy related and similar certificates	2,789	1,241
Inventories of spare parts and consumables	3,485	3,105
<b>Total</b>	<b>30,686</b>	<b>84,889</b>

“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”.

## 9. Prepayments and accrued income

	31.12.2023	31.12.2022
In CHF 1,000		
Subsidiaries	844	70
Associates	6,936	5,106
Other related parties	26,534	23,835
Third parties	152,496	132,236
Deposits to energy exchanges for hedging operations	247,875	668,682
Work in progress	3,909	2,457
<b>Total</b>	<b>438,594</b>	<b>832,386</b>

The balance includes amounts in foreign currency for EUR 392.7 million (EUR 773.0 million at 31.12.2022).

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 in the income statement in the financial period of power delivery, the decrease of the balance incurred in 2023 is due to the delivery of hedged positions and to the, at least partially, reduced market price volatility.

## 10. Receivables from goods and services

	31.12.2023	31.12.2022
In CHF 1,000		
Subsidiaries	774	1,928
Associates	8,821	5,216
Other related parties	394	228
Third parties	34,135	18,286
<b>Total</b>	<b>44,124</b>	<b>25,658</b>

The balance includes amounts in foreign currency for EUR 7.5 million (EUR 4.9 million at 31.12.2022).

## 11. Cash and cash equivalents

	31.12.2023	31.12.2022
In CHF 1,000		
Balances in CHF	3,987	41,775
Balances in foreign currencies	10,424	11,212
<b>Total</b>	<b>14,411</b>	<b>52,987</b>

## 12. Provisions

	Energy onerous contracts	Personnel related expenses	Other	Total
In CHF 1,000				
<b>Carrying amount at 01.01.2022</b>	<b>24,101</b>	<b>3,983</b>	<b>4,750</b>	<b>32,834</b>
<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
<b>Carrying amount at 31.12.2022</b>	<b>17,200</b>	<b>2,315</b>	<b>5,090</b>	<b>24,605</b>
<i>thereof long-term</i>	–	–	3,240	3,240
<i>thereof short-term</i>	17,200	2,315	1,850	21,365
Reclassification	–	–	–	–
Increase	–	568	–	568
Utilisation	–17,095	–340	–461	–17,896
Release	–105	–	–1,800	–1,905
<b>Carrying amount at 31.12.2023</b>	<b>–</b>	<b>2,543</b>	<b>2,829</b>	<b>5,372</b>
<i>thereof long-term</i>	–	–	2,779	2,779
<i>thereof short-term</i>	–	2,543	50	2,593

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.

### 13. Long-term financial liabilities

	31.12.2023	31.12.2022
In CHF 1,000		
Liabilities due between 1 and 5 years	243,494	53,000
Liabilities due between 5 and 10 years	115,000	90,000
Liabilities due after 10 years	35,000	60,000
<b>Total</b>	<b>393,494</b>	<b>203,000</b>

The position "Liabilities due between 1 and 5 years" includes a loan for CHF 1.9 million made by the participated company SPE Società per Partecipazioni Energetiche SA.

The position "Liabilities due after 10 years" includes a loan for CHF 10 million made by the Repubblica e Cantone Ticino.

### 14. Other short-term liabilities

	31.12.2023	31.12.2022
In CHF 1,000		
Other short-term liabilities towards subsidiaries	–	–
Other short-term liabilities towards associates	53	77
Other short-term liabilities towards other related parties	3,280	4,533
Other short-term liabilities towards third parties	14,276	7,867
Negative replacement values of transactions valued at market value	575	37,116
<b>Total</b>	<b>18,184</b>	<b>49,593</b>

### 15. Short-term financial liabilities

	31.12.2023	31.12.2022
In CHF 1,000		
Financial liabilities in CHF	317,000	738,000
Financial liabilities in foreign currency	–	87,883
<b>Total</b>	<b>317,000</b>	<b>825,883</b>

The increase in short-term financial liabilities in 2022 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. The decrease of short-term debt in 2023 reflects the gradual normalisation of these payments and is partially due to long-term refinancing.



## 16. Accrued liabilities and deferred income

	31.12.2023	31.12.2022
In CHF 1,000		
Subsidiaries	452	778
Associates	4	1
Other related parties	2,555	8,827
Third parties	83,551	121,813
<b>Total</b>	<b>86,562</b>	<b>131,419</b>

The balance includes amounts in foreign currency for EUR 51.3 million (EUR 90.2 million at 31.12.2022).

