Financial Report

Financial Review

In financial year 2023, the Alpiq Group generated a very good result in a stabilising market environment. The new integrated steering of the Alpiq Group along the value chain, the adapted risk-return approach and the focus on core competences and core markets initiated in 2021 contributed significantly to this result. The flexible production portfolio and the high availability of the power plants were optimally used by the value chain element Assets. Excellent performance was also driven by Trading and Origination, thanks to good market positioning and long-standing customer relationships across Europe.

One of the decisive factors of the outstanding result in 2023 was the consistent and integrated management of the Alpiq Group along the value chain. Instead of separate business divisions, Alpiq is now steered along the three value chain elements: Assets, Trading and Origination. Alpiq's production and asset trading are mapped in the Assets value chain element. Trading includes proprietary trading activities with electricity, gas, emission allowances and other certificates. The customer business for energy management, direct marketing of third-party renewable energy assets and structured energy products are combined in Origination. The new value chain steering is presented in the adjusted segment reporting and reflects management's view on Alpiq's business.

In addition, the adapted risk-return management approach was also central to success. Alpiq not only integrated liquidity steering and financing planning more fully into daily operations, but also adjusted the hedging strategy to reflect the changed market environment. The divestment of the Vetrocom windpark in Bulgaria in 2023 is a result of Alpiq's focus on core competences and core markets.

Over the past few months, Alpiq's management has been in close dialogue with the Board of Directors and the shareholders to define Alpiq's future strategic direction. Since 2021, Alpiq has lived up to its new purpose and aligned its business to contribution to security of supply and to a better climate. Thus, Alpiq has focused on its core competences and core markets in order to increase resilience and profitability for future investments in security of supply and climate sensitive operations. Alpiq's Board of Directors has confirmed this strategic path and sustains Alpiq's further development as a low carbon flexibility provider with its asset, trading and origination business. Energy transition is doomed to fail without better integration of the growing base of intermittent wind and solar energy supply. This needs to be balanced with a continued reliable steady electricity demand for all customers. And it is precisely in this area that Alpiq wants to play a growing role. Alpiq has been one of the leading market players providing the flexibility solutions needed in European markets for decades thanks to its highly flexible hydroelectric fleet. Like this Alpiq can contribute significantly to the low carbon energy transition with increased security of supply. Alpiq intends to become Net Zero by 2040. So far, Alpiq has a strong asset base of hydro and thermal plants, nuclear and renewable assets. This low-carbon and flexible asset portfolio is operated and optimised in the best possible way. An example of Alpiq's asset portfolio is the pumped-storage power plant Nant de Drance. The 900-megawatt power plant, now in its second year of operation, helps to stabilise the Swiss and European electricity grid through its ability to switch from pumping to generation in less than five minutes. The renovated power plants Fionnay and Nendaz, part of Grande Dixence, and Gabi, part of Energie Electrique du Simplon, were officially inaugurated in autumn 2023. All three power stations have been completely renovated over the past few years and were gradually put back into operation since the beginning of 2023. Started in 2023, Alpiq will also invest substantially in upgrading the highly flexible San Severo combined cycle gas turbine (CCGT) plant in 2024. This investment will not only extend the plant's useful life, but also improve its performances in terms of power output and efficiency, thus reducing the emissions per MWh generated. In addition, the upgrade will enable gas to be blended with H2. By investing in Swiss hydropower and other flexible assets, Alpiq is able to procure urgent and massively needed winter energy and storage capacity, and contributes to security of supply in Switzerland and Europe.

Thanks to the strong business result in 2023, Alpiq Group was able to increase its liquidity compared with the previous year, which allowed the payment of an extraordinary dividend in 2023 and contributed to Alpiq's net cash rather than net debt position.

To enable transparent presentation of the Group results before non-operating effects, the consolidated income statement is presented as a pro forma statement. The commentary on financial performance relates to a view of operating EBITDA, EBIT and net income before non-operating effects. The non-operating effects are detailed in the section "Alternative performance measures of Alpiq".

Alpiq Group: results of operations (before non-operating effects)

Due to the lower price level on the energy markets, adjusted net revenue decreased by CHF 6.5 billion compared with the previous year to reach CHF 8.4 billion. Adjusted EBITDA increased by CHF 711 million to CHF 1'184 million; thus, the EBITDA margin rose from 3% to 14%. All three elements of the value chain – Assets, Trading and Origination – made an excellent contribution to earnings and exceeded the previous year's results.

Consolidated income statement (pro forma statement before and after non-operating effects)

	2023			2022		
CHF million	Results of operations before non-operating effects	Non-operating effects	Results under IFRS	Results of operations before non-operating effect	Non-operating effects	Results under IFRS
Net revenue	**8,396**	**563**	**8,959**	**14,861**	**– 230**	**14,631**
Own work capitalised	5		5	7		7
Other operating expenses	19		19	31		31
Total revenue and other income	**8,420**	**563**	**8,983**	**14,899**	**– 230**	**14,669**
Energy and inventory costs	– 6,852	59	– 6,793	– 14,076	103	– 13,973
Employee costs	– 228		– 228	– 240		– 240
Other operating expenses	– 156		– 156	– 110		– 110
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**1,184**	**622**	**1,806**	**473**	**– 127**	**346**
Depreciation, amortisation and impairment [1]	– 112		– 112	– 120	23	– 97
Earnings before interest and tax (EBIT)	**1,072**	**622**	**1,694**	**353**	**– 104**	**249**
Share of results of partner power plants and other associates	– 23		– 23	– 59		– 59
Finance costs	– 144		– 144	– 81		– 81
Finance income	47		47	7		7
Earnings before tax (EBT)	**952**	**622**	**1,574**	**220**	**– 104**	**116**
Income tax expense [2]	– 132	– 106	– 238	– 48	43	– 5
Net income	**820**	**516**	**1,336**	**172**	**– 61**	**111**

1 In 2022, including reversals of impairment losses
2 Since 2023, Alpiq calculates the tax effect on non-operating effects. The previous-year figures have been extended accordingly.

Results of operations by segment

	2023					2022				
CHF million	Assets	Trading	Origination	Other[1]	Alpiq Group	Assets	Trading	Origination	Other[1]	Alpiq Group
Net revenue	4,075	3,154	6,511	– 4,781	8,959	5,030	6,475	9,997	– 6,871	14,631
Non-operating effects	– 403	– 80	– 80		– 563	30	17	175	8	230
Adjusted net revenue	**3,672**	**3,074**	**6,431**	**– 4,781**	**8,396**	**5,060**	**6,492**	**10,172**	**– 6,863**	**14,861**
Other income	32	1		– 9	24	41		1	– 4	38
Adjusted total revenue and other income	**3,704**	**3,075**	**6,431**	**– 4,790**	**8,420**	**5,101**	**6,492**	**10,173**	**– 6,867**	**14,899**
Energy and other costs	– 2,605	– 3,021	– 6,262	4,711	– 7,177	– 4,528	– 6,504	– 10,107	6,816	– 14,323
Non-operating effects	– 59				– 59	– 103				– 103
Adjusted energy and other costs	**– 2,664**	**– 3,021**	**– 6,262**	**4,711**	**– 7,236**	**– 4,631**	**– 6,504**	**– 10,107**	**6,816**	**– 14,426**
Adjusted EBITDA	**1,040**	**54**	**169**	**– 79**	**1,184**	**470**	**– 12**	**66**	**– 51**	**473**
Depreciation, amortisation and impairment[2]	– 100		– 3	– 9	– 112	– 79		– 3	– 15	– 97
Non-operating effects						– 23				– 23
Adjusted depreciation, amortisation and impairment	**– 100**		**– 3**	**– 9**	**– 112**	**– 102**		**– 3**	**– 15**	**– 120**
Adjusted EBIT	**940**	**54**	**166**	**– 88**	**1,072**	**368**	**– 12**	**63**	**– 66**	**353**

1 The segment results are carried over to the Alpiq Group's consolidated figures by including the units with limited market operations (Corporate), Group consolidation effects as well as other reconciliation items. For more details, please refer to note 2.1 of the notes to the consolidated financial statements.
2 In 2022, including reversals of impairment losses

Assets

With an adjusted EBITDA of CHF 1'040 million, the value chain element Assets exceeded the previous year's result by CHF 570 million. This was driven primarily by the Swiss asset-based business with its flexible hydropower plants which were optimally used and optimised by anticipating the market. These hydropower plants also benefited from higher inflows and were able to increase production, driven mainly by heavy rainfall in autumn. Furthermore, Alpiq contributed substantially to Swiss grid stability by providing ancillary services to the grid operator. The Italian, Spanish and Hungarian asset-based business benefited from high availability of the thermal powerplants and the corresponding successful marketing of the flexibility on the energy markets. The powerplants also provided ancillary services and contributed to grid stability in the respective countries.

Trading

The Trading value chain element generated an adjusted EBITDA of CHF 54 million, exceeding the previous year's result by CHF 66 million. The market environment normalised in financial year 2023. Despite lower prices, lower volatility and the associated fewer opportunities in the trading business, Alpiq achieved a good result with commodity trading. In the Western Europe region in particular, the previous year's result was exceeded thanks to electricity and certificate trading and management of cross-border capacities.

Origination

With an adjusted EBITDA of CHF 169 million, the result of the Origination value chain element was CHF 103 million higher than in the previous year. The customer business benefited from calmer market conditions compared with the previous year. Portfolio management, customer loyalty and proximity to major customers paid off. In the French market, the key account business increased significantly. The German market rose on the previous year thanks to day-ahead market access deals and structured and flexible products. The sales business in the Italian, Spanish and Hungarian markets also made a positive contribution to the result.

Alternative performance measures of Alpiq

To measure and present its operating performance, Alpiq also uses alternative performance measures through to the level of “Net income”. Alpiq makes adjustments to the IFRS results for non-operating effects which Alpiq does not consider part of results of operations

These performance measures do not have a standardised definition in IFRS. This can therefore limit comparability with such measures as defined by other companies. These performance measures are presented in a pro forma statement in order to give investors a deeper understanding of how Alpiq’s management measures the performance of the Group. However, they are no substitute for IFRS performance measures. Starting from 1 January 2023, the category onerous contracts also contains impairment losses and reversals. This did not result in any adjustments of the comparative figures for the year 2022.

Overview of non-operating effects

	Fair value changes (accounting mismatch)		Development of decommissioning and waste disposal funds		Impairment losses and onerous contracts		Total non-operating effects	
CHF million	2023	2022	2023	2022	2023	2022	2023	2022
Net revenue	**567**	**– 250**	**– 4**	**20**			**563**	**– 230**
Total revenue and other income	**567**	**– 250**	**– 4**	**20**			**563**	**– 230**
Energy and inventory costs			59	– 296		399	59	103
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**567**	**– 250**	**55**	**– 276**	**0**	**399**	**622**	**– 127**
Depreciation, amortisation and impairment [1]						23	0	23
Earnings before interest and tax (EBIT)	**567**	**– 250**	**55**	**– 276**	**0**	**422**	**622**	**– 104**
Earnings before tax (EBT)	**567**	**– 250**	**55**	**– 276**	**0**	**422**	**622**	**– 104**
Income tax expense [2]	– 98	61	– 8	45		– 63	– 106	43
Net income	**469**	**– 189**	**47**	**– 231**	**0**	**359**	**516**	**– 61**

1 In 2022, including reversals of impairment losses
2 Since 2023, Alpiq calculates the tax effect on non-operating effects. The previous-year figures have been extended accordingly.

Alpiq has defined the following categories of non-operating effects:

Fair value changes (accounting mismatch)

Negative fair value changes of energy derivatives entered into to hedge future power production as well as energy procurement and energy delivery contracts do not reflect operating performance because they are economically linked with the changes in value of the hedged transactions. Rising forward prices cause the future production volumes and power purchase agreements to increase in value and the corresponding hedges to lose value. According to IFRS accounting policies, the fair value changes of financial hedges between the last and the current balance sheet date have to be recognised in the reporting year. As the future production volumes and the physical power purchase agreements are not measured at fair value and positive changes in value therefore cannot be recognised in the reporting year, this results in an accounting mismatch.

Accounting mismatch and expected reversals (based on energy prices as of 31 December 2023)

CHF million	
Accounting mismatch until 31 December 2022	– 725
Change in accounting mismatch in 2023	567
Total accounting mismatch at 31 December 2023	**– 158**
Of which, will be reversed in 2024	192
Of which, will be reversed in 2025	– 10
Of which, will be reversed in 2026	– 22
Of which, will be reversed after 2026	– 2

Development of decommissioning and waste disposal funds

The operating companies of Switzerland's nuclear power plants are required to make payments into the decommissioning fund and the waste disposal fund to ensure that decommissioning and waste disposal activities are funded. The investments of these two funds are exposed to market fluctuations and changes in estimates, which cannot be influenced by Alpiq but which do influence electricity procurement costs. The difference between the return actually generated by the funds and the return budgeted by the nuclear power plants of 2.75% is classified and recorded as a non-operating effect.

Impairment losses and onerous contracts

Effects in connection with the future procurement of energy from the Nant de Drance pumped storage power plant (until June 2022) relate to effects that are attributable to changes in expectations regarding future developments. Management therefore does not take these into account in the assessment of Alpiq's operating performance. No onerous contracts are stated as non-operating effects after July 2022. No impairment or reversals of impairment losses occured during 2023.

Consolidated balance sheet and cash flow statement (after non-operating effects)

Total assets amounted to CHF 10.5 billion at the 31 December 2023 reporting date, compared with CHF 15.1 billion at end 2022. Driven predominantly by lower energy prices, non-current assets fell by CHF 750 million to CHF 4.5 billion, due mainly to a decrease in non-current derivative financial instruments. Current assets also declined by CHF 3.9 billion to CHF 5.9 billion at 31 December 2023. Lower prices led to a fall in trade and other current receivables of CHF 2.1 billion and current derivative financial instruments of CHF 2.1 billion. Cash and cash equivalents (up by CHF 99 million excluding cash held for sale) and current term deposits (up by CHF 364 million) increased to a total of CHF 1.9 billion. The increase in cash and cash equivalents and current term deposits driven be the strong operational performance turned net debt of CHF 107 million at 31 December 2022 into net cash of CHF 347 million at 31 December 2023, leaving Alpiq in a strong financial position.

Total equity increased significantly by CHF 1.3 billion due to the strong financial performance of Alpiq in 2023 and stood at CHF 4.8 billion at 31 December 2023. As a result of the decrease in the total assets and a net income of CHF 1.3 billion in 2023, the equity ratio nearly doubled from 23.4% in the previous year to 45.9% at year-end 2023.

Financial liabilities were stable at CHF 1.6 billion at 31 December 2023. In 2023 two bonds with a nominal value of CHF 375 million were placed successfully on the market. The cash inflow of this financing was used to repay loans that fell due within 2023 and to repay one bond with a nominal value of CHF 141 million that matured in June 2023. Compared with 31 December 2022, non-current liabilities decreased by CHF 616 million to CHF 2.0 billion, while current liabilities decreased by CHF 5.3 billion to CHF 3.6 billion at 31 December 2023. This decrease of total liabilities by CHF 5.9 million was almost exclusively due to lower energy prices resulting in lower market values of derivative financial instruments and decreased trade payables.

Alpiq was able to generate a high operating cash flow due to a very good operational performance in 2023. The positive earnings before taxes of CHF 1.6 billion, partly offset by the change in fair value of derivative financial instruments led to positive net cash flows from operating activities of CHF 618 million (previous year CHF 734 million). Net cash flows from investing activities decreased by CHF 273 million to CHF –309 million in 2023 due to the increase in current and non-current term deposits as a result of cash management. Net cash flows from financing activities amounted to CHF –166 million and were down on the previous year by CHF 125 million, mainly as a result of the extraordinary dividend payment of CHF 93 million in 2023. Proceeds from financial liabilities and repayments of financial liabilities almost balanced each other out. Overall, the increase in cash and cash equivalents amounted to CHF 86 million (including cash held for sale) and thus remained fairly stable at CHF 1’573 million in 2023 compared with CHF 1’487 million in 2022.

Outlook

Following the very strong result in 2023, Alpiq is confident that it will also perform well in 2024 thanks to its highly flexible and reliable production plant portfolio, which helps to ensure security of supply across Europe. Not only is the value chain element Assets expected to generate good results, but the well-positioned Trading business and the firmly anchored Origination business, based on its long-term customer relationships, are also expected to do well. In line with its strategy, Alpiq will continue to focus on its core markets, invest in its flexible production portfolio and expand the Trading business and the Origination activities. Despite the easing in the energy markets, some uncertainty still exists on how the markets will develop in 2024 and the effect on Alpiq. Nevertheless, thanks to its strong financial position, Alpiq expects to maintain its good liquidity and net cash due mainly to a positive cash flow from operating activities in 2024.

Consolidated Financial Statements of the Alpiq Group

Consolidated Income Statement

CHF million	Note	2023	2022
Net revenue	2.2	**8,959**	**14,631**
Own work capitalised		5	7
Other operating income	2.3	19	31
Total revenue and other income		**8,983**	**14,669**
Energy and inventory costs	2.4	– 6,793	– 13,973
Employee costs	2.5	– 228	– 240
Other operating expenses		– 156	– 110
Earnings before interest, tax, depreciation and amortisation (EBITDA)		**1,806**	**346**
Depreciation, amortisation and impairment[1]	4.1 / 4.2	– 112	– 97
Earnings before interest and tax (EBIT)		**1,694**	**249**
Share of results of partner power plants and other associates	4.3	– 23	– 59
Finance costs	2.6	– 144	– 81
Finance income	2.6	47	7
Earnings before tax		**1,574**	**116**
Income tax expense	2.7	– 238	– 5
Net income		**1,336**	**111**
Attributable to non-controlling interests		3	2
Attributable to equity investors of Alpiq Holding Ltd.		1,333	109
Earnings per share in CHF, basic and diluted	2.8	**39.32**	**2.41**

1 In 2022, including reversals of impairment losses

Consolidated Statement of Comprehensive Income

CHF million	2023	2022
Net income	**1,336**	**111**
Cash flow hedges (group companies)	15	9
Income tax effect	– 2	– 2
Net of income tax	13	7
Currency translation differences	18	– 32
Net of income tax	18	– 32
Items that may be reclassified subsequently to the income statement, net of tax	**31**	**– 25**
Remeasurement of defined benefit plans (group companies)	24	– 50
Income tax effect	– 4	8
Net of income tax	20	– 42
Remeasurement of defined benefit plans (partner power plants and other associates)	23	– 48
Income tax effect	– 3	7
Net of income tax	20	– 41
Items that will not be reclassified to the income statement, net of tax	**40**	**– 83**
Other comprehensive income	**71**	**– 108**
Total comprehensive income	**1,407**	**3**
Attributable to non-controlling interests	3	1
Attributable to equity investors of Alpiq Holding Ltd.	1,404	2

Consolidated Balance Sheet

Assets

CHF million	Note	31 Dec 2023	31 Dec 2022 (restated)[1]
Property, plant and equipment	4.1	1,748	1,782
Intangible assets	4.2	73	80
Investments in partner power plants and other associates	4.3	2,155	2,183
Derivative financial instruments	3.1	387	1,072
Defined benefit assets	6.3	41	
Other non-current assets	3.3	20	25
Deferred income tax assets	2.7	111	143
Non-current assets		**4,535**	**5,285**
Inventories	4.4	33	51
Derivative financial instruments	3.1	1,952	4,006
Receivables and other current assets	4.5	1,814	3,881
Prepayments and accrued income		193	290
Current term deposits		371	7
Cash and cash equivalents	4.6	1,573	1,474
Assets held for sale	5.2	4	83
Current assets		**5,940**	**9,792**
Total assets		**10,475**	**15,077**

1 See note 1.4

Equity and liabilities

CHF million	Note	31 Dec 2023	31 Dec 2022 (restated)[2]
Share capital[1]	3.6	0	0
Share premium		4,904	4,904
Hybrid capital	3.6	650	650
Retained earnings and other reserves		– 817	– 2,099
Equity attributable to equity investors of Alpiq Holding Ltd.		**4,737**	**3,455**
Non-controlling interests		74	74
Total equity		**4,811**	**3,529**
Non-current provisions	4.7	109	86
Deferred income tax liabilities	2.7	435	333
Defined benefit liabilities	6.3	2	2
Derivative financial instruments	3.1	305	1,163
Non-current financial liabilities	3.4	1,192	1,075
Non-current liabilities		**2,043**	**2,659**
Current income tax liabilities		76	40
Current provisions	4.7	30	17
Current financial liabilities	3.4	404	526
Other current liabilities	4.9	1,143	3,153
Derivative financial instruments	3.1	1,481	4,343
Accruals and deferred income		486	800
Liabilities held for sale	5.2	1	10
Current liabilities		**3,621**	**8,889**
Total liabilities		**5,664**	**11,548**
Total equity and liabilities		**10,475**	**15,077**