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

## 17. Payables from goods and services

	31.12.2023	31.12.2022
In CHF 1,000		
Subsidiaries	791	651
Associates	18	4
Other related parties	3,607	3,301
Third parties	15,871	4,687
<b>Total</b>	<b>20,287</b>	<b>8,643</b>

The balance includes amounts in foreign currency for EUR 3.4 million (EUR 0.5 million at 31.12.2022).

## 18. Energy income

	2023	2022
In CHF 1,000		
Energy sales in Switzerland	657,145	441,055
Energy sales in Germany	155,547	251,112
Energy sales in France	124,041	186,280
Other energy income	24,075	153,235
<b>Total</b>	<b>960,808</b>	<b>1,031,682</b>

## 19. Other operating income

	2023	2022
In CHF 1,000		
Income from services	15,343	13,787
Own work capitalised	4,935	4,740
Other	4,232	4,186
<b>Total</b>	<b>24,510</b>	<b>22,713</b>

## 20. Energy purchases

	2023	2022
In CHF 1,000		
Purchases from participations	-101,173	-145,248
Long-term contractual purchases	-40,001	-33,817
Purchases on the market	-774,601	-909,910
<b>Total</b>	<b>-915,775</b>	<b>-1,088,975</b>

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

## 21. Personnel expenses

	2023	2022
In CHF 1,000		
Salaries and other compensation	-27,974	-25,294
Social contributions	-6,342	-5,900
Other expenses	-630	-630
Recoveries from insurance companies	281	271
<b>Total</b>	<b>-34,665</b>	<b>-31,553</b>

In 2023 the total compensation (gross of the legal contributions) of the six executive committee members has been of CHF 1.6 million, respectively of CHF 0.3 million for the seven members of the Board of Directors.

## Employees of the company

	31.12.2023	31.12.2022
Full time equivalent		
Permanent employees	257.7	245.8
Auxiliary employees	10.9	9.9
Apprentices	50.0	46.0
<b>Total</b>	<b>318.6</b>	<b>301.7</b>

## 22. Depreciation, amortisation and impairment

	2023	2022
In CHF 1,000		
Depreciation on tangible fixed assets	-13,745	-13,831
Amortisation on intangible assets	-7,464	-595
Other depreciation and amortisation	-1,544	-1,685
Reversal of impairments on non-current assets	2,566	34,228
<b>Total</b>	<b>-20,187</b>	<b>18,117</b>

## 23. Other operating expenses

	2023	2022
In CHF 1,000		
Water fees	-12,873	-12,873
Local taxes and other contributions	-3,799	-3,752
Other	-6,051	-6,374
<b>Total</b>	<b>-22,723</b>	<b>-22,999</b>

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

## 24. Financial result

	2023	2022
In CHF 1,000		
Interest income	2,113	695
Income from participations	3,238	2,724
Exchange rate differences	-16,300	-586
Interest payments	-21,492	-8,819
Other financial expenses	-977	-465
<b>Total</b>	<b>-33,418</b>	<b>-6,451</b>

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

## 25. Extraordinary result

	2023	2022
In CHF 1,000		
Profit from disposal of non-current assets	31	12
Other extraordinary income	24	151
Increase of provisions	-	-1,188
<b>Total</b>	<b>55</b>	<b>-1,025</b>

## 26. Contingent assets and liabilities

	31.12.2023	31.12.2022
In CHF 1,000		
Guarantees in the interest of:		
Subsidiaries	6,178	11,759
Associates	–	–
Third parties	–	4,515
<b>Total</b>	<b>6,178</b>	<b>16,274</b>

Guarantees are issued as security of financing facilities granted to group companies or as security for operating commitments. In 2023, AET requested the initiation of an arbitration under the Energy Charter Treaty at the International Center for Settlement of Investment Disputes with the aim to obtain financial compensation from the German government with respect to the loss caused by German coal power exit. The procedure is ongoing and it is not possible to estimate the amount of a potential indemnification.

## 27. 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

31.12.2023	Energy sales		Energy purchases	
	Market transactions and sales to resellers	Long-term contracts	Market transactions and purchases from resellers	Long-term contracts
Cumulative volume in CHF 1,000				
2024	1,386,243	38,887	1,050,231	42,527
from 2 to 5 years	908,232	169,435	560,421	133,118
over 5 years	16,777	204,887	–	45,646

31.12.2022	Energy sales		Energy purchases	
	Market transactions and sales to resellers	Long-term contracts	Market transactions and purchases from resellers	Long-term contracts
Cumulative volume in CHF 1,000				
2023	1,434,879	32,939	920,998	42,469
from 2 to 5 years	1,041,197	161,062	813,970	163,290
over 5 years	18,646	203,846	–	40,956

AET further has an offtake commitment for the energy produced by its own power generation participations and the participations held by the Repubblica e Cantone 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

31.12.2023	Maturity year 2024		Maturity year 2025	
	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	–	–	–	–
Sell EUR	82,000	0.94	–	–

	Maturity year 2024		Maturity year 2025	
	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	8,334	0.90	1,323	0.87
Sell USD	1,825	0.91	–	–

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	–	–

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

At 31.12.2023 AET has no off-balance sheet lease commitments (31.12.2022: unchanged).

## 28. Pension benefit obligations

CPE Fondazione di Previdenza Energia	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
In CHF 1,000					
31.12.2023	113.9%	–	–	–3,143	–3,143
31.12.2022	107.7%	–	–	–2,714	–2,714

## 29. Transactions with related parties

### Transactions with subsidiaries

	2023	2022
In CHF 1,000		
Energy income	724	785
Service and other income	2,361	3,164
Financial income	943	463
Energy purchases	8,195	12,846
Service and other expenses	–	152

### Transactions with associates

	2023	2022
In CHF 1,000		
Energy income	49,448	34,125
Service and other income	14,449	13,882
Financial income	1,072	1,072
Energy purchases	217	100
Service and other expenses	3,297	2,840

### Transactions with other related parties

	2023	2022
In CHF 1,000		
Energy income	1,349	1,122
Service and other income	3,641	2,856
Financial income	638	619
Energy purchases	92,698	135,062
Service and other expenses	1,800	2,135

## 30. 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.

## 31. Subsequent events

2023: no significant event.

2022: no significant event.

## 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 2023	-24,070
- to the State: 8% interest on the endowment capital	-3,200
- dividend to the State	-
- allocation to the general reserves	-
<b>Allocation to the results carried forward</b>	<b>-27,270</b>



# 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 2023, 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 2023, 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  
Gran Consiglio of Repubblica e  
Cantone Ticino

**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  
Gran Consiglio of Repubblica e  
Cantone Ticino

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

Silvan Jurt  
Licensed Audit Expert  
Auditor in Charge

Sarah Cereghetti  
Licensed Audit Expert

Lugano, 25 April 2024



Transporting a section of the new butterfly valves to the entrance of the valve chamber. To facilitate the transport of the new valves, the access road to the chamber was renovated and widened in the summer of 2022.

# Annexes

## AET Group companies

	Value	Nominal equity at 31.12.2023 In 1,000	Participation at 31.12.2023 %	Participation at 31.12.2022 %
<b>AKEB Aktiengesellschaft für Kernenergie – Beteiligungen</b>				
<b>Luzern (AKEB), CH-Luzern</b> <i>Nuclear energy participations and offtake rights</i>	CHF	90,000	7.00	7.00
<b>Aliunid AG, CH-Zug</b> <i>Online energy sale platform</i>	CHF	188	4.66	4.66
<b>Calore SA, CH-Locarno</b> <i>Production and distribution of thermal energy</i>	CHF	2,000	65.00	65.00
<b>Capriasca Calore SA, CH-Capriasca</b> <i>Production and distribution of thermal energy</i>	CHF	1,313	33.33	33.33
<b>Geo-Energie Suisse AG, CH-Zürich</b> <i>Development of geothermal power</i>	CHF	2,270	4.41	4.41
<b>Kraftwerke Mattmark AG (KW Mattmark), CH-Saas Grund</b> <i>Sub-participation through Axpo Trading AG. Hydroelectric power generation</i>	CHF	90,000	8.41	8.41
<b>Kwick SA, CH-Locarno</b> <i>Energy sale and related services</i>	CHF	2,000	44.20	–
<b>Lucendro SA, CH-Airolo</b> <i>Hydroelectric power generation</i>	CHF	3,000	100.00	100.00
<b>Metanord SA, CH-Bellinzona</b> <i>Gas distribution</i>	CHF	18,000	33.33	33.33
<b>Parco eolico del San Gottardo SA (PESG), CH-Airolo</b> <i>Wind power generation</i>	CHF	6,000	70.00	70.00
<b>PIÙCALORE SA, CH-Bellinzona</b> <i>Development, promotion and services in thermal energy field</i>	CHF	1,000	31.20	31.20
<b>Senco Holding SA, CH-Locarno</b> <i>Holding participation into hydroelectric power generation (micro power plants)</i>	CHF	150	65.00	65.00
<b>CEL Bedretto SA, CH-Bedretto</b> <i>Hydroelectric power generation</i>	CHF	200	13.00	13.00
<b>CEL Buseno SA, CH-Buseno</b> <i>Development of a hydroelectric power plant</i>	CHF	100	13.00	13.00
<b>CEL Campo Vallemaggia SA, CH-Campo Vallemaggia</b> <i>Hydroelectric power generation</i>	CHF	400	14.30	14.30
<b>CEL Cauco SA in liquidazione, CH-Cauco</b> <i>Development of a hydroelectric power plant</i>	CHF	–	–	13.00
<b>CEL Cerentino SA, CH-Cerentino</b> <i>Hydroelectric power generation</i>	CHF	200	13.00	13.00
<b>CEL Dalpe SA, CH-Dalpe</b> <i>Hydroelectric power generation</i>	CHF	200	11.70	11.70
<b>CEL Lavizzara SA, CH-Lavizzara</b> <i>Hydroelectric power generation</i>	CHF	200	13.00	13.00
<b>Senco Sagi, CH-Locarno</b> <i>Services in favour of hydroelectric power plants promoted by Senco Holding SA</i>	CHF	220	65.00	65.00