1 The share capital is at CHF 0.331 million.
2 See note 1.4

Consolidated Statement of Changes in Equity

CHF million	Share capital	Share premium	Hybrid capital	Cash flow hedge reserves	Currency translation differences	Retained earnings	**Attributable to equity investors of Alpiq Holding Ltd.**	Non-controlling interests	**Total equity**
Equity at 1 January 2023	**0.3**	**4,904.4**	**650.0**	**29.0**	**– 806.1**	**– 1,322.6**	**3,455.0**	**74.1**	**3,529.1**
Net income						1,332.7	**1,332.7**	2.9	**1,335.6**
Other comprehensive income				12.6	18.8	39.8	**71.2**	0.0	**71.2**
Total comprehensive income				**12.6**	**18.8**	**1,372.5**	**1,403.9**	**2.9**	**1,406.8**
Dividends						– 92.7	**– 92.7**	– 2.7	**– 95.4**
Distributions to hybrid investors						– 29.5	**– 29.5**		**– 29.5**
Equity at 31 December 2023	**0.3**	**4,904.4**	**650.0**	**41.6**	**– 787.3**	**– 72.3**	**4,736.7**	**74.3**	**4,811.0**

CHF million	Share capital	Share premium	Hybrid capital	Cash flow hedge reserves	Currency translation differences	Retained earnings	**Attributable to equity investors of Alpiq Holding Ltd.**	Non-controlling interests	**Total equity**
Equity at 1 January 2022	**0.3**	**4,904.4**	**650.0**	**21.8**	**– 774.5**	**– 1,319.8**	**3,482.2**	**75.7**	**3,557.9**
Net income						109.2	**109.2**	1.9	**111.1**
Other comprehensive income				7.2	– 31.6	– 82.5	**– 106.9**	– 0.9	**– 107.8**
Total comprehensive income				**7.2**	**– 31.6**	**26.7**	**2.3**	**1.0**	**3.3**
Dividends							**0.0**	– 2.6	**– 2.6**
Distributions to hybrid investors						– 29.5	**– 29.5**		**– 29.5**
Equity at 31 December 2022	**0.3**	**4,904.4**	**650.0**	**29.0**	**– 806.1**	**– 1,322.6**	**3,455.0**	**74.1**	**3,529.1**

Consolidated Statement of Cash Flows

CHF million	Note	2023	2022
Earnings before tax		**1,574**	**116**
Adjustments for:			
Depreciation, amortisation and impairment[1]	4.1 / 4.2	112	97
Gain on sale of non-current assets			– 1
Share of results of partner power plants and other associates	4.3	23	59
Financial result	2.6	97	74
Other non-cash income and expenses[2]		22	18
Change in provisions (excl. interest)	4.7	23	– 505
Change in defined benefit assets / liabilities and other non-current liabilities		– 16	30
Change in fair value of derivative financial instruments and hedged firm commitments		– 957	226
Change in net working capital (excl. derivatives, current financial assets / liabilities and current provisions)		– 135	690
Other financial income and expenses		– 38	– 12
Income tax paid		– 87	– 58
Net cash flows from operating activities		**618**	**734**
Property, plant and equipment and intangible assets			
Investments	4.1 / 4.2	– 77	– 82
Proceeds from disposals			1
Subsidiaries			
Proceeds from disposals	5.1	66	34
Associates			
Investments	4.3	– 1	– 24
Loans receivable and financial investments			
Investments	3.3	– 3	– 3
Proceeds from disposals / repayments		1	1
Change in current and non-current term deposits		– 359	4
Dividends from partner power plants, other associates and financial investments	4.3	23	23
Interest received		41	10
Net cash flows from investing activities		**– 309**	**– 36**

1 In 2022, including reversals of impairment losses
2 Of which an amount of CHF 28 million relate to loss on business disposal (previous year: CHF -1 million). See note 5.1 for more detail.

CHF million	Note	2023	2022
Dividends paid		– 93	
Dividends paid to non-controlling interests		– 4	– 1
Proceeds from financial liabilities	3.4	538	2,709
Repayment of financial liabilities	3.4	– 535	– 2,677
Distributions to hybrid investors recognised in equity outside profit or loss	3.6	– 29	– 29
Interest paid		– 43	– 43
Net cash flows from financing activities		**– 166**	**– 41**
Currency translation differences		**– 57**	**– 33**
Change in cash and cash equivalents		**86**	**624**
Reconciliation:			
Cash and cash equivalents at 1 January	4.6	1,487	863
Of which, cash and cash equivalents		1,474	863
Of which, cash and cash equivalents under assets held for sale	5.2	13	
Cash and cash equivalents at 31 December	4.6	1,573	1,487
Of which, cash and cash equivalents		1,573	1,474
Of which, cash and cash equivalents under assets held for sale	5.2		13
Change		**86**	**624**

Notes to the Consolidated Financial Statements

1 Overview

Alpiq Holding Ltd. is a stock corporation under Swiss law and domiciled in Lausanne. The company and its Swiss and foreign subsidiaries collectively form the Alpiq Group.

1.1 Basis of preparation of the consolidated financial statements

The consolidated financial statements of the Alpiq Group have been prepared in accordance with IFRS Accounting Standards and Interpretations (IFRIC and SIC) issued by the International Accounting Standards Board (IASB), and comply with Swiss law. The consolidated financial statements give a true and fair view of the financial position, financial performance and cash flows of the Alpiq Group. They have been prepared on a historical cost basis, except for certain items such as financial instruments, which have been measured at fair value in some instances. The consolidated financial statements were authorised for issue by the Board of Directors of Alpiq Holding Ltd. on 27 February 2024 and are subject to approval by shareholders at the Annual General Meeting on 30 April 2024.

1.2 Adoption of new and revised accounting standards

Amendments, standards and interpretations adopted for the first time in 2023

At 1 January 2023, the following amendments to the International Financial Reporting Standards (IFRS) entered into force and were applied by the Alpiq Group:

- Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies
- Amendments to IAS 8: Definition of Accounting Estimates
- Amendments to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- Amendments to IAS 12: International Tax Reform Pillar Two Model Rules
- Amendments to IFRS Practice Statement 2: Making Materiality Judgements

These amendments and improvements had no significant impact on the Alpiq Group.

IFRS effective in future periods

The IASB has published the following standards and interpretations of relevance for Alpiq:

Standard / interpretation	Effective at	Adoption planned from
Amendments to IAS 1: Classification of Liabilities as Current or Non-current	1 Jan 2024	1 Jan 2024
Amendments to IAS 1: Non-current Liabilities with Covenants	1 Jan 2024	1 Jan 2024
Amendments to IAS 7 and IFRS 7: Supplier Finance Arrangements	1 Jan 2024	1 Jan 2024
Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	undefined	undefined

Based on our analysis, Alpiq does not expect the above-mentioned changes in standards to have any significant effect on the consolidated financial statements of the Alpiq Group.

1.3 Significant uncertainity in estimation and judgement

The preparation of the consolidated financial statements requires the management to exercise judgement and make estimates and assumptions. These may significantly affect recognised assets and liabilities, reported income and expenses and disclosures. Estimates and assumptions are based on historical experience and expectations of future events that are believed to be reasonable under the circumstances. Actual amounts may differ from these estimates. Any revisions to estimates and assumptions are recognised and disclosed in the period in which they are identified.

The explanations on significant estimation uncertainties and judgements are highlighted in colour. They are contained in notes 2.2 Net revenue, 2.7 Income tax, 3.2 Financial instruments, 4.1 Property, plant and equipment, 4.2 Intangible assets, 4.7 Provisions, 4.8 Contingent liabilities and guarantees and 6.3 Employee benefits.

1.4 Change in the presentation of the financial statements

A substantial portion of the energy contracts entered into by the Alpiq Group include a netting arrangement. Such arrangements are common in energy trading to reduce the volume of cash flows between counterparties.

In 2022, derivative financial instruments were presented net in the balance sheet if the netting arrangement entered into by Alpiq and the counterparty contained a legally enforceable right to offset the recognised amounts and Alpiq had the intention of settling the derivatives on a net basis. However, the maturity of the cashflows were not taken into account when calculating the offsetting amount. In addition, in the balance sheet, all derivative financial instruments were presented as current.

The prior period error was corrected by consideration of the timing of the future cashflows for netting purposes and classification of the derivative financial instruments in current and non-current. Due to the two changes described above the balance sheet and the note 3.1 were adjusted (see impact below). As a result, the adjusted equity ratio amounts to 23.4% as of 31 December 2022 (previously 24%).

CHF million	31 Dec 2022 (reported)	Correction Current / Non-current	Correction Netting	31 Dec 2022 (restated)
Assets				
Derivative financial instruments		1,072		1,072
Other non-current assets	4,213			4,213
Non-current assets	**4,213**	**1,072**	**0**	**5,285**
Derivative financial instruments	4,702	– 1,072	376	4,006
Other current assets	5,786			5,786
Current assets	**10,488**	**– 1,072**	**376**	**9,792**
Total assets	**14,701**	**0**	**376**	**15,077**
Liabilities				
Derivative financial instruments		1,163		1,163
Other non-current liabilities	1,496			1,496
Non-current liabilities	**1,496**	**1,163**	**0**	**2,659**
Derivative financial instruments	5,130	– 1,163	376	4,343
Other current liabilities	4,546			4,546
Current liabilities	**9,676**	**– 1,163**	**376**	**8,889**
Total liabilities	**11,172**	**0**	**376**	**11,548**
Total equity and liabilities	**14,701**	**0**	**376**	**15,077**

There is no material impact on the consolidated income statement or the consolidated statement of cash flows of the previous year.

2 Performance

2.1 Segment information

Alpiq Group segment reporting is based on the Group's internal management structure and the internal financial information provided to the chief operating decision maker. Since 1 January 2023, the reportable segments at Alpiq consists of three elements along the company's value chain: Assets, Trading, and Origination. The Executive Board evaluates each of these elements separately for the purposes of performance assessment and resource allocation. Segment results (EBITDA and adjusted EBITDA) are the key performance indicators used for internal management and assessment purposes at Alpiq. For more information about adjusted EBITDA, please refer to the unaudited explanations in the Financial Review. In addition to energy procurement and production costs, operating costs comprise all costs of operations, including personnel and service expenses. No value chain elements have been aggregated in the presentation of reportable segments. The prior-year segment results have been restated for comparability.

– The Assets segment covers the production of electricity by Alpiq's Swiss and international power plants through different technologies such as hydro (including small-scale hydropower), nuclear, thermal, wind and solar, as well as the operation and optimisation of these power plants. It also comprises several wind farm projects in Switzerland and abroad. The Alpiq Swiss power plant portfolio includes run-of-river power plants, storage and pumped storage power plants (including Nant de Drance), as well as interests in the Gösgen and Leibstadt nuclear power plants. In addition, the Assets segment manages shares in HYDRO Exploitation SA and Kernkraftwerk-Beteiligungsgesellschaft AG (KBG). It also covers the production of electricity and heat at thermal power plants in Hungary, Italy and Spain. The power plant portfolio is made up of gas-fired combined-cycle power plants and gas-fired turbine power plants. Power is sold on the European electricity trading market, and the power plants are used by the respective grid operators to balance the grids.

- The Trading segment covers proprietary trading activities with standardised and structured products for electricity and gas, as well as emission allowances and certificates. The Trading segment also includes foreign exchange and liquidity management.
- The Origination segment covers activities to optimise electricity production from third-party renewable energy and direct marketing and energy management for industrial and business customers. This includes the trading and sale of standardised and structured products in various countries, with the aim of helping partners to achieve their cost efficiency and sustainability goals, thereby creating value and increasing customer benefit. The Origination segment also covers the company’s Swiss sales and origination activities as well as retail activities in France.

The segment results are carried over to the Alpiq Group’s consolidated figures by including the units with limited market operations (Corporate), Group consolidation effects and other reconciliation items. The latter comprises reallocations totalling CHF 14 million (previous year: CHF 13 million) between external net revenue and other income due to differences in account structures used for internal and external reporting purposes. This column also includes the foreign currency effects of using alternative average exchange rates for management reporting purposes that differ from those pursuant to IFRS. Corporate includes the financial and non-strategic investments which cannot be allocated directly to the value chain, as well as the activities of the Group headquarters, including Alpiq Holding Ltd. and the functional units.

2023: Information by segment

CHF million	Assets	Trading	Origination	Corporate	Consolidation	Reconciliation	Alpiq Group
Net revenue from third parties	2,754	1,161	5,018	32		5	8,970
Inter-segment transactions [1]	1,321	1,993	1,493	– 31	– 4,788	1	– 11
Net revenue	**4,075**	**3,154**	**6,511**	**1**	**– 4,788**	**6**	**8,959**
Other income	32	1		21	– 16	– 14	24
Total revenue and other income	**4,107**	**3,155**	**6,511**	**22**	**– 4,804**	**– 8**	**8,983**
Energy and other costs	– 2,605	– 3,021	– 6,262	– 97	4,804	4	– 7,177
EBITDA [2]	**1,502**	**134**	**249**	**– 75**	**0**	**– 4**	**1,806**
Depreciation, amortisation and impairment	– 100		– 3	– 9			– 112
EBIT	**1,402**	**134**	**246**	**– 84**	**0**	**– 4**	**1,694**
Net capital expenditure on property, plant and equipment and intangible assets	**69**		**1**	**7**			**77**
Property, plant and equipment	1,652		4	92			1,748
Intangible assets	50		4	19			73
Investments in partner power plants and other associates	2,153			2			2,155
Non-current assets	**3,855**	**0**	**8**	**113**	**0**	**0**	**3,976**
Number of employees at 31 December	**393**	**94**	**193**	**541**			**1,221**

1 The net effect of CHF -11 million results from currency effects on intragroup energy transactions.
2 Earnings before depreciation, amortisation and impairment losses, share of results of partner power plants and other associates, finance costs, finance income and income tax expense

2022: Information by segment (restated)

CHF million	Assets	Trading	Origination	Corporate	Consolidation	Reconciliation	Alpiq Group
Net revenue from third parties	3,429	2,813	8,309	26		60	14,637
Inter-segment transactions[1]	1,601	3,662	1,688	– 15	– 6,922	– 20	– 6
Net revenue	**5,030**	**6,475**	**9,997**	**11**	**– 6,922**	**40**	**14,631**
Other income	41		1	25	– 16	– 13	38
Total revenue and other income	**5,071**	**6,475**	**9,998**	**36**	**– 6,938**	**27**	**14,669**
Energy and other costs	– 4,528	– 6,504	– 10,107	– 89	6,938	– 33	– 14,323
EBITDA[2]	**543**	**– 29**	**– 109**	**– 53**	**0**	**– 6**	**346**
Depreciation, amortisation and impairment[3]	– 79		– 3	– 15			– 97
EBIT	**464**	**– 29**	**– 112**	**– 68**	**0**	**– 6**	**249**
Net capital expenditure on property, plant and equipment and intangible assets	**71**		**2**	**8**			**81**
Property, plant and equipment	1,684		6	92			1,782
Intangible assets	54	1	4	21			80
Investments in partner power plants and other associates	2,180			3			2,183
Non-current assets	**3,918**	**1**	**10**	**116**	**0**	**0**	**4,045**
Number of employees at 31 December	**408**	**75**	**201**	**496**			**1,180**

1 The net effect of CHF -6 million results from currency effects on intragroup energy transactions.
2 Earnings before depreciation, amortisation and impairment losses, share of results of partner power plants and other associates, finance costs, finance income and income tax expense
3 Including reversals of impairment losses

2023: Information by geographical area

CHF million	Switzerland	Germany	France	Italy	Spain	Slovakia	Luxembourg	Netherlands	Other countries	Alpiq Group
Net revenue[1/2] from third parties	**1,841**	**2,288**	**1,426**	**1,990**	**433**	**– 890**	**1,426**	**– 309**	**765**	**8,970**
Property, plant and equipment	1,382	1	112	196	33				24	1,748
Intangible assets	59		8	6						73
Investments in partner power plants and other associates	2,151				1				3	2,155
Non-current assets	**3,592**	**1**	**120**	**202**	**34**	**0**	**0**	**0**	**27**	**3,976**

1 The difference to net revenue in the income statement results from currency effects on intragroup energy transactions of CHF – 11 million.
2 Negative net revenue is attributable to the change in the fair value measurement of energy derivatives, which are presented in net revenue (see note 2.2).

2022: Information by geographical area

CHF million	Switzerland	Germany	France	Italy	Spain	Slovakia	Luxembourg	Netherlands	Other countries	Alpiq Group
Net revenue[1/2] from third parties	**1,342**	**2,147**	**4,011**	**4,271**	**646**	**– 147**	**2,638**	**679**	**– 950**	**14,637**
Property, plant and equipment	1,395	1	117	210	33				26	1,782
Intangible assets	64		9	7						80
Investments in partner power plants and other associates	2,178				1				4	2,183
Non-current assets	**3,637**	**1**	**126**	**217**	**34**	**0**	**0**	**0**	**30**	**4,045**

1 The difference to net revenue in the income statement results from currency effects on intragroup energy transactions of CHF – 6 million.
2 Negative net revenue is attributable to the change in the fair value measurement of energy derivatives, which are presented in net revenue (see note 2.2).

Net revenue from external customers by country is allocated based on the customer's country of domicile. Those countries in which Alpiq generated the most net revenue in the reporting period are presented separately in this segment information. There were no transactions with any single external customers that amounted to 10% or more of the consolidated net revenue of the Alpiq Group. Non-current assets consist of property, plant and equipment (including right-of-use assets), intangible assets and investments in the respective countries.

2.2 Net revenue

The Alpiq Group's net revenue comprises revenue from contracts with customers (IFRS 15) and income from energy and financial derivatives (IFRS 9).

The internal management structure was adjusted in 2023, see note 2.1. The disaggregation of net revenue for 2022 has been adjusted for comparability.

2023: Disaggregation of net revenue

CHF million	Asset	Trading	Origination	Corporate	Total
Revenue from energy and grid services	2,082	1,183	5,300		8,565
Revenue from other services	13				13
Total revenue from contracts with customers	**2,095**	**1,183**	**5,300**	**0**	**8,578**
(Loss) / income from energy and financial derivatives	668	– 23	– 285	32	392
Net revenue from third parties[1]	**2,763**	**1,160**	**5,015**	**32**	**8,970**

1 The difference to net revenue in the income statement results from currency effects on intragroup energy transactions of CHF -11 million.

2022: Disaggregation of net revenue (adjusted)

CHF million	Asset	Trading	Origination	Corporate	Total
Revenue from energy and grid services	3,423	3,277	8,662		15,362
Revenue from other services	13				13
Total revenue from contracts with customers	**3,436**	**3,277**	**8,662**	**0**	**15,375**
(Loss) / income from energy and financial derivatives	22	– 462	– 324	26	– 738
Net revenue from third parties [1]	**3,458**	**2,815**	**8,338**	**26**	**14,637**

1 The difference to net revenue in the income statement results from currency effects on intragroup energy transactions of CHF -6 million.

Accounting policies

Alpiq generally satisfies its performance obligations as principal. However, for performance obligations related to the transmission of energy, Alpiq acts as agent in all represented markets. Where Alpiq acts as agent, revenue is recognised net of the corresponding costs.

Revenue from energy and grid services

Revenue from energy supply from contracts with customers (“own use exemption” pursuant to IFRS 9) is generally recognised over the period agreed for completion of performance. However, for energy supplies, Alpiq has a right to consideration that directly corresponds to the value to the customer of the energy already supplied. For such cases, Alpiq exercises the practical expedient and recognises revenue in the amount that can be billed. In some contracts, Alpiq sells the proportionate right in energy production of a power plant. Revenue from these contracts is recognised over the period that corresponds to the timing of the costs.

Revenue from stand-ready obligations to deliver ancillary services is recognised on a straight-line basis during the period in which Alpiq is available to render these services. Revenue for called ancillary services is recognised when the energy is delivered.

Contractual penalties – for example, for deviations between the delivered and contractually agreed quantity of energy – represent variable components in energy sales. They are included in the estimation of the transaction price only when they become highly probable. This is normally the case towards the end of the delivery period. Estimation of the point in time when such variable price components are recognised requires significant judgement.

Revenue from other services

Revenue from other services from contracts with customers is recognised generally over the time period over which the performance obligation is satisfied on a straight-line basis. However, Alpiq applies the following practical expedient: if Alpiq has a right to consideration that directly corresponds to the value to the customer, then revenue is recognised in the amount that can be billed.

Practical expedients applied regarding revenue from contracts with customers

Alpiq exercises the practical expedient provided in IFRS 15 and, wherever possible, opts not to disclose the remaining performance obligations at the end of the reporting period. After application of this practical expedient, the remaining performance obligations disclosed by Alpiq at the end of the reporting period are not significant.

Alpiq applies the practical expedient and does not capitalise incremental costs of obtaining a customer contract, as far as these costs would be amortised within one year. Due to the application of this practical expedient, Alpiq did not disclose any significant costs of this type.

Income from energy and financial derivatives

Energy and financial derivatives are measured at fair value through profit or loss. Changes in value in energy derivatives are disclosed in net revenue in the period in which they occur. Revenue from trading in energy and financial derivatives comprises net realised gains and losses from settled contracts and unrealised changes in the fair value of unsettled contracts. For more information on measurement, please refer to note 3.2.

2.3 Other operating income

Other operating income includes income from government grants such as the market premium for large-scale hydropower plants in Switzerland, gains from sales of non-current assets or business disposals, insurance claims received and payments received from litigations. This item also includes income that does not arise in the course of ordinary activities of the Alpiq Group and is therefore generally not of a predictable or recurring nature.

CHF million	2023	2022
Market premiums		11
Gain on disposal of companies		1
Gain on sale of non-current assets		1
Income from operating leases	2	2
Miscellaneous [1]	17	16
Other operating income	**19**	**31**

1 Includes variety of service charges, reimbursements

Market premium for large-scale hydropower plants in Switzerland

In accordance with the Energy Act (EnA), operators of large-scale hydropower plants in Switzerland with a mean mechanical gross output of more than 10 MW that sell their energy on the market at prices below production cost are eligible to receive a market premium.