	Value	Nominal equity at 31.12.2023 In 1,000	Participation at 31.12.2023 %	Participation at 31.12.2022 %
<b>Società Elettrica Sopracenerina SA (SES), CH-Locarno</b> <i>Power distribution company and grid management</i>	CHF	16,500	30.00	30.00
<b>Energie Rinnovabili Losone (ERL) SA, CH-Losone</b> <i>Production and distribution of thermal energy</i>	CHF	2,700	10.00	10.00
<b>Enerti SA, CH-Monteceneri</b> <i>Energy related services</i>	CHF	200	9.27	9.27
<b>GreenGAS Ticino SA, CH-Bellinzona</b> <i>Biogas production</i>	CHF	4,000	15.00	–
<b>SES Controlli Sagl, CH-Locarno</b> <i>Service company</i>	CHF	20	30.00	30.00
<b>SES Collaudi Sagl, CH-Locarno</b> <i>Service company</i>	CHF	20	24.00	24.00
<b>Società della Funicolare Locarno - Madonna del Sasso SA (FLMS), CH-Locarno</b> <i>Ownership and operation of a funicular</i>	CHF	900	4.09	4.09
<b>Società Locarnese di Partecipazioni e Immobiliare SA (SAP SA), CH-Locarno</b> <i>Real estate company</i>	CHF	2,064	29.99	29.99
<b>SPE Società per Partecipazioni Energetiche SA (SPE), CH-Bellinzona</b> <i>Holding company</i>	CHF	8,000	100.00	100.00
<b>AET Italia Srl, I-Milan</b> <i>Inactive company</i>	EUR	871	100.00	100.00
<b>CEG Srl, I-Milan</b> <i>Inactive company</i>	EUR	120	100.00	100.00
<b>Nord Energia SpA in liquidazione, I-Milan</b> <i>Management of cross-border interconnection power line (Merchant Line)</i>	EUR	10,200	40.00	40.00
<b>CMC MeSta SA in liquidazione, CH-Bellinzona</b> <i>Detention of Mendrisio – Stabio cross-border power line</i>	CHF	–	–	40.00
<b>Swissgrid AG, CH-Aarau</b> <i>Swiss transmission system operator</i>	CHF	334,495	2.59	1.62
<b>TERIS Teleriscaldamento del Bellinzonese SA (TERIS), CH-Bellinzona</b> <i>Production and distribution of thermal energy</i>	CHF	10,000	60.00	60.00
<b>Terravent AG, CH-Luzern</b> <i>Wind power generation</i>	CHF	17,952	12.53	12.53
<b>Trianel Kohlekraftwerk Lünen GmbH &amp; Co. KG (TKL), D-Aachen</b> <i>Coal fired power generation, Lünen</i>	EUR	147,944	15.84	15.84