In 2022, Alpiq recognised market premiums in the amount of CHF 2 million for the 2022 financial year and CHF 9 million for the 2021 financial year. Since 2022, the amounts claimed for market premiums have been significantly lower due to higher prevailing market prices. In 2023, Alpiq decided to voluntarily waive its entitlement to the market premium. This waiver has no impact on the entitlement for the coming years.

Accounting policies

The market premium for large-scale hydropower plants in Switzerland relates to government grants as defined by IAS 20. Government grants may not be recognised until there is reasonable assurance as to the entitlement. Alpiq deems reasonable assurance of the claim for a market premium in the amount of the prospective payment to be given within the meaning of IAS 20 as soon as the order is legally binding or when Alpiq decides to accept the order. At this point in time, 100% or 80% of the provisional amount assigned will be recognised, depending on the amount of the payment. Any residual amount will be recognised as soon as the second order is legally binding.

Income from operating leases

Alpiq has several operating leases that relate in particular to the rental of commercial premises that it owns. The leased assets are recognised in property, plant and equipment in the balance sheet, and lease payments are recognised on a straight-line basis over the lease term. Undiscounted lease payments expected in the future amount to CHF 9 million (previous year: CHF 8 million).

2.4 Energy and inventory costs

CHF million	2023	2022
Electricity purchased from third parties	– 4,661	– 9,775
Electricity purchased from partner power plants	– 475	– 774
Gas procurement and CO_2 certificates	– 1,593	– 3,648
Other energy and inventory costs	– 80	– 74
Energy and inventory costs before provisions	**– 6,809**	**– 14,271**
Movement in provisions for onerous contracts	16	298
Energy and inventory costs	**– 6,793**	**– 13,973**

The item “Other energy and inventory costs” comprises mainly water taxes, concession fees and plant maintenance costs.

2.5 Employee costs

CHF million	2023	2022
Wages and salaries	– 186	– 171
Defined benefit pension costs [1]	– 10	– 43
Defined contribution pension costs	– 2	– 1
Social security costs and other employee costs	– 30	– 25
Employee costs	**– 228**	**– 240**

1 For further details, see note 6.3.

Number of employees at the reporting date

	31 Dec 2023	31 Dec 2022
Employees (full-time equivalents)	1,210	1,169
Apprentices	11	11
Total	**1,221**	**1,180**

2.6 Finance costs and finance income

CHF million	2023	2022
Finance costs		
Interest expense	– 52	– 48
Net interest on pension plans and provisions	– 2	– 11
Other finance costs [1]	– 33	– 22
Net foreign exchange losses [2]	– 57	
Total	**– 144**	**– 81**
Finance income		
Interest income	42	6
Other finance income	5	1
Total	**47**	**7**
Financial result	**– 97**	**– 74**

1 Of which an amount of CHF 20.6 million (previous year: CHF 6.6 million) was recognised as a commitment fee for the federal bailout fund.
2 Of which an amount of CHF - 27 million relate to the recycling of accumulated exchange rate differences recognised in equity in the course of the liquidation of a foreign subsidiary.

2.7 Income tax

Reconciliation

CHF million	2023	2022
Earnings before tax	1,574	116
Expected income tax rate (Swiss average rate)	15%	15%
Income tax at the expected income tax rate	– 236	– 17
Tax effects from:		
Difference in expected income tax rate compared to locally expected income tax rates	– 43	1
Income exempt from tax [1]	21	10
Non-deductible expenses for tax purposes	– 27	– 12
Valuation from tax loss carryforwards and use of unrecognised tax loss carryforwards	44	– 3
Effect of changes in tax rates	1	– 3
Previous years	2	31
Other effects		– 12
Total income tax expense	**– 238**	**– 5**
Effective income tax rate	15%	4%

1 Predominantly relates to income from participations.

Income tax expense charged to the income statement

CHF million	2023	2022
Current income tax	– 121	– 41
Deferred income tax	– 117	36
Income tax	**– 238**	**– 5**

Change in deferred tax assets and liabilities

CHF million	Deferred tax assets	Deferred tax liabilities	Net deferred tax liabilities
Balance at 31 December 2021	**77**	**321**	**244**
Deferred taxes recognised in the income statement	66	30	– 36
Deferred taxes recognised in other comprehensive income	– 2	– 15	– 13
Other	6		– 6
Reclassified to “Liabilities held for sale”		– 2	– 2
Currency translation differences	– 4	– 1	3
Balance at 31 December 2022	**143**	**333**	**190**
Deferred taxes recognised in the income statement	– 24	93	117
Deferred taxes recognised in other comprehensive income		9	9
Currency translation differences	– 8		8
Balance at 31 December 2023	**111**	**435**	**324**

Deferred tax assets and liabilities by origination of temporary differences

CHF million	31 Dec 2023	31 Dec 2022
Tax losses and tax assets not yet used	18	38
Property, plant and equipment	23	22
Other non-current assets	8	12
Current assets	36	92
Provisions and liabilities	69	96
Total gross deferred tax assets	**154**	**260**
Property, plant and equipment	118	122
Other non-current assets	165	170
Current assets	152	83
Provisions and liabilities	43	75
Total gross deferred tax liabilities	**478**	**450**
Net deferred tax liabilities	**324**	**190**
Tax assets recognised in the balance sheet	111	143
Tax liabilities recognised in the balance sheet	435	333

At 31 December 2023, individual subsidiaries held tax loss carryforwards totalling CHF 207 million (previous year: CHF 638 million), which are available for offsetting against future taxable profits. Of these, the Alpiq Group has not

recognised tax benefits on tax loss carryforwards of CHF 133 million (CHF 397 million) in the balance sheet item “Deferred tax assets”, as these are recognised only to the extent that realisation of the related tax benefit is probable. The average tax rate on tax loss carryforwards not eligible for capitalisation is 19% (17%). These tax loss carryforwards expire in the following periods:

CHF million	31 Dec 2023	31 Dec 2022
Within 1 year		14
Within 2 – 3 years	54	16
After 3 years	54	250
Unlimited use	25	117
Total unrecognised tax loss carryforwards	**133**	**397**

In addition, there are unrecognised deductible temporary differences totalling CHF 11 million (CHF 167 million).

Global minimum corporate taxation

Under an OECD Inclusive Framework, more than 140 countries agreed to enact a two-pillar solution to address the challenges arising from the digitalisation of the economy. Pillar Two introduces a global minimum Effective Tax Rate (ETR), where multinational groups with consolidated revenue of more than EUR 750 million are subject to a minimum ETR of 15% on income arising in low-tax jurisdictions.

The Swiss constitutional amendment providing the legal basis for the implementation of Pillar Two was approved in a public vote on 18 June 2023. The Swiss Federal Council decided to implement a Qualifying Domestic Minimum Top-up Tax (QDMTT) as of 1 January 2024, ensuring that the Pillar Two ETR applies to all domestic entities within the scope of Pillar Two. By the end of 2024, the Swiss Federal Council may decide on the implementation of the other elements of Pillar Two, i.e. the Income Inclusion Rule (IIR) and the Undertaxed Profits Rule (UTPR).

Alpiq is within the scope of the OECD Pillar Two model rules. Since the Pillar Two legislation was not effective at the reporting date, Alpiq has no related current tax impact for the year ended 31 December 2023. Alpiq applies the temporary mandatory exception from deferred tax accounting for the impact of the top-up tax as provided in the amendments to IAS 12 issued in May 2023, and will account for it as a current tax when it is incurred.

The group is in the process of assessing its future exposure to the Pillar Two legislation. Due to the complexities in application of the legislation and calculation of the GloBE ETR, the quantitative impact of the enacted or substantively enacted legislation is not yet reasonably estimable.

Assumptions are made based on local legal principles in calculation of current income tax. Income taxes that are actually payable may deviate from the values originally calculated, as in some cases the definitive assessment is not finalised until years after the end of the reporting period. The resulting risks are identified, assessed and recognised where necessary. Deferred tax assets are calculated in part using far-reaching estimates. The underlying forecasts pertain to a period of several years and comprise, inter alia, a forecast of future taxable income and interpretations of the existing regulatory framework.

Accounting policies

Income tax expense represents the sum of current and deferred income tax. Current income tax is calculated on taxable earnings using the tax rates that have been enacted by the end of the reporting period. Deferred income tax is calculated using the tax rates enacted or substantively enacted at the reporting date.

Deferred taxes are recognised due to the differing recognition of certain income and expense items in the Group's annual internal accounts and annual tax accounts. Deferred tax arising from temporary differences is calculated applying the balance sheet liability method. Deferred tax is not recognised for differences associated with investments in group companies, which will not be reversed in the foreseeable future and where the timing of the reversal is controlled by the Group. Deferred tax assets are recognised when it is probable that they will be realised.

Furthermore, definitive clarification of the taxation issue at the partner power plants in canton Graubünden is still pending.

2.8 Earnings per share

	2023	2022
Earnings after tax attributable to equity investors of Alpiq Holding Ltd. (CHF million)	1,333	109
Interest on hybrid capital attributable to the period (CHF million)	– 31	– 29
Share of Alpiq Holding Ltd. shareholders in earnings (CHF million)	**1,302**	**80**
Weighted average number of shares outstanding	33,110,364	33,110,364
Earnings per share in CHF, basic and diluted	**39.32**	**2.41**

No circumstances exist that would lead to a dilution of earnings per share.

3 Risk management, financial instruments and financing

3.1 Financial risk management

General principles

The Alpiq Group's operating activities are exposed to strategic, operational and financial risks, in particular liquidity, credit and market risks (energy price risk, foreign currency risk and interest rate risk). The principles of the Group's risk management policy are established by the Board of Directors. The Executive Board is responsible for their development and implementation. The Risk Management Committee monitors compliance with the principles and policies.

The principles for managing risks in the Alpiq Group are set out in the Group Risk Policy. They comprise guidelines for entering into, measuring, managing and mitigating business risks, and specify the organisation of and responsibilities related to risk management. The responsible units manage their risks within the framework of the risk management policy and the limits defined for their areas of activity. The objective is to maintain a reasonable balance between the business risks incurred, earnings and risk-bearing equity.

The Group Risk Policy comprises a Group-wide Business Risk Policy, an Energy Risk Policy specifically for the energy business, and a Financial Risk Policy. The Business Risk Policy governs the annual risk mapping process, the definition and monitoring of measures to reduce exposure to operational and strategic risk, as well as integral security management. The Energy Risk Policy defines the processes and methods to manage market and credit risk in the energy business. It also regulates the management of liquidity fluctuations caused by trading activities on stock exchanges and under bilateral arrangements (over-the-counter; OTC) to settle margin differences. Furthermore, it defines the principles of the hedging strategy for energy production trading books. The Financial Risk Policy defines the substance, organisation and system for financial risk management within the Alpiq Group. It defines the management of liquidity, foreign currency and interest rate risks.

The Risk Management functional unit is responsible for risk assessment and reports to the CFO. It provides methods and tools for implementation of risk management, and ensures timely reporting to the Board of Directors, Executive Board and the Risk Management Committee.

During the annual business risk assessment process, strategic and operational risks throughout the Group are recorded and assessed, and then assigned to the identified risk owners for management and monitoring. The Risk Management functional unit monitors the implementation of the measures. Exposure limits are set for market, credit and liquidity risks, which are adjusted in the context of the company's overall risk-bearing capacity and with compliance monitored on an ongoing basis.

Capital management

Across the Alpiq Group, capital is managed in line with the Group's overall financial strategy. During the budgeting and planning process, the Board of Directors takes note annually of the projected figures that are critical for capital management. In addition, it receives regular reports on current developments.

Alpiq Holding Ltd. procures a significant portion of financing centrally for the Alpiq Group. The Swiss capital market remains the main source of financing. The aim pursued in financing the Group is that the level of financial liabilities contributes to a solid credit rating in line with industry standards.

The capital management strategy is in principle focused on the Group's reported consolidated equity and net debt-to-EBITDA ratio. In 2023, Alpiq sourced additional non-current financing during the year amounting to CHF 375 million by means of two bonds that will be used for corporate purposes, including refinancing.

At 31 December 2023, the Group reported an equity ratio of 45.9%, which is significantly above the 23.4% of the previous year. The two main factors for this increase were the good result, which lead to higher equity, and decreased total assets due to lower energy derivatives and receivables as a consequence of lower energy prices.

The net debt-to-EBITDA ratio before non-operating effects ratio is calculated and compares with the previous year as follows:

CHF million	31 Dec 2023	31 Dec 2022
Non-current financial liabilities	1,192	1,075
Non-current financial liabilities under liabilities held for sale	1	
Current financial liabilities	404	526
Financial liabilities	**1,597**	**1,601**
Current term deposits	371	7
Cash and cash equivalents	1,573	1,474
Cash and cash equivalents under assets held for sale		13
Financial assets (liquidity)	**1,944**	**1,494**
Net debt (cash)	**– 347**	**107**
Adjusted EBITDA[1]	1,184	473
Net debt (cash) / adjusted EBITDA	**– 0.3**	**0.2**

1 For more information about adjusted EBITDA, please refer to the unaudited explanations in the Financial Review.

The Alpiq Group has the following credit lines from banks:

CHF million	31 Dec 2023	31 Dec 2022
Non-earmarked credit lines committed by banks and financial institutions	859	963
Of which, utilised	30	220
Of which, still available	829	743

In addition to the credit lines provided by the banks, Alpiq also has a committed credit facility from its shareholders amounting to CHF 300 million.

The Alpiq Group has the following covenants from finance agreements:

					Financial covenants		Other covenants
Agreement	Maturity	In CHF million	Utilisation at 31 Dec 2023 in CHF million	Utilisation at 31 Dec 2022 in CHF million	Equity	Net debt / EBITDA	Bank rating
Syndicated loan line 2	Feb 25	205				x	x
Syndicated loan line 3	Mar 25	360		200	x		x
Bilateral term loan [1]	May 25	30	30	50	x		
Bilateral credit line	Dec 24	50			x		
Bilateral credit line [2]	indefinite	20					x

1 Amortising credit line
2 Can be terminated by either party within 364 days

The counterparties have the right to terminate the agreement if covenants are breached. As in the previous year, all covenants were met at 31 December 2023.

Credit risk management

Credit risk management deals with potential losses arising from business partners' inability to meet their contractual obligations to the Alpiq Group.

Credit risk management in the energy business encompasses all business units and subsidiaries that transact significant business volumes with external counterparties. It entails regular monitoring of outstanding receivables from counterparties and their expected future changes, as well as an analysis of the creditworthiness of new and existing counterparties. In addition to energy derivatives recognised as financial instruments on the balance sheet, credit risk management also covers physical receipt or delivery contracts. Credit risk is managed primarily by application of rating-based credit limits. The Alpiq Group classifies counterparties or groups of counterparties (with similar risk characteristics) in risk categories (AAA to CCC) based on probability of default. Once established, these ratings are applied as the basis for setting credit limits. Such limits may be increased if collateral (such as guarantees, advances or insurance cover) is provided. The ratings of active counterparties are reviewed periodically and credit limits are adjusted where appropriate. The policy in the energy business is to enter into contracts only with counterparties that meet the criteria of the Group Risk Policy. Outstanding credit exposures are monitored and managed on an ongoing basis using a formalised process.

The maximum credit risk corresponds to the carrying amount of the financial assets and was calculated at CHF 6'104 million at 31 December 2023 (previous year: CHF 10'477 million). The replacement values of energy derivatives and receivables, and thus the credit risk associated with several counterparties in various countries, are much lower due to the decreased energy prices compared with the previous year, which results in credit risk becoming a less significant input factor in fair value measurement.

In addition to the strict monitoring and management of credit risk by means of internal rating-based credit limits per counterparty and the retention of collaterals, Alpiq has a variety of counterparties and customers in different countries, which prevents a concentration of risk. Thus for derivatives and receivables credit risk is broadly diversified and there was no concentration of risk with any counterparty at year end (previous year: three counterparties). Information about the effect of credit risk on receivables is disclosed in note 4.5.

Offsetting of financial assets and liabilities

A substantial portion of the energy contracts entered into by the Alpiq Group is based on agreements containing a netting arrangement. Netting arrangements are used widely in energy trading to reduce the volume of effective cash flows. Items relating to the same counterparties are presented on a net basis in the balance sheet only if a legally enforceable right to offset the recognised amounts applies under the netting arrangement and there is an intention to settle on a net basis.

	31 Dec 2023			31 Dec 2022 (restated)		
CHF million	Gross	Offsetting	Net (balance sheet)	Gross	Offsetting	Net (balance sheet)
Financial assets						
Trade receivables	2,361	– 1,105	1,256	4,815	– 2,662	2,153
Energy derivatives [1]	4,494	– 2,226	2,268	13,888	– 8,817	5,071
Currency and interest rate derivatives	35		35	5		5
Derivatives designated for hedge accounting	36		36	2		2
Financial liabilities						
Trade payables	2,070	– 1,105	965	5,125	– 2,662	2,463
Energy derivatives [2]	3,985	– 2,226	1,759	14,269	– 8,817	5,452
Currency and interest rate derivatives	2		2	11		11
Derivatives designated for hedge accounting	25		25	43		43

1 Of which a net amount of CHF 3 million (previous year: CHF 9 million) originates from own-use contracts designated at fair value on initial recognition.
2 Of which a net amount of CHF 24 million (previous year: CHF 94 million) originates from own-use contracts designated at fair value on initial recognition.

Financial collateral

Additional collateral such as guarantees, variation margin payments or insurance cover is obtained where necessary in order to hedge the risk of one party failing to fulfil its part of the deal and defaulting on its contractual obligations. The amounts to be provided change according to the net obligation calculated every day on the basis of price fluctuations. As a rule, the collateral held by the Alpiq Group covers both unrecognised energy transactions involving physical delivery and transactions recognised as financial instruments. Financial collateral received and issued in connection with bilateral agreements to settle margin differences is presented as follows:

CHF million	31 Dec 2023 Collateral received	31 Dec 2023 Collateral issued	31 Dec 2022 Collateral received	31 Dec 2022 Collateral issued
Cash collateral [1]	10	77	316	1,076
Guarantees [2]	59	231	64	325
Total	**69**	**308**	**380**	**1,401**

1 Contained under “Receivables” or “Other current liabilities” respectively
2 Guarantees to third parties in favour of third parties are presented in note 4.8.

Liquidity risk

Margin agreements are commonly used on energy commodity exchanges and among energy traders to reduce counterparty risk. A margin agreement is a collateralisation agreement to ensure both parties’ performance. Consequently, Alpiq has to provide or can demand significant collateral in the form of cash or bank guarantees due to energy price movements and depending on the value of the net obligation. In addition, these can result in significant changes in liquidity, as both Alpiq and its counterparties are in most cases contractually entitled to replace cash collateral with bank guarantees in the short term and vice versa. The Alpiq Group manages such variable liquidity requirements by means of an early warning system, continuous balancing of the underlying positions, maintenance of sufficient liquidity resources and committed credit lines from banks. The role of liquidity management is to plan, monitor, provide and optimise liquidity of the Alpiq Group on a monthly rolling basis.

The anticipated cash flows of financial liabilities and derivative financial instruments are disclosed in the table below. Where the intention exists to refinance loans at the end of the contract term but refinancing has not yet been contractually secured, a cash outflow on maturity is assumed. Accordingly, actual cash flows can differ significantly from the contractual maturities. The cash flows from derivatives are presented net when netting arrangements are in place with counterparties and the amounts are expected to be settled net. Depending on the future changes in value of the derivatives until maturity, the effective cash flows may deviate significantly from the amounts reported. In order to demonstrate the effective liquidity risk from derivative financial instruments, the cash inflows and outflows from contracts with positive and negative replacement values are shown in the following table.

2023: Maturity analysis of financial liabilities and derivative financial instruments

CHF million	Carrying amount	Cash flows Total	< 1 month	1 – 3 months	4 – 12 months	1 – 5 years	> 5 years
Trade payables	965	– 965	– 762	– 126	– 77		
Bonds	1,085	– 1,179			– 289	– 724	– 166
Loans payable	476	– 516		– 6	– 173	– 300	– 37
Lease liabilities	35	– 40	– 1	– 1	– 4	– 24	– 10
Other financial liabilities	140	– 141	– 81	– 44	– 16		
Cash outflows from non-derivative financial liabilities		**– 2,841**	**– 844**	**– 177**	**– 559**	**– 1,048**	**– 213**
Energy derivatives	509						
Cash inflows		3,970		801	1,881	1,192	96
Cash outflows		– 3,052	– 15	– 575	– 1,731	– 724	– 7
Currency / interest rate derivatives	44						
Cash inflows		4,358	441	556	3,241	120	
Cash outflows		– 4,338	– 440	– 552	– 3,227	– 119	
Net cash inflows / (outflows) from derivative financial instruments		**938**	**– 14**	**230**	**164**	**469**	**89**

2022: Maturity analysis of financial liabilities and derivative financial instruments

CHF million	Carrying amount	Cash flows Total	< 1 month	1 – 3 months	4 – 12 months	1 – 5 years	> 5 years
Trade payables	2,463	– 2,467	– 2,119	– 338	– 10		
Bonds	850	– 882			– 159	– 723	
Loans payable	710	– 745	– 120	– 168	– 121	– 290	– 46
Lease liabilities	41	– 50	– 1	– 2	– 5	– 26	– 16
Other financial liabilities	479	– 486	– 420	– 10	– 56		
Cash outflows from non-derivative financial liabilities		**– 4,630**	**– 2,660**	**– 518**	**– 351**	**– 1,039**	**– 62**
Energy derivatives	– 411						
Cash inflows		9,172	32	1,753	4,530	2,717	140
Cash outflows		– 9,190	– 8	– 2,114	– 5,115	– 1,944	– 9
Currency / interest rate derivatives	– 17						
Cash inflows		6,035	1,570	1,970	2,135	360	
Cash outflows		– 6,060	– 1,569	– 1,973	– 2,148	– 370	
Net cash inflows / (outflows) from derivative financial instruments		**– 43**	**25**	**– 364**	**– 598**	**763**	**131**

Market risk

The Alpiq Group's exposure to market risk comprises primarily energy price risk, foreign currency risk and interest rate risk. These risks are monitored on an ongoing basis and managed using financial instruments. Market risk is measured in accordance with the Group Risk Policy, which sets out rules on taking, measuring, limiting and monitoring risks. Compliance with the risk limits is monitored on an ongoing basis by the Risk Management Committee based on regular reporting by the Risk Management functional unit.

Energy price risk

Energy price risk refers to potential price fluctuations that could have an adverse effect on the Alpiq Group. These fluctuations may arise from factors such as market price movements, variations in price volatility or changing correlations between markets and products. Market liquidity risks also belong to this category. They occur when an open energy position cannot be closed out or can be closed out only on very unfavourable terms due to a lack of market bids. Future own-use energy transactions are normally not reported as financial instruments unless the fair value option or hedge accounting for firm commitments are applied in accordance with IFRS 9. Energy transactions are also conducted to optimise Alpiq's power plant portfolio. A large proportion of the replacement values for energy derivatives shown at the reporting date are attributable to optimisation positions, with positive and negative replacement values generally cancelling each other out. Alpiq also engages in energy derivatives trading. The energy derivatives concluded by the Alpiq Group are usually forward contracts or futures. The fair values are calculated on the basis of the difference between the contractually fixed forward prices and current forward prices applicable at the reporting date. The risks associated with trading and optimisation transactions are managed via clearly defined responsibilities and stipulated risk limits in accordance with the Group Risk Policy. Risk Management reports regularly on compliance with these limits to the Risk Management Committee and the Executive Board, using a formalised risk reporting system. Risk positions are monitored in accordance with the Value at Risk (VaR) industry standards.

Foreign currency risk

The Alpiq Group seeks wherever possible to mitigate foreign currency risks through natural hedging of operating income and expenses denominated in foreign currencies. The remaining foreign currency risk is hedged by means of forward transactions in accordance with the Group's Financial Risk Policy. Foreign currency risk arising from energy generation or purchasing is contractually transferred to the counterparty wherever possible. Where this is not possible or is only partly possible, forward currency contracts with a medium-term hedging horizon are deployed to manage exposure centrally on the market in line with the Group's Financial Risk Policy. Hedge accounting is used to avoid fluctuations in results. The foreign currency derivatives are all OTC products. The fair values are calculated on the basis of the difference between the contractually fixed forward prices and forward prices applicable at the reporting date. Net investments in foreign subsidiaries are also exposed to changes in foreign exchange rates, although the difference in inflation rates should offset these changes in the long term. Investments in foreign subsidiaries (translation risks) are therefore not hedged.

Interest rate risk

The risks arising from volatility in interest rates relate to the interest-bearing financial assets and liabilities of the Alpiq Group. According to the Group's Financial Risk Policy, liquidity is invested for a maximum of two years. However, the funding required for the business is obtained on a long-term basis at fixed interest rates. Financing instruments with variable interest rates, particularly those that are long-term, are generally hedged by means of interest rate swaps. This means that a change in interest rates applied to interest-bearing assets has an impact on financial income. The interest rate derivatives are all OTC products. The fair value is determined by discounting the contractually agreed payment streams with current market interest rates.

Sensitivity analysis

To illustrate the sensitivity of market risks to the Alpiq Group's financial results, the effects of reasonably possible changes in the market risks listed above are set out below. The sensitivities are based in each case on financial instruments recognised on the reporting date. The possible annual percentage changes in the fair value of energy derivatives are derived from the commodity market prices for electricity, gas, coal and oil over the past year. The sensitivities are calculated by applying maximum deviations from the mean with a 99% confidence level. Taking into consideration the historical fluctuations, the reasonably possible changes in foreign currency prices are estimated at 5%. Interest rate swap sensitivity is shown as the effect on the change in fair value that would arise from a 1% parallel shift in the yield curve. Alpiq quantifies each type of risk assuming that all other variables remain constant. The effects are shown before tax.

			31 Dec 2023			31 Dec 2022
CHF million	+ / – in %	+ / – effect on earnings before income tax	+ / – effect on OCI before income tax	+ / – in %	+ / – effect on earnings before income tax	+ / – effect on OCI before income tax
Energy price risk	84.7	448		403.3	1,275	
EUR / CHF currency risk	5.0	47	37	5.0	60	14
EUR / CZK currency risk	5.0	1		5.0	1	
EUR / PLN currency risk	5.0	1		5.0	1	
Interest rate risk	1.0	7	0	1.0	6	1

3.2 Financial instruments

Carrying amounts and fair values of financial assets and liabilities

The fair values of financial assets and financial liabilities are summarised in the following table. Not included therein are cash and cash equivalents, trade receivables and trade payables, as well as miscellaneous receivables and liabilities whose carrying amounts differ only insignificantly from their fair values.

	31 Dec 2023		31 Dec 2022 (restated)	
CHF million	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets at fair value through profit or loss				
Financial investments	1	1	1	1
Positive replacement values of derivatives				
Energy derivatives [1]	2,268	2,268	5,071	5,071
Currency and interest rate derivatives	35	35	5	5
Derivatives designated for hedge accounting	36	36	2	2
Financial liabilities at amortised cost				
Bonds	1,085	1,105	850	835
Loans payable	476	474	710	697
Financial liabilities at fair value through profit or loss				
Negative replacement values of derivatives				
Energy derivatives [2]	1,759	1,759	5,452	5,452
Currency and interest rate derivatives	2	2	11	11
Derivatives designated for hedge accounting	25	25	43	43

1 Of which a net amount of CHF 3 million (previous year: CHF 9 million) originates from own-use contracts designated at fair value on initial recognition.
2 Of which a net amount of CHF 24 million (previous year: CHF 94 million) originates from own-use contracts designated at fair value on initial recognition.

Fair value hierarchy of financial instruments

The fair value hierarchy shown below was used to classify the financial instruments:

Level 1:
Quoted prices in active markets for identical assets or liabilities

Level 2:
Valuation model based on prices quoted in active markets that have a significant effect on the fair value

Level 3:
Valuation models utilising inputs that are not based on quoted prices in active markets and which have a significant effect on the fair value

At the reporting date, the Alpiq Group measured the following assets and liabilities at their fair value or disclosed a fair value.

CHF million	31 Dec 2023	Level 1	Level 2	Level 3
Financial assets at fair value through profit or loss				
Financial investments	1		1	
Energy derivatives	4,494		4,385	109
Currency and interest rate derivatives	35		35	
Derivatives designated for hedge accounting	36		36	
Financial liabilities at amortised cost				
Bonds	1,105	1,105		
Loans payable	474		474	
Financial liabilities at fair value through profit or loss				
Energy derivatives	3,985		3,930	55
Currency and interest rate derivatives	2		2	
Derivatives designated for hedge accounting	25		25	

CHF million	31 Dec 2022 (restated)	Level 1	Level 2	Level 3
Financial assets at fair value through profit or loss				
Financial investments	1		1	
Energy derivatives	13,888		13,610	278
Currency and interest rate derivatives	5		5	
Derivatives designated for hedge accounting	2		2	
Financial liabilities at amortised cost				
Bonds	835	835		
Loans payable	697		697	
Financial liabilities at fair value through profit or loss				
Energy derivatives	14,269		13,889	380
Currency and interest rate derivatives	11		11	
Derivatives designated for hedge accounting	43		43	

The energy, currency and interest rate derivatives comprise only OTC products, the majority of which are to be classified as Level 2. Fair value of energy derivatives is determined using a price curve model. The observable input factors (market prices) in the price curve model are supplemented by hourly forward prices, which are arbitrage-free and compared with external price benchmarking on a monthly basis.

The fair value of the loans payable corresponds to the contractually agreed interest and amortisation payments discounted at market rates.

Energy derivatives disclosed under Level 3 are measured using methods that in some cases use input factors, such as long-term energy prices or discount rates, that cannot be derived directly from an active market. In complex cases, a discounted cash flow method is used for measurement. The determination of these input parameters and the application of specific valuation models for non-standardised products require significant management estimates.

Level 3 energy derivatives

The following table shows the development of Level 3 energy derivatives:

	2023		2022 (restated)	
CHF million	Assets	Liabilities	Assets	Liabilities
Fair values at 1 January	**278**	**380**	**105**	**152**
Purchases	11		55	1
Sales			– 45	
Settlements	– 82	– 108	– 67	– 119
Fair value changes of derivatives still held at period end	– 24	– 147	202	263
Fair value changes of derivatives settled / sold / transferred	– 49	– 62	– 17	14
Transfer to Level 3			56	75
Transfer from Level 3	– 20	– 11	– 9	
Currency translation differences	– 5	3	– 2	– 6
Fair values at 31 December	**109**	**55**	**278**	**380**

Transfers from Level 2 to Level 3 relate to energy derivatives measured on the basis of input factors that are no longer observable in an active market due to decreased market activity. Transfers out of Level 3 relate to energy derivatives measured on the basis of input factors that became observable in the financial year. Alpiq always applies reclassifications between Level 2 and Level 3 at the end of the reporting period. Both in the reporting year and during the previous year, no transfers between Level 1 and 2 took place.

A change in the price of EUR 1 of the underlying commodity would lead to an increase/decrease in the fair value of Level 3 instruments of CHF 5 million. The sensitivity analysis does not include any interdependencies between different commodities. In order to hedge contracts assigned to Level 3, Alpiq enters into hedges that may be classified as Level 2 or Level 1. It is also possible that the Level 3 instrument is a hedge for an own-use contract. Thus, the sensitivity analysis of Level 3 instruments does not include the offsetting effect from the hedging position or the own-use contract. More information about the credit risk associated with Level 3 energy derivatives can be found in note 3.1.

Development of day one gains and losses

Measuring financial instruments with valuation inputs that are not entirely based on quoted prices in active markets may result in deviations between the fair value and the transaction price at the time of entering into the contract. These deviations are recognised as day one gains or losses and are amortised on a straight-line basis until the markets of the valuation inputs used become active.

The following table shows the reconciliation of the change in deferred day one gains and losses. These items relate entirely to Level 3 energy derivatives.

	2023		2022	
CHF million	Day one gains	Day one losses	Day one gains	Day one losses
Balance at 1 January	**21**	**12**	**18**	**17**
Deferred profit / loss arising from new transactions	11		55	1
Profit or loss recognised in the income statement	– 8	– 3	– 53	– 5
Currency translation differences	– 1	– 1	1	– 1
Balance at 31 December	**23**	**8**	**21**	**12**

Expense/income related to financial assets and liabilities

CHF million	2023 Income statement	2023 Other comprehensive income	2022 Income statement	2022 Other comprehensive income
Net gains / losses (excluding interest)				
Financial assets and liabilities at fair value through profit or loss	326		– 541	
Own use contracts designated at fair value on initial recognition	73		– 227	
Financial assets at amortised cost	– 23		– 5	
Financial instruments designated for hedge accounting	– 2	15	24	9
Interest income and expense				
Interest income for financial assets at amortised cost	42		6	
Interest expense for financial liabilities at amortised cost	– 52		– 44	
Interest expense for financial liabilities measured at fair value and designated for hedge accounting			– 4	

For information on the impairment of trade receivables, see note 4.5.

Accounting policies

Financial investments, securities and derivatives are measured at fair value through profit or loss. All other financial assets and liabilities are measured at amortised cost. The Alpiq Group does not have financial instruments measured at fair value through other comprehensive income.

Financial assets and liabilities at fair value through profit or loss

Financial assets and financial liabilities in this category are initially recognised at fair value. The corresponding transaction costs are recognised immediately in the income statement. Changes in value of the financial instruments measured at fair value are recognised through profit or loss in the financial result with the exception of energy derivatives and currency derivatives concluded in connection with the hedging of energy transactions. Changes in the fair value of derivatives in connection with the energy business are presented in net revenue.

In principle, future own-use energy transactions are not reported in the balance sheet. This also includes contracts to buy or sell a non-financial item that can be settled net in cash or another financial instrument, or by exchanging financial instruments, as if the contracts were financial instruments. By way of exception, Alpiq irrevocably designates some of these transactions as contracts measured at fair value through profit or loss if otherwise an accounting mismatch would occur.

Financial assets and liabilities at amortised cost

With the exception of trade receivables, financial assets and financial liabilities at amortised cost are initially recognised at fair value plus or minus direct transaction costs. Trade receivables are measured at transaction price.

For the subsequent measurement of financial assets at amortised cost, any impairments are calculated using the expected credit loss model according to which losses on unsecured financial assets expected in future are also recognised. Impairment losses expected in the future are determined using publicly available probability of default, which takes into account forward-looking information and historical probabilites of default. For financial assets, losses that are expected to occur in the next 12-month period are generally recognised. If the credit risk increases significantly for specific counterparties, impairment is recognised on the assets affected over the entire residual term of the asset. In accordance with IFRS 9, the simplified approach is applied for trade receivables for the measurement of the expected losses by recognising the lifetime expected credit losses (see note 4.5).

Alpiq analyses historical credit losses and derives a forward-looking estimate of expected credit losses taking, into account the economic conditions and information obtained externally. The estimates are reviewed and analysed periodically. However, actual results can differ from these estimates, resulting in adjustments in subsequent periods.

Hedge accounting

Alpiq uses foreign currency and interest rate derivatives to hedge the exposure to fluctuations in cash flows of highly probable forecasted transactions (cash flow hedges). Cash flow hedge accounting is applied to certain foreign currency and interest rate derivatives. In general, hedge accounting is not applied to energy derivatives. However, for selected energy purchase contracts, Alpiq introduced fair value hedge accounting in 2022.

Cash flow hedge accounting

		31 Dec 2023		31 Dec 2022
	Foreign currency hedges	Interest rate swaps	Foreign currency hedges	Interest rate swaps
Derivative financial instruments in current assets (in CHF million)	36		2	
Derivative financial instruments in current liabilities (in CHF million)	25		12	1
Nominal amount (in CHF million)	1,104		1,377	
Nominal amount (in EUR million)	1,713	39	897	69

Change in cash flow hedge reserves

		2023		2022
CHF million	Foreign currency hedges	Interest rate swaps	Foreign currency hedges	Interest rate swaps
Cash flow hedge reserves at 1 January	**34**	**– 5**	**32**	**– 10**
Recognition of gain / loss	13		25	4
Reclassification of realised gain / loss to net revenue	2		– 24	
Reclassification of realised gain / loss to financial result				4
Income tax expense	– 2		1	– 3
Cash flow hedge reserves at 31 December	**47**	**– 5**	**34**	**– 5**

Foreign currency hedges

Foreign currency positions from the sale of Swiss production capacity in euros are hedged with forward transactions on the basis of the expected transaction volumes. Each spot component is designated as a hedging instrument for hedge accounting. The unrealised gains/losses of the spot components are included in other comprehensive income taking deferred taxes into account. Changes in the forward components are recognised through profit or loss. There were no ineffective portions of the hedge from the foreign currency hedges at the reporting date. The underlying transactions will be recognised in the income statements 2024 to 2028.

Interest rate swaps

At 31 December 2023, interest rate swaps were in place in order to fix interest rates on variable-interest project financing facilities in Italy. The project financing facilities have a remaining maturity of between two and six years.

CHF million	2023	2022
Negative replacement values of interest rate swaps at 1 January	**1**	**8**
Realised interest payments	– 1	– 3
Change in fair value		– 4
Currency translation differences		
Negative replacement values of interest rate swaps at 31 December	**0**	**1**

Fair value hedge accounting

Since 1 July 2022, Alpiq applies fair value hedge accounting to selected fixed-priced, physical energy purchase contracts (firm commitments). Changes in fair value of firm commitments result mainly from commodity price fluctuations. To mitigate the exposure to these market price changes, Alpiq hedges the fair value of such transactions in accordance with its hedging strategy and risk management objectives either with physical contracts or financial derivatives (see note 3.1). The introduction of fair value hedge accounting allows the fair value changes of the hedged item to be recognised in the IFRS financial statements, thereby eliminating the accounting mismatch for the effective part of the hedge. Beside prospective effectiveness testing, a half-yearly own use eligibility test is conducted to ensure that no over-hedging exists that would lead to significant ineffectiveness.

Hedged item

The fair value changes of the hedged items are recorded in net revenue and reflected in the balance sheet line items “Other non-current assets” and “Other current liabilities”. The following table shows the carrying amount of the hedged items that represents the accumulated amount of fair value hedge adjustments on the hedged items since inception of the hedge relationship.

	Other non-current assets	Other current liabilities	Net hedged item
Carrying amount of the hedged item at 1 July 2022			**0**
Fair value movement included in the hedge relationship	2	37	35
Carrying amount of the hedged item at 31 December 2022	**2**	**37**	**35**
Fair value movement included in the hedge relationship	– 2	25	27
Release of fair value adjustment due to matured hedge relationship		– 37	– 37
Carrying amount of the hedged item at 31 December 2023	**0**	**25**	**25**

Hedging instruments

The maturity profile and the average price of the hedging instruments used for hedging a layer of a firm commitment are shown in the table below.

	31 Dec 2023			31 Dec 2022
	Futures 2024	Futures 2023	Futures 2024	Forwards 2023
Nominal amount in CHF million	62	18	6	10
Nominal amount in MWh	489,669	245,280	70,272	175,200
Average forward price in CHF	132.79	73.44	83.32	55.31

Forwards are recorded under the "Derivative financial instruments" balance sheet line item (either as assets or liabilities). Futures are cash settled daily and therefore no open exposure is recognised in the balance sheet. The following table provides an overview of the hedging instruments:

			31 Dec 2023			31 Dec 2022
	Nominal amount in MWh	Nominal amount in CHF million	Carrying amount in CHF million	Nominal amount in MWh	Nominal amount in CHF million	Carrying amount in CHF million
Forwards				**175,200**	**10**	**– 30**
Futures [1]	**489,669**	**62**		**315,552**	**24**	

1 No carrying amount for futures is disclosed in the balance sheet, as they are settled in cash as part of the daily margining.

Hedge effectiveness

At each reporting date, or when circumstances change significantly, a quantitative hedge effectiveness assessment is performed. The fair value of the hedged items and hedging instruments are measured and the net difference of the changes represents the amount of hedge ineffectiveness. Specific factors that may cause ineffectiveness are timing differences (i.e. mismatch between the designated hedge period and the maturity period of the hedging instrument) and location differences. Hedge ineffectiveness is recorded under net revenue in the income statement.

	2023	2022
Change in fair value of hedging instruments	55	33
Change in fair value of the hedged items	– 55	– 35
Year to date hedge ineffectiveness	**0**	**– 2**
Lifetime hedge ineffectiveness	**– 2**	**– 2**

3.3 Other non-current assets

CHF million	Financial investments	Loans receivable	Hedged firm commitments	Other non-current assets	Total
Carrying amount at 1 January 2023	**1**	**10**	**2**	**12**	**25**
Additions		3			3
Reclassifications		– 5			– 5
Disposals		– 1			– 1
Revaluation			– 2		– 2
Carrying amount at 31 December 2023	**1**	**7**	**0**	**12**	**20**

CHF million	Financial investments	Loans receivable	Hedged firm commitments[1]	Other non-current assets	Total
Carrying amount at 1 January 2022	**1**	**10**		**12**	**23**
Additions		1	2		3
Disposals		– 1			– 1
Carrying amount at 31 December 2022	**1**	**10**	**2**	**12**	**25**

1 Application of fair value hedge accounting as of 1 July 2022 (see note 3.2)

3.4 Financial liabilities

CHF million	Bonds	Loans payable	Lease liabilities	Total
Non-current financial liabilities at 1 January 2023	709	331	35	1,075
Current financial liabilities at 1 January 2023	141	379	6	526
Financial liabilities at 1 January 2023	**850**	**710**	**41**	**1,601**
Proceeds from financial liabilities[1]	375	163	4	542
Repayment of financial liabilities	– 140	– 388	– 7	– 535
Unwinding of discount		1		1
Reclassified to “Liabilities held for sale”			– 1	– 1
Currency translation differences		– 10	– 2	– 12
Financial liabilities at 31 December 2023	**1,085**	**476**	**35**	**1,596**
Non-current financial liabilities at 31 December 2023	825	337	30	1,192
Current financial liabilities at 31 December 2023	260	139	5	404

1 Lease liabilities in amount of CHF 4 million not cash effective.

CHF million	Bonds	Loans payable	Lease liabilities	Total
Non-current financial liabilities at 1 January 2022	400	189	38	627
Current financial liabilities at 1 January 2022	275	665	6	946
Financial liabilities at 1 January 2022	**675**	**854**	**44**	**1,573**
Acquisition / disposal of subsidiaries			– 1	– 1
Proceeds from financial liabilities[1]	450	2,259	8	2,717
Repayment of financial liabilities	– 275	– 2,396	– 8	– 2,679
Unwinding of discount			2	2
Adjustment of lease agreements			– 2	– 2
Other changes		– 1		– 1
Currency translation differences		– 6	– 2	– 8
Financial liabilities at 31 December 2022	**850**	**710**	**41**	**1,601**
Non-current financial liabilities at 31 December 2022	709	331	35	1,075
Current financial liabilities at 31 December 2022	141	379	6	526

1 Lease liabilities in amount of CHF 8 million not cash effective.

Bonds outstanding at the reporting date

CHF million	Maturity	Earliest repayment date	Effective interest rate %	Carrying amount at 31 Dec 2023	Carrying amount at 31 Dec 2022
Alpiq Holding Ltd. CHF 141 million nominal amount, 2.13% fixed rate	2015 / 2023	30 Jun 2023	2.12		141
Alpiq Holding Ltd. CHF 260 million nominal amount, 2.63% fixed rate	2014 / 2024	29 Jul 2024	2.71	260	259
Alpiq Holding Ltd. CHF 200 million nominal amount, 1.63% fixed rate	2022 / 2025	30 May 2025	1.69	200	200
Alpiq Holding Ltd. CHF 250 million nominal amount, 1.75% fixed rate	2022 / 2026	24 Jun 2026	1.63	250	250
Alpiq Holding AG CHF 220 million nominal amount, 3.13% fixed rate	2023 / 2027	29 Apr 2027	3.03	220	
Alpiq Holding AG CHF 155 million nominal amount, 3.38% fixed rate	2023 / 2030	29 Apr 2030	3.32	155	

The weighted interest rate on the bonds issued and listed on the SIX Swiss Exchange based on the nominal value at the reporting date is 2.43% (previous year: 2.04%), and that on the loans payable is 2.61% (2.25%). The latter also includes project financing denominated in euros. The weighted average interest rate of the bonds and the loans payable is 2.48% (2.11%).