## Statistical informations

### Production and purchases of AET Group

	Winter	Summer	2023	2022
In GWh				
<b>Production AET Group</b>				
AET Biaschina	151	120	271	218
AET Piottino	110	42	152	184
Lucendro	51	1	52	78
AET Stalvedro	21	17	38	27
AET Ofima exchange	8	20	28	25
AET Ponte Brolla	5	6	11	5
AET Tremorgio	3	0	3	5
Parco eolico del San Gottardo (70% share of AET)	6	4	10	9
Photovoltaic	1	3	4	4
<b>Total production AET Group</b>	<b>356</b>	<b>213</b>	<b>569</b>	<b>555</b>
<b>Production participations (share attributable to AET Group)</b>				
Maggia	138	69	207	167
Blenio	99	51	150	94
Verzasca	43	37	80	23
KW Mattmark	26	27	53	53
Senco Group	1	2	3	3
SES Giumaglio	3	4	7	3
SES Ticinetto	1	2	3	2
Terravent AG	27	16	43	41
AKEB	168	149	317	284
KK Leibstadt	8	6	14	15
Trianel TKL	197	104	301	577
<b>Total production participations</b>	<b>711</b>	<b>467</b>	<b>1,178</b>	<b>1,262</b>
Long-term contracts <sup>1</sup>	335	356	691	665
Purchases on the market	2,684	2,742	5,426	6,025
<b>Total</b>	<b>4,086</b>	<b>3,778</b>	<b>7,864</b>	<b>8,507</b>

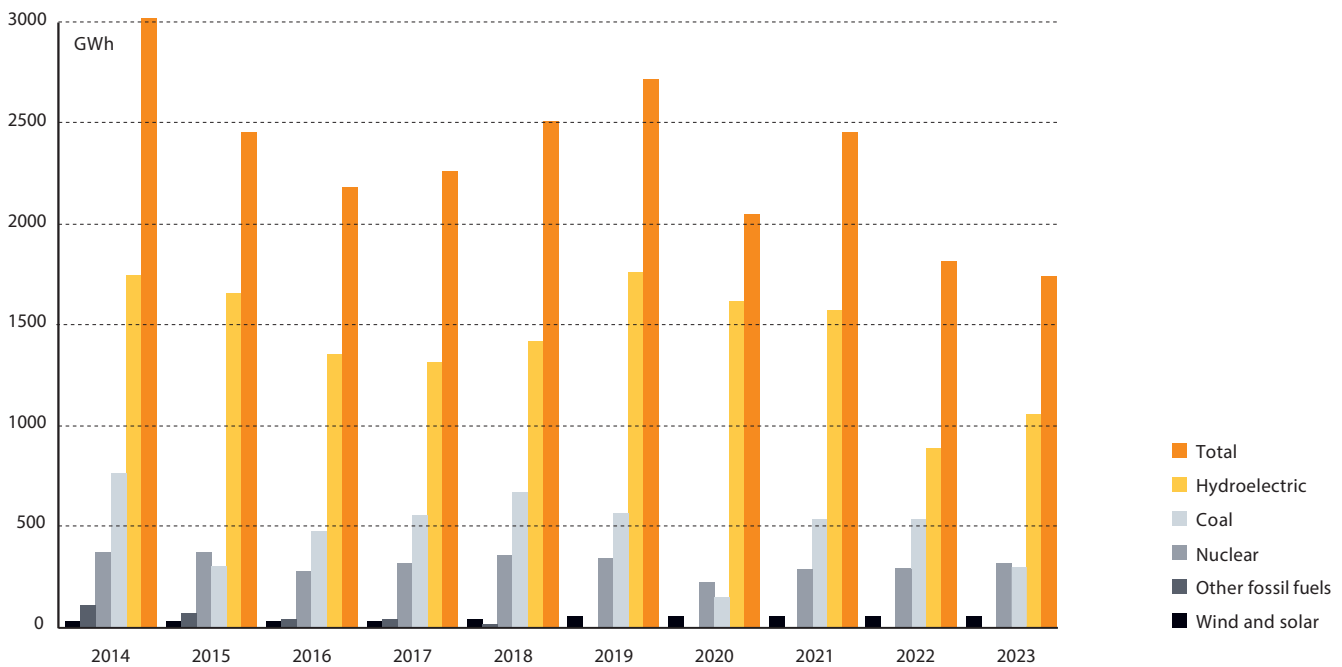
<sup>1</sup> Delivery contractualised for more than 5 years