Accounting policies

The accounting policies for financial liabilities are disclosed in note 3.2 and note 3.5.

3.5 Leases

Alpiq is lessee in various contracts particularly in connection with power plants, land, building and IT infrastructure rentals. These leases are concluded for a fixed term of one month to 20 years and may contain renewal or termination options. The table below shows the change in net carrying amounts of the right of use assets capitalised in the balance sheet line item “Property, plant and equipment”:

CHF million	Rights of use buildings	Rights of use power plants	Rights of use others	Total
Net carrying amount at 1 January 2023	**17**	**18**	**1**	**36**
Investments	4			4
Reclassified to “Assets held for sale”	– 1			– 1
Depreciation	– 3	– 2	– 1	– 6
Currency translation differences	– 1			– 1
Net carrying amount at 31 December 2023	**16**	**16**	**0**	**32**
Of which, cost value	27	34	4	65
Of which, accumulated depreciation	– 11	– 18	– 4	– 33

CHF million	Rights of use buildings	Rights of use power plants	Rights of use others	Total
Net carrying amount at 1 January 2022	**16**	**21**	**2**	**39**
Acquisition / disposal of subsidiaries	– 1			– 1
Investments	8			8
Divestments / early termination	– 2			– 2
Depreciation	– 3	– 2	– 1	– 6
Currency translation differences	– 1	– 1		– 2
Net carrying amount at 31 December 2022	**17**	**18**	**1**	**36**
Of which, cost value	26	35	4	65
Of which, accumulated depreciation	– 9	– 17	– 3	– 29

The change in carrying amounts of the lease liabilities included under financial liabilities can be seen in note 3.4. The total cash outflow from leases amounted to CHF 7 million in 2023 (previous year: CHF 8 million).

Accounting policies

The Alpiq Group applies a uniform approach for the recognition and measurement of leases. It does not make use of the practical expedients for short-term and low-value leases permitted under IFRS 16. At inception of a contract, Alpiq assesses whether the contract is or contains a lease. A lease exists if a contract grants Alpiq the right to control a certain asset over a period of time in exchange for consideration. The right of use assets and the lease liabilities representing Alpiq's obligation to make lease payments are recognised in the balance sheet at the time when the lease asset becomes available. The right of use assets are included under "Property, plant and equipment" in the balance sheet. They are measured at amortised cost and depreciated on a straight-line basis over the lease term or the lifetime of the asset, taking into account any impairment losses. Acquisition costs include the amount of recognised lease liabilities plus any dismantling obligations, directly attributable acquisition costs, and one-off payments made at or before the start of the contract, less any lease incentives received.

The lease liabilities are recognised initially at the present value of the expected future lease payments. The present value is calculated with the lessee's incremental borrowing rate applicable for the country, the term and the currency. In subsequent periods, the lease liabilities are measured at amortised cost by application of the effective interest method. The lease liabilities are recognised in current or non-current financial liabilities as appropriate.

3.6 Equity

Share capital

The share capital of CHF 0.331 million (previous year: CHF 0.331 million) consists of 33'110'364 registered shares at a par value of CHF 0.01 each and is fully paid in. The shareholder structure breaks down as follows:

	Stakes in % at 31 Dec 2023	Stakes in % at 31 Dec 2022
EOS HOLDING SA	33.33	33.33
Schweizer Kraftwerksbeteiligungs-AG	33.33	33.33
EBM (Genossenschaft Elektra Birseck)	19.91	19.91
EBL (Genossenschaft Elektra Baselland)	6.44	6.44
Eniwa Holding AG	2.12	2.12
Aziende Industriali di Lugano (AIL) SA	1.79	1.79
IBB Holding AG	1.12	1.12
Regio Energie Solothurn	1.00	1.00
WWZ AG	0.96	0.96

At the Annual General Meeting on 30 April 2024, the Board of Directors of Alpiq Holding Ltd. will propose distributing a dividend of CHF 3.50 per share (totalling CHF 116 million) for the 2023 financial year. An extraordinary dividend of CHF 2.80 per share (totalling CHF 93 million) was distributed for the 2022 financial year in September 2023.

Hybrid capital

In 2013, Alpiq placed a CHF 650 million public hybrid bond on the Swiss capital market. It has no maturity date and qualifies as equity under IFRS. Alpiq is entitled to repay the public hybrid bond at 15 November of each year. As in the previous years, Alpiq opted not to exercise this option in the financial year 2023.

Every five years, the interest rate is adjusted to reflect prevailing market conditions. In 2018, the interest rate was adjusted to 4.5325% for the first time. On 15 November 2023, the interest rate was adjusted to 6.2541% for the second time including an increase by an additional 25 bps. In 2043, the interest rate will be increased by an additional 75 bps. Interest payments on the public hybrid bond can be suspended at Alpiq's discretion. In this case, the payment of interest lapses after three years.

The interest after tax attributable to 2023 was CHF 31 million (previous year: CHF 29 million). Interest from the public hybrid bond that is attributable to the reporting year meets the criteria of a preference dividend, irrespective of whether the interest was paid or a legal obligation for the payment exists and is deducted from the "Net income attributable to equity investors of Alpiq Holding Ltd." for the calculation of the basic earnings per share. The accrued interest after tax totalled CHF 5 million at 31 December 2023 (CHF 4 million). As no legally enforceable payment obligation exists, the accrued interest was not accrued as a financial liability, and was not deducted from equity. Interest payments totalling CHF 29 million were made in 2023 (CHF 29 million). Due to the equity character of the hybrid capital, these distributions were deducted from retained earnings.

4 Operating assets and liabilities

4.1 Property, plant and equipment

CHF million	Land and buildings	Power plants	Others[1]	Assets under construction and prepayments	Right-of-use assets[2]	Total
Net carrying amount at 1 January 2023	**111**	**1,525**	**22**	**88**	**36**	**1,782**
Investments			13	66	4	83
Own work capitalised				2		2
Reclassifications	2	70	1	– 72		1
Reclassified to "Assets held for sale"				– 3	– 1	– 4
Depreciation	– 2	– 88	– 4		– 6	– 100
Currency translation differences	– 1	– 12		– 2	– 1	– 16
Net carrying amount at 31 December 2023	**110**	**1,495**	**32**	**79**	**32**	**1,748**
Of which, cost value	176	4,755	75	96	65	5,167
Of which, accumulated depreciation	– 66	– 3,260	– 43	– 17	– 33	– 3,419

1 Includes transmission assets, machinery, equipment and vehicles as well as decommissioning, restoration and maintenance costs
2 For details, see note 3.6

Investments in the category "Others" in the amount of CHF 13 million relate to an increase in decomissioning provision of CHF 5 million and a revalution of an already existing decomissioning provision of CHF 8 million. These transactions were non-cash effective.

CHF million	Land and buildings	Power plants	Others[1]	Assets under construction and prepayments	Right-of-use assets[2]	Total
Net carrying amount at 1 January 2022	**113**	**1,623**	**26**	**58**	**39**	**1,859**
Acquisition / disposal of subsidiaries				– 2	– 1	– 3
Investments		2		65	8	75
Own work capitalised				1		1
Reclassifications		30	2	– 32		
Reclassified to "Assets held for sale"		– 47	– 1			– 48
Disposals					– 2	– 2
Depreciation	– 2	– 89	– 4		– 6	– 101
Reversals of impairment		18				18
Currency translation differences		– 12	– 1	– 2	– 2	– 17
Net carrying amount at 31 December 2022	**111**	**1,525**	**22**	**88**	**36**	**1,782**
Of which, cost value	175	4,771	62	92	65	5,165
Of which, accumulated depreciation	– 64	– 3,246	– 40	– 4	– 29	– 3,383

1 Includes transmission assets, machinery, equipment and vehicles as well as decommissioning, restoration and maintenance costs
2 For details, see note 3.6

Impairment and reversals of impairment 2022

The integration of Nant de Drance (NdD) into the Production Switzerland CGU as of 1 July 2022 constituted a triggering event. The impairment test of the Production Switzerland CGU was performed at half-year closing and did not lead to any impairment losses. For further information see note 4.7.

In the second half of 2022, the management initiated the sale of the three Bulgarian companies. As a result, the corresponding assets and liabilities were classified as “held for sale” (see note 5.2). Before this reclassification, Alpiq tested the assets of the cash-generating unit Vetrocom for impairment and determined the recoverable amount based on the fair value less cost to sell which was calculated on the basis of the non-binding offers (Level 2) received. The assessment led to the reversal of impairment losses recognised in previous years in the amount of CHF 23 million in the Asset segment, of which CHF 18 million was attributable to windpark assets and CHF 5 million to intangible assets.

Contractual obligations

At the reporting date, the Group had contractual commitments of CHF 78 million (previous year: CHF 66 million) for the construction and acquisition of property, plant and equipment.

Accounting policies

Property, plant and equipment is stated at cost, net of accumulated depreciation and any impairment losses. Obligations to restore land and sites after licence expiry or decommissioning are accounted for individually in accordance with the contract terms.

Depreciation is applied to property, plant and equipment on a straight-line basis over the estimated useful life, or to the expiry date of power plant licences. Assets under construction and prepayments are not subject to depreciation until they are completed or in working condition and have been reclassified to the corresponding asset category. The estimated useful life of the various classes of assets range as follows:

- Power plants: 20 – 80 years
- Transmission assets: 15 – 40 years
- Buildings: 20 – 60 years
- Machinery, equipment and vehicles: 3 – 20 years
- Land: only in case of impairment
- Assets under construction and prepayments: if impairment is already evident

The residual value and useful life of an asset are reviewed regularly, but at least at each financial year end, and adjusted where required. At every reporting date, a test is performed to determine whether there is any indication that items of property, plant and equipment are impaired.

The calculation of the useful life, residual value and recoverable amount involves estimates. The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs of disposal and its value in use. If an asset does not generate cash inflows that are independent of those from other assets, the recoverable amount of the individual asset is estimated for the cash-generating unit to which the asset belongs. Value in use is calculated by discounting the estimated future cash flows based on budget figures approved by management, business assumptions as well as other relevant factors. These assumptions are based on historical empirical data and current market expectations and therefore contain significant estimation uncertainties. These assumptions relate largely to wholesale prices on European forward markets and forecasts of medium-term and long-term energy prices, foreign currencies (in particular EUR/CHF and EUR/USD exchange rates), inflation rates, discount rates, regulatory conditions and investment activities relating to the company. The estimates made are reviewed periodically using external market data and analyses. To calculate the terminal values, the cash flows were extrapolated by a growth rate of 2.0% (previous year: 2.0%). This growth rate corresponds to the long-term average growth that Alpiq expects and represents a forecast. The discount rates that have been applied reflect the current market estimate for the specific risks to be allocated to the assets and represent a best estimate. Actual results may differ from these estimates, assumptions and forecasts, resulting in significant adjustments in subsequent periods.

4.2 Intangible assets

CHF million	Energy purchase rights[1]	Other intangible assets	Assets under development and prepayments	Total
Net carrying amount at 1 January 2023	**25**	**49**	**6**	**80**
Investments			4	4
Own work capitalised			3	3
Reclassifications		10	– 10	
Amortisation	– 1	– 10		– 11
Impairment		– 1		– 1
Currency translation differences	– 1	– 1		– 2
Net carrying amount at 31 December 2023	**23**	**47**	**3**	**73**
Of which, cost value	1,484	521	3	2,008
Of which, accumulated amortisation	– 1,461	– 474		– 1,935

1 Include prepayments for rights to purchase energy in the long term, including capitalised interest, as well as long-term energy purchase agreements acquired in business combinations.

CHF million	Energy purchase rights[1]	Other intangible assets	Assets under development and prepayments	Total
Net carrying amount at 1 January 2022	**26**	**62**	**4**	**92**
Investments			5	5
Own work capitalised			6	6
Reclassifications		8	– 8	
Reclassified to “Assets held for sale”		– 8		– 8
Amortisation	– 1	– 15		– 16
Impairment		– 2	– 1	– 3
Reversals of impairment		5		5
Currency translation differences		– 1		– 1
Net carrying amount at 31 December 2022	**25**	**49**	**6**	**80**
Of which, cost value	1,490	523	6	2,019
Of which, accumulated amortisation	– 1,465	– 474		– 1,939

1 Include prepayments for rights to purchase energy in the long term, including capitalised interest, as well as long-term energy purchase agreements acquired in business combinations.

Impairment and reversals of impairment

Impairment losses of CHF 1 million (previous year: CHF 3 million) were recognised in the Trading segment, because internally developed software could not be used as originally planned.

More information on reversals of impairment losses is disclosed in note 4.1 and note 5.2.

Accounting policies

Intangible assets are stated at cost, net of accumulated amortisation and any impairment losses. Assets with a limited useful life are generally amortised on a straight-line basis over their estimated useful economic lives. The amortisation period and amortisation method are reviewed at each financial year end. The useful life of the intangible assets recognised ranges from 1 to 74 years. Assets under development and prepayments are not subject to amortisation but are tested annually for impairment.

For significant estimation uncertainties and assumptions, see note 4.1.

4.3 Investments in partner power plants and other associates

CHF million	Partner power plants	Other associates	Total
Carrying amount at 1 January 2023	**2,154**	**29**	**2,183**
Dividends	– 23	– 1	– 24
Share of profit / (loss)	– 22	– 1	– 23
IAS 19 effects recognised in other comprehensive income	22	1	23
Investments		1	1
Reclassifications	– 5		– 5
Carrying amount at 31 December 2023	**2,126**	**29**	**2,155**

CHF million	Partner power plants	Other associates	Total
Carrying amount at 1 January 2022	**2,266**	**35**	**2,301**
Dividends	– 23		– 23
Share of profit / (loss)	– 58	– 1	– 59
IAS 19 effects recognised in other comprehensive income	– 43	– 5	– 48
Investments	24		24
Reclassifications	– 12		– 12
Carrying amount at 31 December 2022	**2,154**	**29**	**2,183**

Summarised financial information

Under the partner agreements in force, the shareholders of partner power plants are required to take on the energy and pay the annual costs allotted to their ownership interest throughout the concession period. Furthermore, nuclear power plant owners are required to pay limited additional contributions to the decommissioning and waste disposal fund, in case a primary contributor is unable to fulfil payments. The partner agreements run through the useful life of the power plant, or through the concession period, and cannot be terminated. For individual partner power plants, Alpiq assigned a portion of the energy to be granted to it due to its ownership interest, as well as the associated obligation to pay its annual costs to another company. In such cases, the reported interest relevant from an economic perspective may differ from the interest held pursuant to corporate law. The Alpiq Group’s share of the annual costs of all partner power plants in 2023 amounted to CHF 475 million (previous year: CHF 774 million). This amount is included in energy and inventory costs.

The merger of Atel and EOS, which formed Alpiq in 2009, led to fair value adjustments being made on the acquired assets in the course of the business combination. These fair value adjustments are amortised over the concession periods of the corresponding assets, which results in a negative impact on the share of profit and loss. In the summarised financial information the fair value adjustments are included and calculated on the basis of a weighting.

Material partner power plants

CHF million	Grande Dixence SA	Nant de Drance SA	Kernkraftwerk Gösgen-Däniken AG	Kernkraftwerk Leibstadt AG	Total	Grande Dixence SA	Nant de Drance SA	Kernkraftwerk Gösgen-Däniken AG	Kernkraftwerk Leibstadt AG	Total
	31 Dec 2023					31 Dec 2022 (adjusted[1])				
Non-current assets	2,014	2,062	3,565	4,985	12,626	2,063	2,097	3,357	4,912	12,429
Current assets	27	80	418	639	1,164	14	– 4	469	554	1,033
Non-current liabilities	675	1,413	3,401	4,197	9,686	736	1,660	3,325	4,125	9,846
Current liabilities	219	320	196	216	951	157	41	166	126	490
Total equity	**1,147**	**409**	**386**	**1,211**	**3,153**	**1,184**	**392**	**335**	**1,215**	**3,126**
Equity share	60.0%	39.0%	40.0%	27.4%		60.0%	39.0%	40.0%	27.4%	
Alpiq's share of total equity	**688**	**160**	**154**	**317**	**1,319**	**711**	**153**	**133**	**317**	**1,314**
Income	168	123	433	538	1,262	166	103	800	887	1,956
Expenses	– 194	– 106	– 403	– 534	– 1,237	– 189	– 106	– 888	– 900	– 2,083
Net income	**– 26**	**17**	**30**	**4**	**25**	**– 23**	**– 3**	**– 88**	**– 13**	**– 127**
Other comprehensive income	1		38	14	53	– 6	1	– 54	– 48	– 107
Total comprehensive income	**– 25**	**17**	**68**	**18**	**78**	**– 29**	**– 2**	**– 142**	**– 61**	**– 234**
Alpiq's share of total comprehensive income	**– 15**	**7**	**28**	**5**	**25**	**– 18**	**– 1**	**– 56**	**– 17**	**– 92**
Dividends received	**7**		**7**	**6**	**20**	**8**		**7**	**6**	**21**

1 In the previous year, Kernkraftwerk-Beteiliungsgesellschaft AG (KBG) was reported under "Material partner power plants"; from the current year, KBG is disclosed under "Other immaterial partner power plants". In addition, the tables have been adjusted slightly to enhance the information provided.

The associates classified as material by Alpiq comprise only strategically significant partner power plants. Market values are not available for any of these companies.

Total partner power plants and other associates (Alpiq share)

	31 Dec 2023				31 Dec 2022 (adjusted[1])			
CHF million	Individually disclosed partner power plants	Other immaterial partner power plants	Other associates	Total	Individually disclosed partner power plants	Other immaterial partner power plants	Other associates	Total
Non-current assets	4,734	1,194	40	5,968	4,675	1,232	33	5,940
Current assets	380	21	16	417	337	20	14	371
Non-current liabilities	3,405	339	22	3,766	3,489	315	12	3,816
Current liabilities	390	69	5	464	209	97	6	312
Total equity	**1,319**	**807**	**29**	**2,155**	**1,314**	**840**	**29**	**2,183**
Income	463	146	32	641	691	125	33	849
Expenses	– 458	– 173	– 33	– 664	– 743	– 137	– 34	– 914
Net income	**5**	**– 27**	**– 1**	**– 23**	**– 52**	**– 12**	**– 1**	**– 65**
Other comprehensive income	20	2	1	23	– 40	– 3	– 5	– 48
Total comprehensive income	**25**	**– 25**	**0**	**0**	**– 92**	**– 15**	**– 6**	**– 113**

1 In the previous year, Kernkraftwerk-Beteiliungsgesellschaft AG (KBG) was reported under "Material partner power plants"; from the current year, KBG is disclosed under "Other immaterial partner power plants". In addition, the tables have been adjusted slightly to enhance the information provided.

Accounting policies

An associate is a company over which the Alpiq Group is in a position to exercise significant influence through participation in the financial and operating policy decisions of the investee, and that is neither a subsidiary nor a joint arrangement. Significant influence is generally presumed with a share of voting rights ranging from 20% to 50%. Where appropriate, companies may likewise be accounted for as associates in the consolidated financial statements by applying the equity method, even if the ownership interest is less than 20%. This applies especially where the Alpiq Group is represented in the authoritative decision-making bodies, such as the Board of Directors, or participates in operating and financial policymaking. The equity method is also applied to assess companies over which Alpiq, despite having a related ownership interest of 50% or greater, has no control, as a result of restrictions in articles of association, contracts and organisational rules.

With regard to associates, Alpiq makes the distinction between partner power plants and other associates. The partner power plants are companies that construct, maintain or operate nuclear power plants or hydropower plants or manage the energy purchase rights. Goodwill may also arise through purchase of investments in associates and corresponds to the difference between the cost of investment and the Group's share of the fair value of the identifiable net assets. Such goodwill forms part of the carrying amount at which the associate is recognised.

The reporting date of a few partner power plants (hydrological year) and other associates differs from that of the Group. The most recent available financial statements of these companies are used to prepare the consolidated financial statements of the Alpiq Group. Significant transactions and events that occur between the end of the most recent reporting period and 31 December are taken into account in the consolidated financial statements. To be included in the consolidated financial statements, the financial statements of the associates are prepared applying uniform accounting policies. Reconciliation statements are prepared for companies that have no IFRS financial statements.

4.4 Inventories

CHF million	31 Dec 2023	31 Dec 2022
CO_2 and other certificates	11	25
Gas	10	15
Consumables, supplies and fuels	12	11
Total	**33**	**51**

Accounting policies

Inventories held for own use mainly comprise gas used for electricity generation at thermal plants, materials for providing operating services, and certificates. Gas is initially recognised at the lower of weighted average cost and net realisable value. Certificates for own use are initially recognised at cost of purchase and further carried at amortised costs. Any surplus certificates no longer needed for own use are reclassified and measured at their fair value. The other inventories are stated at the lower of cost (calculated applying the FIFO method or the average cost method) and net realisable value. Certificates held for trade with the purpose of generating profit from price fluctuations or dealer's margins are recognized at fair value through profit and loss and are presented in the line item "inventory at fair value".

4.5 Receivables and other current assets

CHF million	31 Dec 2023	31 Dec 2022
Trade receivables[1]	1,256	2,153
Prepayments to suppliers	12	12
Other current receivables	546	1,716
Total	**1,814**	**3,881**

1 Of which an amount of CHF 0,750 million (previous year: CHF 1,187 million) originates from contracts with customers pursuant to IFRS 15.

Alpiq usually grants its customers a payment term of no longer than 30 days. In certain cases, the payment term may be 60 days. Trade receivables and trade payables with the same counterparty are offset, provided that a netting agreement exists and payment is made on a net basis. For more information, see note 3.1.

Age analysis of trade receivables

	31 Dec 2023			31 Dec 2022		
CHF million	Gross	Allowance for ECL	Net (balance sheet)	Gross	Allowance for ECL	Net (balance sheet)
Not past due	1,213		1,213	2,032	– 5	2,027
1 – 90 days past due	36	– 2	34	186	– 74	112
91 – 180 days past due	2	– 1	1	8		8
181 – 360 days past due	5	– 1	4	20	– 18	2
Over 360 days past due [1]	213	– 209	4	141	– 137	4
Total	**1,469**	**– 213**	**1,256**	**2,387**	**– 234**	**2,153**

1 Overdue trade receivables mainly related to the years 2021 and 2022

Allowance for expected credit loss (ECL) on trade receivables

CHF million	31 Dec 2023	31 Dec 2022
Carrying amount before impairment	1,469	2,387
Of which, impaired	– 213	– 234
Impairment at beginning of year	– 234	– 216
Impairment charge for the year [1]	– 4	– 65
Amounts written off as uncollectible	10	27
Unused amounts reversed	1	10
Currency translation differences	14	10
Impairment at end of year [2]	– 213	– 234

1 Of which an amount of CHF – 3 million (previous year: CHF – 2 million) originates from contracts with customers pursuant to IFRS 15.
2 Of which an amount of CHF – 27 million (previous year: CHF – 29 million) originates from contracts with customers pursuant to IFRS 15.

The impairment comprises specific bad debt allowances of CHF 213 million (previous year: CHF 234 million) that were recognised for receivables with concrete indications of a default risk (e.g. insolvency). In accordance with the expected credit loss model, it also includes general bad debt allowances of CHF 0 million (CHF 1 million) due to the inherent default risk for receivables. For this, individual probabilities of default are calculated for each counterparty amounting to between 0.0% and 3.56% (previous year: between 0.0% and 19.0%), depending on the maturity of the trade receivables.

Trade receivables classified by credit rating

	31 Dec 2023	
	in CHF million	in %
Counterparties with credit rating AAA	12	0.9%
Counterparties with credit rating AA	3	0.3%
Counterparties with credit rating A	298	23.7%
Counterparties with credit rating BBB	490	39.0%
Counterparties with credit rating BB	169	13.5%
Counterparties with credit rating B	13	1.1%
Counterparties with credit rating CCC	12	0.9%
Counterparties not rated [1]	260	20.7%
Total	**1,256**	**100.0%**

1 Comprises unrated counterparties (i.e. mainly end consumers)

Accounting policies

The accounting policies for financial receivables are disclosed in note 3.2.

4.6 Cash and cash equivalents

CHF million	31 Dec 2023	31 Dec 2022
Cash at bank and in hand	1,236	1,374
Term deposits with a maturity of 90 days or less	337	100
Total	**1,573**	**1,474**

Cash at bank and in hand include foreign subsidiaries' bank accounts with a total balance of EUR 25 million, converted CHF 24 million, (previous year: EUR 72 million, converted CHF 71 million), which is pledged in accordance with regulations in local finance agreements. These funds are therefore not freely available in full for the Alpiq Group.

4.7 Provisions

CHF million	Onerous contracts	Decommis-sioning own power plants	Other	Total
Non-current provisions at 1 January 2023	14	49	23	86
Current provisions at 1 January 2023	8		9	17
Provisions at 1 January 2023	**22**	**49**	**32**	**103**
Increase	2	5	62	69
Unwinding of discount		2		2
Utilised	– 4		– 12	– 16
Unused amounts reversed	– 18		– 7	– 25
Revalued		9		9
Currency translation differences	– 1	– 1	– 1	– 3
Provisions at 31 December 2023	**1**	**64**	**74**	**139**
Non-current provisions at 31 December 2023		64	45	109
Current provisions at 31 December 2023	1		29	30

Onerous contracts

These provisions comprise the present value of the onerous contracts in place at the reporting date.

The amount of the provisions for onerous contracts depends on various assumptions, relating in particular to the development of wholesale prices on European forward markets and forecasts of medium-term and long-term energy prices. These assumptions associated with uncertainties are made at the reporting date, some of which can result in significant adjustments in subsequent periods.

Decommissioning provision

The provision for decommissioning the Group's own power plant portfolio covers the estimated costs of decommissioning and restoration obligations associated with the Group's existing power plants.

Other provisions

Other provisions include obligations arising from the human resources area, existing and pending obligations from litigation and other operating risks deemed probable.

In December 2023, a provision of EUR 21 million (CHF 19.4 million) was recognized in other operating expenses in connection with legal proceedings against the sold Kraftanlagen Group. More information can be found in Note 5.1.

Alpiq reached an agreement with a contracting party to settle a dispute over the termination of a long-term energy sales contract that Alpiq considered to be null and void. This agreement led to the recognition of a provision of CHF 34 million.

Provisions for pending obligations from litigation are based on information available in each case and estimates made by management as to the outcome of the litigation. Depending on the actual outcome, the effective cash outflow may differ significantly from the provisions.

Accounting policies

Provisions cover all present legal or constructive obligations arising from past transactions or events that are likely to be incurred, but are uncertain as to timing and/or amount. The amount is determined at the reporting date and corresponds to the best possible estimate of the expected cash outflow, discounted to the reporting date.

4.8 Contingent liabilities and guarantees

ANAF's tax audit at Alpiq Energy SE

After the tax audit on the Bucharest branch of Alpiq Energy SE, Prague, the Romanian tax authority ANAF (Agenţia Naţională de Administrare Fiscală) issued the final tax assessment notice to Alpiq in September 2017 for an amount of RON 793 million (CHF 148 million) for value added tax, corporate income tax and penalties (including late payment penalties) for the assessment period 2009 to 2014. In addition, Alpiq would have to pay interest for late payments of RON 216 million (CHF 40 million) from 2017 up to 2023. The tax assessment determined by ANAF is being contested both on its merits and with respect to the amount assessed, as Alpiq is convinced that the activities of Alpiq Energy SE in Romania have always been carried out in accordance with the applicable Romanian and European rules and regulations. Alpiq's position is supported by current assessments provided by external legal and tax experts. Alpiq filed an administrative appeal with ANAF´s appeal body against the tax assessment in 2017. In the main matter, ANAF´s appeal body supported the audit team´s view and dismissed the administrative appeal with regard to an amount of RON 589 million, or CHF 110 million, as being without merit, while it repealed the decision from the tax audit with regard to an amount of RON 204 million (CHF 38 million), and ordered a reassessment which has been suspended by ANAF until the court assessment relating to the amount of RON 589 million will become final. Alpiq contested the decision on the administrative appeal made by ANAF by making use of all legal means of appeal at its disposal. Based on motions filed by Alpiq, the Supreme Court in Bucharest ruled that the tax assessment of RON 589 million is not enforceable until a decision has been reached by the last court of appeal.

In a meritorious ruling of 19 October 2021, the competent Romanian administrative court agreed with the reasoning of Alpiq Energy SE and revoked the underlying decisions of ANAF on the assessment of the complete amount of RON 793 million as unlawful. After receiving the written substantiation for the court's decision in May 2022, ANAF contested the ruling by filing an appeal with the Romanian Supreme Court at the end of May 2022. Alpiq Energy SE also filed an appeal on part of the reasoning. The first court hearing for the second appeal took place in December 2023. A second hearing was requested by the Supreme Court and is scheduled for 15 February 2024. The Supreme Court´s decision is expected in the second quarter of 2024.

Alpiq continues to deem it unlikely that these proceedings will result in a negative outcome for the company and has therefore decided not to record a liability for the pending tax assessment.

Compensation review proceedings against Alpiq Holding Ltd.

In 2020, appraisal claims were filed against Alpiq Holding Ltd. by the two investors Knight Vinke (KVIP International V L.P.) and Merion Capital (Merion Capital LP, Merion Capital ERISA LP and Merion Capital II LP) pursuant to Sec. 105 of the Swiss Merger Act (FusG). The claims seek a review of the compensation of CHF 70.00 per share approved by the Annual General Meetings of Alpha 2020 AG (current Alpiq Holding Ltd.) and former Alpiq Holding AG ("Former Alpiq") and paid to minority shareholders of in the squeeze-out merger in 2020.

In February 2023, Alpiq Holding Ltd. and Merion Capital reached an out-of-court settlement and Merion Capital withdrew its appraisal claim in the proceedings started at the Chambre patrimoniale cantonale of canton of Vaud, Switzerland, and waived any right to claim any additional payment from Alpiq in relation to Merion's shares acquired as part of the squeeze-out merger.

The proceeding initiated by Knight Vinke is continuing, whereby Knight Vinke is seeking a compensation based on a value per share amounting to at least CHF 140. This would correspond to additional aggregate compensation of about CHF 73 million to be paid by Alpiq Holding Ltd. to all relevant minority shareholders (excluding Merion Capital). The proceeding is currently pending in the competent court of canton of Vaud. As a next step in the proceeding, Alpiq will file its response to Knight Vinke's statement of claim in Q1 2024.

In the context of the voluntary public purchase offer by SKBAG, PricewaterhouseCoopers (PwC) was engaged as an independent expert to prepare and submit a fairness opinion on the appropriateness of the offer price from a financial perspective. At the time, PwC concluded that the offer price was fair and appropriate from a financial perspective. In connection with the squeeze-out merger, Alantra Ltd. was engaged to compile an independent valuation report for the Board of Directors of Alpiq Holding Ltd. (Former Alpiq) and Alpha 2020 Ltd. (current Alpiq Holding Ltd.). The valuation report of Alantra determined a value range of CHF 63.30 to CHF 72.50 per share in Former Alpiq and therefore confirmed that the agreed compensation of CHF 70 per share is appropriate.

Based on the facts and circumstances known at this time, in particular the two independent valuation reports which deemed the amount of compensation per share to be appropriate, Alpiq considers it unlikely that this litigation will result in a negative outcome for the company.

Other matters

Alpiq is currently in discussions with a contracting party regarding the termination of a long-term energy sales contract, as Alpiq considers this contract to be null and void. The negotiations are at an early stage and a possible settlement amount cannot yet be reliably estimated.

In the previous year Alpiq was in negotiations with a contracting party regarding the termination of a long-term energy sales contract, as Alpiq was of the opinion that the contract was no longer valid. In 2023, a settlement agreement was reached that resulted in the recognition of a provision in the amount of CHF 34 million.

There were no significant contingent liabilities from pledges, guarantees and other commitments to third parties in favour of third parties at the reporting date, as was also the case at 31 December 2022. For additional obligations in connection with partner power plants, please see note 4.3. Contingent liabilities in connection with the sale of the Engineering Services business can be found in note 5.1.

4.9 Other current liabilities

CHF million	31 Dec 2023	31 Dec 2022
Trade payables	965	2,463
Hedged firm commitments	25	37
Other current liabilities	140	493
Advances from customers	13	160
Total	**1,143**	**3,153**

Trade payables to suppliers that are also customers are settled with trade receivables, provided that a netting agreement exists and payment is made on a net basis. For more information, see note 3.1.

5 Group structure

5.1 Companies sold

CHF million	2023	2022
Inflow of cash and cash equivalents	76	3
Cash and cash equivalents disposed of with subsidiaries	– 10	
Net cash flow from disposal	**66**	**3**

CHF million	2023	2022
Inflow of cash and cash equivalents	78	3
Fair value of the purchase price adjustment	– 2	
Sale of net assets	– 70	– 2
Gain / (loss) on disposal (before reclassification of cumulative translation adjustment)	**6**	**1**
Reclassification of cumulative translation adjustment	– 34	
Gain / (loss) on the disposal in other operating income / expenses	**– 28**	**1**

CHF million	2023	2022
Property, plant and equipment	48	3
Intangible assets	7	
Inventories	1	
Derivative financial instruments	5	
Receivables	4	
Cash and cash equivalents	10	
Total assets	**75**	**3**
Non-current provisions	1	
Deferred income tax liabilities	2	
Non-current financial liabilities		1
Current provisions	1	
Other current liabilities	1	
Total liabilities	**5**	**1**
Net assets	**70**	**2**

Sale of three Bulgarian companies

The sale of the three Bulgarian companies (Alpiq Energia Bulgaria EOOD, Vetrocom EOOD and Alpiq Wind Services EAD) to Renalfa IPP was conducted in the first half of 2023. The sale price amounted to CHF 76 million, which resulted in a net inflow of cash and cash equivalents of CHF 66 million. In total, net assets of CHF 70 million were disposed of. The loss on disposal amounted to CHF 28 million and was recognised in other operating expense. The assets and liabilities of the company were recognised as “Assets held for sale” or “Liabilities held for sale” in the prior year, see note 5.2.

Sale of two Spanish project companies

In the second half of 2022, Alpiq sold 75% of its shares in two Spanish project companies. The sale price amounted to CHF 3 million, which resulted in a net cash inflow of cash and cash equivalents of CHF 3 million. In total, net assets of CHF 2 million were disposed of. The gain on disposal amounted to CHF 1 million and was recognised in other operating income.

Compensation for the transfer of the Swiss high-voltage grid

The adjustment of the valuation of the transfer of the Swiss high-voltage grid was finalised for Alpiq in the second half of 2021. In 2022, cash inflows from additional sales proceeds amounted to CHF 31 million and were recorded under “Disposal of subsidiaries” in the statement of cash flows. Cash inflows from the interest components in 2022 amounted to CHF 5 million and were recorded under “Interest received” in the statement of cash flows. Accordingly, all sales proceeds and interest components have been collected in full and the transaction to transfer the Swiss high-voltage grid was fully completed in 2022.

Sale of the Engineering Services business

In 2018, Alpiq sold the Engineering Services business, which comprised the Alpiq InTec Group and the Kraftanlagen Group. As part of the sale of the Engineering Services business, Alpiq must bear any fines and costs of Kraftanlagen Energies & Services SE (“Kraftanlagen”) resulting from the proceedings started by the state prosecutor of Munich I and the German Federal Cartel Office in the first quarter of 2015.

In the course of these proceedings, the German Federal Cartel Office imposed a fine of EUR 47.5 million (CHF 44 million) on Kraftanlagen in December 2019. Kraftanlagen cooperated fully with the authorities from the outset in order to support them in investigating the allegations in question. Despite extensive investigations, a law firm commissioned by Kraftanlagen to clarify the facts of the case could not find any evidence of misconduct by Kraftanlagen or the accused former employees. Kraftanlagen does not believe that it is in the wrong and refutes the allegations. Kraftanlagen filed an appeal against the administrative order imposing the fine. In 2022 several hearings at the Higher Regional Court of Düsseldorf took place in which Alpiq was deemed guilty on two out of five indictments. The fine was reduced by EUR 26.5 million (CHF 24.5 million) to EUR 21 million (CHF 19.4 million). Both the Federal Cartel Office and Kraftanlagen have appealed to the Federal Court of Justice. In November 2023, the Federal Public Prosecutor General informed the Federal Court of Justice of his legal assessment of the respective appeals. Even though the Federal Public Prosecutor General is the representative of the prosecution, he has partly confirmed Kraftanlagen’s position in line with the judgement of the Higher Regional Court of Düsseldorf. Nevertheless, he supported the decision of the Higher Regional Court of Düsseldorf deciding against Kraftanlagen in relation to certain projects and imposing a fine of EUR 21 million (CHF 19.4 million).

After assessing the legal situation by internal and external legal experts and considering the statement of the Federal Public Prosecutor General, Alpiq sees the risk of Kraftanlagen being convicted along the lines of the decision of the Higher Regional Court of Düsseldorf to be higher than 50% and has therefore decided to recognize a provision of EUR 21 million (CHF 19.4 million).

5.2 Assets held for sale

In the second half of 2023, Alpiq decided to sell 75% of its share in the Spanish project company Novagavia Business S.L. At the 31 December 2022 reporting date, three Bulgarian subsidiaries were classified as "Assets held for sale". For more information regarding the Bulgarian subsidiaries, see note 5.1.

Assets

CHF million	31 Dec 2023	31 Dec 2022
Property, plant and equipment	4	48
Intangible assets		8
Inventories		1
Derivative financial instruments		8
Receivables and other current assets		5
Cash and cash equivalents		13
Total assets held for sale	**4**	**83**

Liabilities

CHF million	31 Dec 2023	31 Dec 2022
Non-current provisions		1
Deferred income tax liabilities		2
Non-current financial liabilities	1	
Current provisions		1
Other current liabilities		6
Total liabilities held for sale	**1**	**10**

Accounting policies

An asset or group of assets and related liabilities (disposal group) is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than continuing use. The Alpiq Group measures non-current assets and disposal groups classified as held for sale at the lower of carrying amount and fair value less costs of disposal. These assets or disposal groups, once classified as held for sale, are no longer depreciated or amortised. They are presented separately from the Group's other assets and liabilities.

5.3 Group companies and investments

Unless otherwise stated in the footnote, the direct ownership interest has not changed compared to the previous year.