## Supply of AET Group

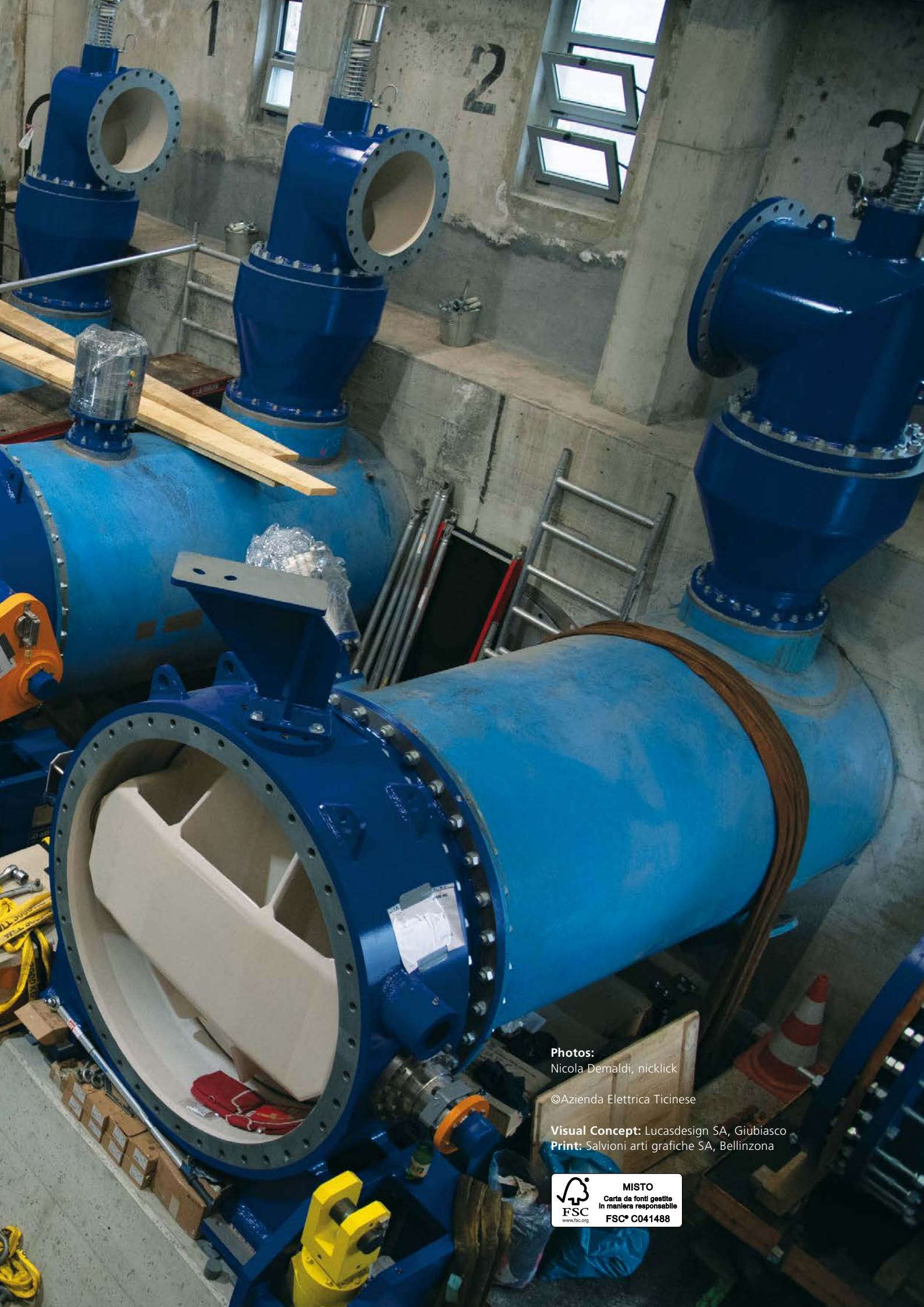
	Winter	Summer	2023	2022
In GWh				
Sales to distribution companies	838	634	1,472	1,557
Sales to end customers	171	164	335	378
Sales on the market	3,046	2,949	5,995	6,484
[OPEN]	31	31	62	88
<b>Total</b>	<b>4,086</b>	<b>3,778</b>	<b>7,864</b>	<b>8,507</b>

## Production AET Group and participations





A phase of the assembly of the six new butterfly valves at the entrance of the three penstocks. For each penstock, a service valve and an inspection valve are installed.



Photos:  
Nicola Demaldi, nicklick

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