Group companies	Place of incorporation	Assets	Trading	Origination	Corporate	Direct ownership interest in %
Alpiq Holding Ltd.	Lausanne, CH				X	100.0
Aare-Tessin Ltd. for Electricity (Atel)[1]	Olten, CH				X	100.0
Aero Rossa S.r.l.	Milan, IT	X				100.0
Almolina H2 S.L.[2]	Madrid, ES	X				100.0
Alpiq Ltd.[1]	Olten, CH	X	X	X	X	100.0
Alpiq Csepel Kft.	Budapest, HU	X				100.0
Alpiq Csepeli Szolgáltató Kft.	Budapest, HU	X				100.0
Alpiq Deutschland GmbH[1]	Munich, DE				X	100.0
Alpiq Digital Austria GmbH[3]	Vienna, AT				X	100.0
Alpiq EcoPower Ltd.[1]	Olten, CH	X				100.0
Alpiq EcoPower France S.A.S.	Toulouse, FR	X				100.0
Alpiq EcoPower Switzerland Ltd.	Olten, CH	X				100.0
Alpiq Energía España S.A.U.	Madrid, ES	X		X	X	100.0
Alpiq Energia Italia S.p.A.	Milan, IT	X		X	X	100.0
Alpiq Energie Deutschland GmbH	Berlin, DE			X	X	100.0
Alpiq Energie France S.A.S.	Paris, FR			X	X	100.0
Alpiq Energija BH d.o.o	Sarajevo, BA		X			100.0
Alpiq Energija Skopje DOOEL	Skopje, MK		X			100.0
Alpiq Energy Albania SHPK[3]	Tirana, AL		X			100.0
Alpiq Magyarország Kft.[2]	Budapest, HU	X				100.0
Alpiq Energy SE	Prague, CZ		X	X	X	100.0
Alpiq Energy Ukraine LLC[3]	Kyiv, UKR		X			100.0
Alpiq Finland Oy	Vantaa, FI			X		100.0
Alpiq Hydro Aare AG	Boningen, CH	X				100.0
Alpiq Hydro Italia S.r.l.	Milan, IT	X				90.0
Alpiq Italia S.r.l.	Milan, IT				X	100.0
Alpiq Le Bayet S.A.S.	Paris, FR	X				100.0
Alpiq Norway AS	Oslo, NO			X		100.0
Alpiq Re (Guernsey) Ltd.	Guernsey, GB				X	100.0
Alpiq Retail France S.A.S.	Paris, FR			X		100.0
Alpiq RomIndustries S.R.L.[3]	Bucharest, RO			X		100.0
Alpiq Services CZ s.r.o.	Prague, CZ		X	X	X	100.0
Alpiq Solutions France S.A.S.	Paris, FR			X		100.0

1 Interest held directly by Alpiq Holding Ltd.
2 Newly founded
3 In liquidation

Group companies	Place of incorporation	Assets	Trading	Origination	Corporate	Direct ownership interest in %
Alpiq Suisse Ltd.[1]	Lausanne, CH	X			X	100.0
Alpiq Turkey Enerji Toptan Satis Limited Sirketi[3]	Istanbul TR			X		100.0
Alpiq Wind Italia S.r.l.	Milan, IT	X				100.0
Alres Sur 3 S.L.[2]	Madrid, ES	X				100.0
Bel Coster SA	L'Abergement, CH	X				100.0
Birs Wasserkraft AG	Olten, CH	X				100.0
C.E.P.E. Des Gravières S.A.S.	Paris, FR	X				100.0
Cotlan Wasserkraft AG	Glarus Süd, CH	X				60.0
EESP European Energy Service Platform GmbH[3]	Berlin, DE				X	100.0
Électricité d'Émosson SA	Martigny, CH	X				50.0
En Plus S.r.l.	Milan, IT	X				100.0
Energie Electrique du Simplon SA (E.E.S.)	Simplon, CH	X				82.0
Enpower 2 S.r.l.	Milan, IT	X				100.0
Enpower 3 S.r.l.	Milan, IT	X				100.0
Entegra Wasserkraft AG	St Gallen, CH	X				59.6
Eole Jura SA	Muriaux, CH	X				100.0
EolJorat Nord SA	Lausanne, CH	X				100.0
Horizen GmbH[3]	Berlin, DE			X		100.0
Hydro-Solar Energie AG	Niederdorf, CH	X				65.0
Isento Wasserkraft AG	St Gallen, CH	X				100.0
Kraftwerke Gougra AG	Sierre, CH	X				54.0
Motor-Columbus Ltd.[1]	Olten, CH				X	100.0
NOVAGAVIA BUSINESS, S.L.	Madrid, ES	X				100.0
Novel S.p.A.	Milan, IT	X				51.0
Salanfe SA	Vernayaz, CH	X				100.0
Società Agricola Solar Farm 2 S.r.l.	Milan, IT	X				100.0
Società Agricola Solar Farm 4 S.r.l.	Milan, IT	X				100.0
Tous-Vents SA	Lausanne, CH	X				100.0
Wasserkraftwerk Hüscherabach AG	Splügen, CH	X				60.0
Wasserkraftwerk Peist AG[4]	Arosa, CH	X				51.0
Wasserkraftwerk Tambobach AG	Splügen, CH	X				70.0

1 Interest held directly by Alpiq Holding Ltd.
2 Newly founded
3 In liquidation
4 Indirect interest held via Entegra with non-controlling interests of 69.6%

Partner power plants and other associates	Place of incorporation	Licence / agreement expiry	Assets	Trading	Origination	Corporate	Direct ownership interest in %
Blenio Kraftwerke AG	Blenio, CH	2042	X				17.0
CERS Holding SAS	Toulouse, FR		X				15.0
Cleuson-Dixence [1]	Sion, CH	2044	X				31.8
Electra-Massa AG	Naters, CH	2048	X				34.5
Engadiner Kraftwerke AG	Zernez, CH	2050/2074	X				22.0
ETRANS AG	Baden, CH					X	33.3
Forces Motrices de Martigny-Bourg S.A.	Martigny, CH	2080	X				18.0
Forces Motrices Hongrin-Léman S.A. (FMHL)	Château-d'Oex, CH	2051	X				39.3
Glattstrom Buchholz AG	St. Gallen, CH		X				23.4
Grande Dixence SA [2]	Sion, CH	2044	X				60.0
HYDRO Exploitation SA	Sion, CH		X				26.2
Kernkraftwerk Gösgen-Däniken AG	Däniken, CH	2039	X				40.0
Kernkraftwerk Leibstadt AG	Leibstadt, CH	2044	X				27.4
Kernkraftwerk-Beteiligungsgesellschaft AG (KBG)	Bern, CH	2041/2043	X				33.3
KohleNusbaumer SA	Blonay, CH		X				35.0
Kraftwerk Ryburg-Schwörstadt AG	Rheinfelden, CH	2070	X				13.5
Kraftwerke Hinterrhein AG	Thusis, CH	2048	X				9.3
Kraftwerke Zervreila AG	Vals, CH	2037	X				21.6
Maggia Kraftwerke AG	Locarno, CH	2035/2048	X				12.5
Nant de Drance SA	Finhaut, CH	2102	X				39.0
Ouvra Electrica Lavinuoz Lavin SA (OELL)	Lavin, CH		X				25.0
ToesStrom AG	Freienstein, CH		X				17.7
Tormoseröd Vindpark AB	Karlstad, SE		X				30.0
Unoenergia S.r.l.	Biella, IT		X				28.0
Wasserkraftwerke Weinfelden AG	Weinfelden, CH	2068	X				49.0
HyWay S.A.S.	Paris, FR		X				49.0
Hydrogen Höfe Freienbach AG	Freienbach, CH		X				25.0

1 Simple partnership
2 Although Alpiq holds direct ownership of 60%, it has no control. For more explanations on accounting policies, see note 4.3.

Joint venture	Place of incorporation	Assets	Trading	Origination	Corporate	Direct ownership interest in %
Hydrospider Ltd	Niedergösgen, CH	X				45.0
HyMove S.A.S.	Paris, FR	X				50.0
SC Produccion Renovable S.L.	Barcelona, ES	X				25.0

6 Other disclosures

6.1 General accounting policies

Due to the necessary rounding, it is possible that subtotals or totals do not match the individual amounts.

Basis of consolidation

The consolidated financial statements of the Alpiq Group comprise the consolidated financial statements of Alpiq Holding Ltd. and its subsidiaries, which were prepared by using uniform accounting policies. All intragroup balances, transactions, income and expenses are eliminated in full.

Subsidiaries are companies controlled by Alpiq Holding Ltd., either directly or indirectly. Such companies are consolidated at the date that control is obtained. Companies are deconsolidated or recognised under "Investments in partner power plants and other associates" or under "Other non-current assets" when control of the company is lost.

Investments in partner power plants and other associates in which the Alpiq Group has significant influence are included in the consolidated financial statements by applicatoin of the equity method. The Alpiq Group's interest in the assets, liabilities, income and expenses of such companies is disclosed in note 4.3.

All other investments are recognised at fair value and included in "Other non-current assets".

Foreign currency translation

The consolidated financial statements are presented in Swiss francs (CHF), which is both the functional currency of Alpiq Holding Ltd. and its reporting currency. The functional currency of each company in the Group is determined by the economic environment in which it operates. Transactions in foreign currencies are recorded in the group company's functional currency at the exchange rate prevailing on the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the closing exchange rate on the reporting date. The resultant currency translation differences are recognised in the income statement.

Receivables and loans due from foreign operations for which settlement is neither planned nor likely to occur in the foreseeable future are, in substance, part of the company's net investment in that foreign operation. The resulting translation differences are recognised separately in other comprehensive income as part of the foreign currency translation differences and reclassified from equity to the income statement on disposal of the net investment in the foreign operation.

The assets and liabilities of subsidiaries are translated into Swiss francs at the closing exchange rate at the reporting date. Income statement items are translated at the average exchange rate for the reporting period. Currency translation differences are recognised as a separate item in other comprehensive income. On disposal of a subsidiary or loss of control and on disposal of an associate or partner power plant or the loss of significant influence, the cumulative currency translation differences relating to that subsidiary are recognised in the income statement as part of the gain or loss on sale in the period in which the subsidiary is disposed of, or control is lost.

The following exchange rates were used for currency translation:

Unit	Closing rate at 31 Dec 2023	Closing rate at 31 Dec 2022	Average rate for 2023	Average rate for 2022
1 EUR	0.926	0.985	0.972	1.005
1 GBP	1.066	1.110	1.117	1.180
1 USD	0.838	0.923	0.899	0.955
100 CZK	3.745	4.083	4.051	4.093
100 HUF	0.242	0.246	0.255	0.258
100 NOK	8.238	9.366	8.516	9.961
100 PLN	21.339	21.037	21.403	21.473
100 RON	18.611	19.895	19.645	20.381

6.2 Related party transactions

Related parties include partner power plants, other associates and major shareholders with significant influence on the Alpiq Group as well as employee pension schemes, the Board of Directors and the Executive Board. EOS Holding SA and Schweizer Kraftwerksbeteiligungs-AG have significant influence over the Alpiq Group and are referred to below as “Other related companies”.

Transactions between the Group and related companies

			2023			2022
CHF million	Partner power plants	Other associates	Other related companies	Partner power plants	Other associates	Other related companies
Total revenue and other income						
Net revenue [1]	73	3		59	4	– 14
Other operating income	4			2	1	
Operating expenses						
Energy and inventory costs	– 475	– 19	– 13	– 774	– 18	– 25
Other operating expenses				– 1		
Financial result						
Interest expense						– 1

1 Net revenue also contains changes in fair value measurement of energy derivatives, which are presented in net revenue. For more explanations on accounting policies, please refer to note 2.2.

Outstanding balances with related companies at the reporting date

	31 Dec 2023			31 Dec 2022		
CHF million	Partner power plants	Other associates	Other related companies	Partner power plants	Other associates	Other related companies
Assets						
Other non-current assets	1	4	1	1	6	1
Receivables	14			3	1	
Prepayments and accrued income [1]	80	1		8		
Current term deposits	4	7		5	2	
Liabilities						
Other current liabilities	6	1	1	6	1	2
Accruals and deferred income [1]	12	2		236		

1 Includes mainly accruals related to fund performance and annual costs for Kernkraftwerk Gösgen-Däniken AG and Kernkraftwerk Leibstadt AG.

Investments in partner power plants and other associates are presented in note 4.3. The Alpiq Group has contractual power offtake arrangements with partner power plants. Electricity is purchased according to the ownership interest, although no volumes are agreed contractually. Power generation capacity depends on optimum utilisation of the power plants. The costs for power production at the partner power plants are assumed on a cost-plus basis.

Non-financial energy trading contracts outstanding with other associates and other related companies comprised a contract volume of 31 GWh at 31 December 2023 and a gross value of CHF 1 million. In the previous year, there was no outstanding contract volume.

Members of the Board of Directors and the Executive Board

The total compensation for the Board of Directors and the Executive Board breaks down as follows:

	Board of Directors		Executive Board	
CHF million	2023	2022	2023	2022
Fixed and variable remuneration	1.9	1.8	6.6	4.5
Social security contributions [1]			1.1	0.9
Total	**1.9**	**1.8**	**7.7**	**5.4**

1 Including employer contributions to AHV / IV, the company pension fund, occupational and non-occupational accident insurance, and sick pay insurance.

The total compensation for the Board of Directors and the Executive Board includes only short-term employee benefits. No share-based payments, severance payments or other long-term benefit payments were made to the members of the Board of Directors or the Executive Board.

6.3 Employee benefits

The Group operates a number of pension schemes as required by law. The group companies in Switzerland participate in PKE-CPE Vorsorgestiftung Energie, a legally independent pension scheme that meets the criteria of a defined benefit plan in accordance with IAS 19. Employees of foreign subsidiaries are generally covered by state social security schemes or independent defined contribution pension plans in accordance with national practices. These plans meet the criteria of a defined contribution plan according to IAS 19.

PKE-CPE Vorsorgestiftung Energie

PKE-CPE Vorsorgestiftung Energie is a pension fund with the legal form of a foundation and pension fund under the Swiss Civil Code (ZGB) and the Swiss Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans (BVG). The objective of the foundation is to provide occupational benefits in accordance with the BVG and its ordinances, protecting the employees of the affiliated companies and their families and survivors against the financial consequences of old age, invalidity and death. The Board of Trustees is the most senior governing body of PKE-CPE Vorsorgestiftung Energie. It is composed of an equal number of employee and employer representatives of the affiliated companies and constitutes itself. The benefits provided by PKE-CPE Vorsorgestiftung Energie and their financing, the organisation and administration and the relationship with the affiliated companies, the active insured members and the pensioners are defined in the pension fund and organisational regulations.

The plan assets are invested by PKE-CPE Vorsorgestiftung Energie jointly for all affiliated companies, which share the actuarial and investment risks of the pension fund. The Board of Trustees is responsible for the investment of the plan assets. The organisation of the investment activities and the related competencies are specified in the investment regulations and investment strategy. The pension fund is exposed to actuarial and investment risks. In the event of underfunding, the Board of Trustees, in collaboration with a recognised actuarial expert, implements suitable measures to eliminate the underfunding. If necessary, the interest rate on the retirement savings capital, the financing and the benefits in excess of the minimum requirement under BVG may be adjusted to bring them into line with the funds available. If other measures are not sufficient, PKECPE Vorsorgestiftung Energie may require the employer and the employee to pay additional contributions to eliminate the underfunding.

Defined benefit liabilities/assets in the balance sheet

CHF million	31 Dec 2023	31 Dec 2022
Present value of defined benefit obligation	577	633
Fair value of plan assets	616	692
Deficit / surplus (–)	– 39	– 59
Asset ceiling		61
Net defined benefit liabilities / assets (–)	**– 39**	**2**
Of which, liabilities	2	2
Of which, assets	41	

Reconciliation of net defined benefit liabilities/assets

CHF million	2023	2022
Net defined benefit liabilities / assets (–) at 1 January	**2**	**– 77**
Defined benefit expense recognised in the income statement	11	43
Defined benefit expense recognised in other comprehensive income [1]	– 25	50
Contributions by employer to legally independent pension schemes	– 27	– 14
Net defined benefit liabilities / assets (–) at 31 December	**– 39**	**2**

1 Of which CHF - 62 million (previous year: CHF 61 million) related to change in effect of asset ceiling.

Changes in the present value of the defined benefit obligation

CHF million	2023	2022
Present value of defined benefit obligation at 1 January	**633**	**738**
Interest expense on defined benefit obligations	12	3
Current service cost	11	16
Contributions by plan participants	9	8
Benefits paid	– 44	– 68
Remeasurements:		
Financial assumptions	39	– 116
Experience adjustments	17	26
Settlement [1]	– 97	26
Present value of defined benefit obligation at 31 December	**577**	**633**

1 The provisions in the affiliation agreement between Alpiq and PKE cover the transfer of pensioners from the Alpiq pension scheme to a separate scheme called “Pensioners without employer” if there is a lasting imbalance between active insured persons and pensioners. In 2022, Alpiq was informed by PKE that such an imbalance had existed for some time and that therefore the transfer of a certain number of pensioners had to take place in order to align with the affiliation agreement again. The P&L effect of this settlement was taken into account in the figures reported in 2022. The settlement eliminated all further obligations of Alpiq towards the transferred pensioners and resulted in a loss on settlement of CHF 26 million (recognised in 2022). In 2023, the transferred defined benefit obligations and plan assets in the amount of CHF 97 million were derecognised and a cash outflow of CHF 13.4 million towards PKE was recorded.

The weighted average duration of the defined benefit obligation at the reporting date is 12.6 years (previous year: 11.4 years).

Changes in the fair value of the plan assets

CHF million	2023	2022
Fair value of plan assets at 1 January	**692**	**815**
Interest income on plan assets	13	3
Contributions by employer to legally independent pension schemes	27	14
Contributions by plan participants	9	8
Benefits paid	– 44	– 68
Settlement	– 97	
Remeasurement on plan assets	16	– 80
Fair value of plan assets at 31 December	**616**	**692**

Asset classes of plan assets

CHF million	31 Dec 2023	31 Dec 2022
Quoted market prices		
Liquidity	– 2	– 5
Equity instruments of third parties	232	265
Debt instruments of third parties	199	209
Property funds	30	38
Other investments	59	78
Total plan assets at fair value (quoted market prices)	**518**	**585**
Unquoted market prices		
Property not used by the company	98	107
Total plan assets at fair value (unquoted market prices)	**98**	**107**
Total fair value of plan assets	**616**	**692**

Accounting policies

The defined benefit obligation is calculated annually by independent pension experts using the projected unit credit method. This accrued benefit method prorated on service recognises not only the known benefits and benefits accrued at the reporting date, but also expected future salary and pension increases. The Continuous Mortality Investigation (CMI) model with generation tables as a technical basis is used to reflect mortality rates. Mortality data according to the CMI model is calculated based on a long-term rate of change. The net interest result is recognised directly in finance costs/income; any remaining employee benefit costs are included in employee costs. Actuarial gains and losses are recognised in other comprehensive income as part of equity in the period in which they occur. Past service costs are recognised directly in the income statement as employee costs.

As a rule, all plans are funded by both employer and employee contributions. Employer contributions paid or owed to pension schemes that provide defined contribution pension plans are recognised directly in the income statement.

The calculation of the recognised defined benefit liabilities is based on statistical and actuarial assumptions. Such assumptions may differ substantially from actual circumstances due to changes in market conditions and the economic environment, higher or lower exit rates, longer or shorter lives of plan participants and other estimated factors. Such deviations may have an impact on the defined benefit liabilities recognised in future reporting periods.

Actuarial assumptions

in %	31 Dec 2023	31 Dec 2022
Discount rate	1.50	2.25
Projected interest rate for retirement assets	2.00	2.50
Expected rates of salary increase (weighted average)	1.00	1.50
Estimated long-term rate of change in the CMI model (basis: Occupational Pensions Act 2020)	1.25	1.25

Sensitivity analysis

In each case, the sensitivity analysis takes into consideration the influence on the net defined benefit obligation in the event that one assumption changes while all of the other assumptions remain unchanged. This approach does not take into account that some assumptions are dependent on others.

CHF million	2023	2022
Discount rate		
0.25% increase	– 17	– 17
0.25% reduction	18	18
Projected interest rate for retirement assets		
0.25% increase	5	4
0.25% reduction	– 5	– 4
Rate of salary increase		
0.25% increase	2	1
0.25% reduction	– 2	– 1
Life expectancy		
1 year increase	21	23
1 year reduction	– 21	– 24

Expected contributions by the employer and plan participants for the next period

Employer social security contributions are estimated at CHF 12 million and employee contributions are estimated at CHF 8 million for 2024.

6.4 Pledged assets

The power plants of Aero Rossa S.r.l., Milan/IT, En Plus S.r.l., Milan/IT, Enpower 3 S.r.l., Milan/IT and Società Agricola Solar Farm 4 S.r.l., Milan/IT, are funded through common project financing arrangements with banks. The related liabilities are reported on the consolidated balance sheet. The Alpiq Group has pledged CHF 118 million of its interest in these power plants to the financing banks as collateral (previous year: CHF 133 million). In addition, Alpiq has pledged all its shares in the associate Tormoseröd Vindpark AB, Karlstad, SE, of CHF 3.5 million in the context of project financing for the construction of a wind farm in Sweden (CHF 3.7 million). For information about pledged cash and cash equivalents, see note 4.6.

6.5 Events after the reporting period

There were no reportable events after the reporting date of 31 December 2023.

Statutory Auditor's Report

to the General Meeting of Alpiq Holding Ltd., Lausanne

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Alpiq Holding Ltd. and its subsidiaries (the Group or ALPIQ), which comprise the consolidated balance sheet as at 31 December 2023, the consolidated income statement, the statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements (pages 62 to 128) give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards and comply with Swiss law.

Basis for Opinion

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISA) 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, as well as those of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), 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.

Key Audit Matters

CLASSIFICATION, RECOGNITION AND MEASUREMENT OF ENERGY CONTRACTS

VALUATION OF PROPERTY, PLANT AND EQUIPMENT, PURCHASE RIGHTS AND INVESTMENTS IN PARTNER POWER PLANTS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KPMG

CLASSIFICATION, RECOGNITION AND MEASUREMENT OF ENERGY CONTRACTS

Key Audit Matter

As of 31 December 2023, fair values of energy contracts classified as financial instruments are disclosed in the line item "Derivative financial instruments" in non-current assets and in current assets (CHF 387 million and CHF 1'952 million), as well as in non-current liabilities and in current liabilities (CHF 305 million and CHF 1'481 million).

Fluctuations of the fair values as well as the settlement of corresponding contracts have an impact on the income statement and equity, depending on their classification as "own use contracts" or "energy trading transactions". Furthermore, the classification of derivative financial instruments affects the presentation and disclosure requirements of such contracts.

Models with observable and unobservable input parameters are used in the measurement of energy derivatives as of the balance sheet date. The determination of such input parameters and the application of the appropriate valuation models are subject to significant judgment. The assessment of the intention of an energy contract is also crucial for its correct classification and is subject to significant judgment.

The valuation is based on the complete and accurate recording of all contract parameters. The corresponding contract recording is subject to operational risks in the business processes resulting from the organizational structure of ALPIQ and the large number of energy products traded.

Our response

We have performed the following audit procedures, among others, with respect to the reported derivative financial instruments:

- Testing of controls implemented to ensure the complete and accurate recording of energy contracts; we thereby focused on the segregation of duties and reconciliation of internal contractual data with external confirmations as well as on the IT controls relevant to the business workflows for energy derivatives;
- Involving valuation specialists to test the appropriateness and consistency of the underlying valuation methods. Furthermore, we involved our valuation specialists to review the adequacy of the underlying energy price curves;
- Performing a re-calculation of the valuation of energy derivatives of material components of the portfolio. We used our Data & Analytics Tool (Commodity Valuation Tool) to challenge the valuation methods with the use of independent market data:
- For derivative financial instruments which are not covered by the Data & Analytics technology, testing the correct valuation methodology and the respective input parameters on a sample basis.

For further information on classification, recognition and measurement of energy contracts refer to the following:

— Notes 3.1 and 3.2 to the consolidated financial statements

VALUATION OF PROPERTY, PLANT AND EQUIPMENT, PURCHASE RIGHTS AND INVESTMENTS IN PARTNER POWER PLANTS

Key Audit Matter

As of 31 December 2023, the carrying amounts of “Property, plant and equipment (PPE)”, “Purchase rights” (included in the line item “Intangibles”) and “Investments in Partner power plants” amount to CHF 1’748 million, CHF 23 million respectively CHF 2,126 million.
In 2023, depreciation, amortization and impairment amounting to CHF 112 million are recognized in the consolidated income statement. With reference to the “Investments in Partner power plants" and the application of the equity method, energy purchases are recorded in the line item “Energy and inventory costs” (CHF 6’793 million) and the net change in the investment in the “Share of results of partner power plants and other associates” (CHF 23 million).

ALPIQ owns significant assets resulting from PPE, energy purchase rights and investments in partner power plants which interdependently operate as cash-generating units (CGU) whose profitability and valuation is a result of various valuation parameters. Especially future energy prices, volatility of energy prices, expected production costs and output, development in foreign currency exchange rates, useful lives, weighted average cost of capital (WACC) and inflation rates are subject to significant estimates.

In this respect, Management assesses every year whether there are indications for impairments or impairment reversals due to significant changes that could influence the relevant valuation parameters. Should there be such indications, the carrying amount of the CGU is compared to its recoverable amount (value in use). Differences are recognized as impairment losses or reversals in the income statement. The value in use of the CGU is determined by modelling the discounted cash flows based on the estimated valuation parameters.

As described above, significant judgments and estimates are involved in the assessment of the appropriate valuation. Changes in value (impairment/reversals) might have a material impact on ALPIQ’s financial statements.

Our response

Our audit procedures consisted, among others, of assessing the methodological and mathematical accuracy of the model used for the valuation and of determining the adequacy of the assumptions made for material valuation parameters. In this regard, we involved our own valuation specialist.

We critically reviewed the definition of the cash-generating units and Management’s assessment regarding indicators for impairment and impairment reversals. In particular, we assessed the robustness of the critical valuation parameters used for the indicator assessment such as the price curves, WACCs per CGU, foreign exchange rates and inflation rates.

For CGUs with indicators for impairments or impairment reversals we performed the following audit procedures:

- Assessing the robustness of the most important parameters used to calculate the recoverable amount of the CGU, especially by comparing the future expected energy prices, the volatility of energy prices, foreign currency exchange rates, WACCs and inflation rates with data of external studies and market data;
- Reconciling the income and cost estimates used with budget figures, and assessing the accuracy of the income and cost estimates based on a retrospective analysis of prior-year income and cost estimates;
- Verifying the useful lives and contract respectively contractual concession durations used for the assets included in the CGU by reconciling these with ALPIQ’s internal accounting policies;
- Recalculating the differences between carrying value and recoverable amount of the CGU and assessing whether any resulting impairment or impairment reversal has been recognized correctly in the financial statements.

For further information on valuation of property, plant and equipment, purchase rights and investments in partner power plants refer to the following:

— Notes 4.1, 4.2 and 4.3 to the consolidated financial statements

Other Matter

The consolidated financial statements of the Group for the year ended 31 December 2022 were audited by another auditor who expressed an unmodified opinion on those statements on 22 February 2023.

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, the compensation report 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.

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 IFRS Accounting Standards and the provisions of Swiss law, 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, ISA 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, ISA 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.
- 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 or its relevant committee 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.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with Art. 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 the 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 AG

Daniel Haas
Licensed Audit Expert
Auditor in Charge

Corina Wipfler
Licensed Audit Expert

Zurich, 27 February 2024

5-year Overview

Income Statement

CHF million	2023	2022	2021	2020	2019
Net revenue	8,959	14,631	7,177	3,905	4,099
Other operating income	24	38	81	124	55
Total revenue and other income	8,983	14,669	7,258	4,029	4,154
Operating expenses	– 7,177	– 14,323	– 7,335	– 3,747	– 3,986
Earnings before interest, tax, depreciation and amortisation (EBITDA)	1,806	346	– 77	282	168
Depreciation, amortisation and impairment [1]	– 112	– 97	– 126	– 80	– 401
Earnings before interest and tax (EBIT)	1,694	249	– 203	202	– 233
Share of results of partner power plants and other associates	– 23	– 59	– 35	– 35	– 44
Financial result	– 97	– 74	– 61	– 55	– 59
Income tax (expense) / income	– 238	– 5	28	43	110
Earnings after tax from continuing operations	1,336	111	– 271	155	– 226
Earnings after tax from discontinued operations	0	0	0	– 56	– 42
Net income / (loss)	1,336	111	– 271	99	– 268
Net income attributable to non-controlling interests	3	2	1	3	3
Net income attributable to equity investors of Alpiq Holding Ltd.	1,333	109	– 272	96	– 271

1 In 2022 and 2020, including reversals of impairment losses

Balance sheet

CHF million	2023	2022 (restated) [1]	2021	2020	2019
Total assets	10,475	15,077	13,557	7,368	7,360
Assets					
Non-current assets	4,535	5,285	4,432	4,440	4,566
Current assets	5,940	9,792	9,125	2,928	2,794
Equity and liabilities					
Total equity	4,811	3,529	3,558	3,761	3,671
As % of total assets	45.9	23.4	26.2	51.0	49.9
Liabilities	5,664	11,548	9,999	3,607	3,689

1 See note 1.4 of the notes to the consolidated financial statements

Other key performance indicators

	2023	2022	2021[1]	2020	2019[2]
Adjusted EBITDA in CHF million	1,184	473	312	262	110
Net debt (cash) in CHF million	– 347	107	675	249	206
Net debt (cash) / adjusted EBITDA	– 0.3	0.2	2.2	1.0	1.9
Number of employees at the reporting date	1,221	1,180	1,266	1,258	1,226

1 Since 2022, Alpiq no longer presents any non-operating effects from the categories “Effects from business disposals” or “Restructuring costs and litigation” in its internal or external reporting in order to simplify reporting. The comperative figures 2021 have been adjusted; for explanations, see Financial Review.
2 Since 2019, adjusted EBITDA effects without Flexitricity Ltd. and e-mobility business

Per share data

	2023	2022	2021	2020	2019
Par value in CHF	0.01	0.01	0.01	0.01	10
Weighted average number of shares outstanding	33,110,364	33,110,364	33,110,364	33,110,364	33,110,364
Net income in CHF	39.32	2.41	– 9.10	2.01	– 9.07
Dividend in CHF[1]	3.50	2.80	0.00	1.40	0.00

1 2023: to be proposed to the Annual General Meeting / 2022: Extraordinary dividend distributed in September 2023

Financial Statements of Alpiq Holding Ltd.

Income statement

CHF	Note	2023	2022
Income			
Dividend income	2		4,418,001
Finance income	3	580,065,456	1,174,626,475
Gain on sale of investments	4	13,164,488	
Reversal of impairment losses on loans receivable		506,870	2,376,040
Other income	5	126,785,543	29,504,917
Extraordinary income	6	122,500,000	
Total income		**843,022,357**	**1,210,925,433**
Expenses			
Finance costs	7	– 673,679,854	– 1,213,622,899
Impairments on loans receivable		– 3,452,696	– 3,231,914
Impairments on investments		– 5,099,970	– 4,570,239
Other expenses		– 34,353,044	– 27,667,724
Direct taxes		– 4,861,972	– 1,006,604
Total expenses		**– 721,447,536**	**– 1,250,099,380**
Net income / (loss)		**121,574,821**	**– 39,173,947**

Balance sheet

Assets

CHF	Note	31 Dec 2023	31 Dec 2022
Cash and cash equivalents		1,272,732,122	1,047,383,392
Trade receivables	8	1,718,614	200,732
Other current receivables	9	658,030,694	1,316,224,706
Prepayments and accrued income		144,977,316	48,009,433
Current assets		**2,077,458,746**	**2,411,818,263**
Loans receivable	10	1,526,730,000	767,055,175
Investments	11	4,291,296,437	4,358,980,149
Non-current assets		**5,818,026,437**	**5,126,035,324**
Total assets		**7,895,485,183**	**7,537,853,587**

Equity and liabilities

CHF	Note	31 Dec 2023	31 Dec 2022
Trade payables	12	189,138	130,998
Current interest-bearing payables	13	3,031,574,576	2,891,607,352
Other current liabilities	14	10,211,009	352,916
Accruals and deferred income		240,138,430	173,561,116
Current provisions	15	21,918,420	3,883,397
Current liabilities		**3,304,031,573**	**3,069,535,779**
Interest-bearing loans payable	16	30,000,000	50,000,000
Bonds	17	1,475,000,000	1,360,000,000
Non-current provisions			730,000
Non-current liabilities		**1,505,000,000**	**1,410,730,000**
Share capital		331,104	331,104
Capital contribution reserves		1,740,949,469	1,740,949,469
Other capital reserves		3,630,893	3,630,893
Legal retained earnings		170,000	170,000
Retained earnings carried forward		1,219,797,323	1,351,680,289
Net income / (loss)		121,574,821	– 39,173,947
Equity	18	**3,086,453,610**	**3,057,587,808**
Total equity and liabilities		**7,895,485,183**	**7,537,853,587**

Notes to the Financial Statements

1 Preliminary note

Basis of preparation

The financial statements of Alpiq Holding Ltd., Lausanne, have been prepared in accordance with the provisions of Swiss accounting legislation (Title 32 of the Swiss Code of Obligations). As in the previous year, the company employed no staff during the financial year.

The following section describes the main valuation principles applied that are not specified by law.

Loans receivable/hedges

Loans receivable that are denominated in foreign currencies are measured at the closing rate on the reporting date, whereby unrealised losses are recognised, and unrealised gains are not reported. In the case of derivatives deployed in hedges, too, unrealised losses are recognised, but unrealised gains are not recognised.

Investments

The investments are recognised at cost considering the effect of impairment losses.

Bonds

Bonds are recognised at nominal amount. The discount and issue costs of bonds are recognised as finance costs in the year of issue. Any premium (less issue costs), if material, is recognised as a deferred income and amortised on a straight-line basis over the bond's maturity.

2 Dividend income

Income from investments in the previous year includes dividend income from subsidiaries.

3 Finance income

CHF	2023	2022
Interest income from group companies	69,317,912	49,336,513
Interest income from third parties	12,279,621	239,773
Other finance income from group companies	5,582,771	3,149,470
Other finance income from third parties	8,798	
Foreign exchange gain	492,876,354	1,121,900,719
Total	**580,065,456**	**1,174,626,475**

4 Gain on sale of investments

The investment Vetrocom EOOD held directly by Alpiq Holding Ltd. was sold in 2023.

5 Other income

Other income includes the compensation payment of CHF 103 million for the transfer of the operational treasury business to Alpiq Ltd. with retroactive effect as of 1 July 2023. In addition, other income contains Licence fees for the first 6 months of the year.

6 Extraordinary income

Alpiq Holding Ltd. sold the trademarks and trademark rights of the Alpiq brand to Alpiq Ltd. with effective date as of 1 July 2023.

7 Finance costs

CHF	2023	2022
Interest expense to group companies	– 35,386,714	– 18,077,269
Interest expense to shareholders		– 1,966,045
Interest expense to third parties	– 61,584,556	– 53,979,512
Other finance costs to group companies	– 78	– 234
Other finance costs to shareholders	– 3,650,000	
Other finance costs to third parties	– 26,726,090	– 14,786,986
Foreign exchange loss	– 546,332,416	– 1,124,812,853
Total	**– 673,679,854**	**– 1,213,622,899**

8 Trade receivables

CHF	31 Dec 2023	31 Dec 2022
Due from group companies	1,718,614	200,732
Total	**1,718,614**	**200,732**

9 Other current receivables

CHF	31 Dec 2023	31 Dec 2022
Due from group companies	294,993,027	1,316,078,018
Due from third parties	363,037,667	146,688
Total	**658,030,694**	**1,316,224,706**

Other current receivables comprise cash pool balances, loans and non-current term deposits with a maximum term of 12 months and withholding tax receivables.

10 Loans receivable

CHF	31 Dec 2023	31 Dec 2022
Due from group companies	1,526,730,000	767,055,175
Total	**1,526,730,000**	**767,055,175**

11 Investments

A list of direct and significant indirect investments is disclosed in note 5.3 of the notes to the consolidated financial statements.

12 Trade payables

CHF	31 Dec 2023	31 Dec 2022
Due from third parties	189,138	130,998
Total	**189,138**	**130,998**

13 Current interest-bearing payables

CHF	31 Dec 2023	31 Dec 2022
Due to group companies	2,672,495,576	2,530,912,352
Due to third parties	359,079,000	360,695,000
Total	**3,031,574,576**	**2,891,607,352**

Current interest-bearing payables include cash pooling payables, bonds due for repayment in the next 12 months and loans payable with a remaining term of no more than 12 months.

14 Other current liabilities

CHF	31 Dec 2023	31 Dec 2022
Due from third parties	10,211,009	352,916
Total	**10,211,009**	**352,916**

Other current liabilities comprise withholding tax payable as well as VAT.

15 Provisions

Provisions include a provision for the recapitalisation of Alpiq Deutschland GmbH that may become necessary. As part of the sale of the Engineering Services business, Alpiq Deutschland GmbH, for which Alpiq Holding Ltd. has subsidiary liability, must bear any fines and costs of Kraftanlagen Energies & Services GmbH (formerly Kraftanlagen München GmbH) resulting from the proceedings started by the state prosecutor of Munich I and the German Federal Cartel Office in the first quarter of 2015. Alpiq sees the risk of Kraftanlagen being convicted along the lines of the decision of the Higher Regional Court of Düsseldorf to be higher than 50% and has therefore decided to recognise a provision of EUR 21 million (CHF 19.4 million). The recapitalisation provision was therefore also increased at Alpiq Holding Ltd. For more information about this matter, please refer to note 5.1 of the notes to the consolidated financial statements.

16 Interest-bearing loans payable

CHF	31 Dec 2023	31 Dec 2022
Due to third parties	30,000,000	50,000,000
Total	**30,000,000**	**50,000,000**

The loan payable has a remaining maturity of almost 17 months.

17 Bonds

CHF	Maturity	Earliest repayment date	Interest rate in %	Nominal amount at 31 Dec 2023	Nominal amount at 31 Dec 2022
Fixed-rate bond issued by Alpiq Holding Ltd.[1]	2015 / 2023	30 Jun 2023	2,1250		140,695,000
Fixed-rate bond issued by Alpiq Holding Ltd.[2]	2014 / 2024	29 Jul 2024	2,6250	260,000,000	260,000,000
Fixed-rate bond issued by Alpiq Holding Ltd.	2022 / 2025	30 May 2025	1,6250	200,000,000	200,000,000
Fixed-rate bond issued by Alpiq Holding Ltd.	2022 / 2026	24 Jun 2026	1,7500	250,000,000	250,000,000
Fixed-rate bond issued by Alpiq Holding Ltd.	2023 / 2027	29 Apr 2027	3,1250	220,000,000	
Fixed-rate bond issued by Alpiq Holding Ltd.	2023 / 2030	29 Apr 2030	3,3750	155,000,000	
Public hybrid bond issued by Alpiq Holding Ltd.	–	15 Nov 2024	6,2541	650,000,000	650,000,000

1 At 31 December 2022 recognised under “Current interest-bearing payables”.
2 At 31 December 2023 recognised under "Current interest-bearing payables".

18 Equity

CHF	Share capital	Capital contribution reserves	Other capital reserves	Legal retained earnings	Retained earnings	Total equity
Balance at 31 December 2021	**331,104**	**1,744,580,362**	**0**	**170,000**	**1,351,680,289**	**3,096,761,755**
Net income / (loss)					– 39,173,947	– 39,173,947
Balance at 31 December 2022[1]	**331,104**	**1,740,949,469**	**3,630,893**	**170,000**	**1,312,506,342**	**3,057,587,808**
Extraordinary dividends					– 92,709,019	– 92,709,019
Net income / (loss)					121,574,821	121,574,821
Balance at 31 December 2023	**331,104**	**1,740,949,469**	**3,630,893**	**170,000**	**1,341,372,144**	**3,086,453,610**

1 On 31.12.2022, CHF 3,630,893 was transferred from capital contribution reserves to other capital reserves. The full amount of CHF 1,740,949,469 of the capital contribution reserves was confirmed by the Swiss Federal Tax Administration.

19 Collateral provided for third-party liabilities

Guarantees in favour of group companies and third parties totalled CHF 1’183 million at 31 December 2023 (previous year: CHF 1’383 million). Of this, an amount of CHF 679 million (CHF 786 million) relates to bank guarantees and CHF 504 million (CHF 597 million) to guarantees issued by Alpiq Holding Ltd.

20 Contingent liabilities

In 2020, appraisal claims were filed against Alpiq Holding Ltd. by the two investors Knight Vinke (KVIP International V L.P.) and Merion Capital (Merion Capital LP, Merion Capital ERISA LP and Merion Capital II LP) pursuant to Sec. 105 of the Swiss Merger Act (FusG). In 2023, Alpiq Holding Ltd. and Merion Capital reached an out-of-court settlement and Merion Capital withdrew their appraisal claim while the proceeding initiated by Knight Vinke continues. Alpiq considers it unlikely that this litigation will result in a negative outcome for the company and has therefore not recorded a provision. For more information about this matter, please refer to note 4.8 of the notes to the consolidated financial statements.

21 Events after the reporting period

There were no reportable events after the reporting date of 31 December 2023.

Proposal of the Board of Directors

Appropriation of retained earnings

The Board of Directors proposes to the Annual General Meeting to allocate the retained earnings as follows:

CHF	
Net income / (loss) for 2023 reported in the income statement	121,574,821
Retained earnings carried forward	1,219,797,323
Retained earnings	**1,341,372,144**
Dividend of CHF 3.50 per share	– 115,886,274
Balance to be carried forward	**1,225,485,870**

Statutory Auditor's Report

to the General Meeting of Alpiq Holding Ltd., Lausanne

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Alpiq Holding Ltd. (the Company), which comprise the balance sheet as at 31 December 2023, and the income statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 136 to 144) comply with Swiss law and the Company's articles of incorporation.

Basis for Opinion

We conducted our audit in accordance with Swiss law 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.

Key Audit Matters

IMPAIRMENT OF INVESTMENTS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

IMPAIRMENT OF INVESTMENTS

Key Audit Matter

As of 31 December 2023, Alpiq Holding Ltd. holds investments for a total amount of CHF 4'291 million and recognizes respective impairment losses for a total amount of CHF 5 million.

Management assesses every year whether there are indications for impairments or impairment reversals due to significant changes that could influence the relevant valuation parameters. Should there be such indications, the carrying amount of the investment is compared to its recoverable amount (value in use). Differences are recognized as impairment losses or reversals in the income statement. The value in use of the investment is determined by modelling the discounted cash flows based on the estimated valuation parameters.

The impairment assessment requires significant estimates and assumptions related to future energy prices, volatility of energy prices, expected production costs and output, development in foreign currency exchange rates, weighted average cost of capital (WACC) and inflation rates. Changes in estimates or assumptions may have a material impact on the result of the year.

Our response

Our audit procedures consisted, among others, of assessing the methodological and mathematical accuracy of the model used for the valuation and of determining the adequacy of the assumptions made for material valuation parameters. In this regard, we involved our own valuation specialist.

We critically reviewed Management's assessment regarding indicators for impairment and impairment reversals. In particular, we assessed the robustness of the critical valuation parameters used for the indicator assessment such as the price curves, WACCs, foreign exchange rates and inflation rates.

For investments with indicators for impairments or impairment reversals we performed the following audit procedures:

- Assessing the robustness of the most important parameters used to calculate the recoverable amount of the investments, especially by comparing the future expected energy prices, the volatility of energy prices, foreign currency exchange rates, WACCs and inflation rates with data of external studies and market data;
- Reconciling the income and cost estimates used with budget figures, and assessing the accuracy of the income and cost estimates based on a retrospective analysis of prior-year income and cost estimates;
- Recalculating the differences between carrying value and recoverable amount of the investment and assessing whether any resulting impairment or impairment reversal has been recognized correctly in the financial statements.

Other Matter

The financial statements of the Company for the year ended 31 December 2022 were audited by another auditor who expressed an unmodified opinion on those statements on 22 February 2023.

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, the compensation report and our auditor's reports 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.

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 provisions of Swiss law and the Company's articles of incorporation, 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 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 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 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.

We communicate with the Board of Directors or its relevant committee 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.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 the Company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

KPMG AG

Daniel Haas Licensed Audit Expert Auditor in Charge	Corina Wipfler Licensed Audit Expert

Zurich, 27 February 2024

KPMG AG, Badenerstrasse 172, CH-8036 Zurich