

BKW GROUP

# Half-Year Report 2023



We create spaces for life.

 **BKW**

Our contribution

We make a major contribution to achieving a balance between prosperity and the environment by offering solutions for a future worth living.

**Title page**

Martin Egli, project manager at BKW Power Grid, is responsible for planning and developing the distribution grid in the Bernese Highlands. Increasingly, the grid needs to be strengthened to handle smaller PV systems so that their decentrally produced electricity can be distributed.



Spaces for life are places where we like to spend time: To ensure that the solar panels on the roof of the chalet in Lenk can perform as intended, BKW has reinforced the connection to the home and the upstream grid.

## FACTS &amp; FIGURES

## In a nutshell

BKW is on course for successful growth and will achieve its strategic objectives for 2026.

## EBIT

CHF **425** mio.

BKW increased its EBIT by 29% thanks to an outstanding trading result.

## Investments and acquisitions

CHF **215** mio.

BKW invested some CHF 124 million of this in new renewable energies and expansion of services.

## Number of employees

**11,550**

Constant number of employees since year-end 2022

## Revenue

**+6%**

High electricity prices and further expansion of the Services business increased revenue to around CHF 2.4 billion.

## Operating net profit

CHF **304** mio.

Net profit before performance from state Decommissioning and Waste Disposal Funds (net of tax) can be increased by 60%.

## Operating cash flow

CHF **491** mio.

Operating profit rises to record level.

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## LETTER TO SHAREHOLDERS

# Successful BKW holistically advancing the energy transition

The BKW Group<sup>1</sup> presents very good half-year results. It increased both revenue and EBIT compared to the previous year. The Energy business outperformed in the first half of the year, while the Grid business delivered stable contributions as expected. Only the Services business fell short of expectations in the first half of 2023, and actions to strengthen profitability have been initiated. BKW has raised its annual EBIT guidance and is ready to implement the energy transition holistically along the defined growth targets.



Roger Baillod and Robert Itchner at the Mühleberg Control Center

Dear Shareholders,  
Ladies and Gentlemen,

We are pleased to report BKW's continued positive development in this half-year report. The company, which is celebrating its 125-year anniversary, is characterized by a strong strategy whose three pillars – Energy, Grids and Services – mutually reinforce each other and make BKW as

a whole more resistant. We are convinced that all three business segments are equally important for a holistic energy transition.

#### **Positive overall result**

Compared to the first half of 2022, BKW increased its revenue by 6% to around CHF 2.4 billion and EBIT by 29% to CHF 425 million. BKW's sales are growing in both the Energy and Services busi-

<sup>1</sup> The BKW Group comprises BKW AG and its Group companies. To make this report easier to read, the Group will be referred to as BKW. Where the text relates to BKW AG or BKW Energie AG, this is expressly mentioned.

“Thanks to its business model, BKW is uniquely positioned in the market and ready to shape the energy future along the entire value-added chain from a position of strength.”

nesses, with profitability in Services falling well short of expectations. As usual, the Grid business delivered a stable contribution of CHF 75 million. Overall, BKW closed the first half of 2023 above forecast expectations.

#### Extraordinary result in the Energy business

The Energy business' result was exceptionally good. A very positive trading and management result was a decisive factor for this success. Thanks to its solid liquidity and appropriate risk management, BKW was able to make optimum use of opportunities, particularly in wholesale markets.

#### Services business restructured

BKW has initiated extensive measures in the Services business to increase long-term profitability. As in 2022, the Services business is confronted with strong cyclical fluctuations and increased prices. The further increase in revenue shows that this segment is basically on track: The order books of our service companies are well filled, with infrastructure projects for the energy transition in Germany developing particularly nicely. However, rising material costs, supply chain difficulties, and the remeasurement of projects led to a lower EBIT that was well below expectations.

#### Annual EBIT guidance raised

The half-year results make it clear that the company is well on track to achieve its growth targets and even exceed them in certain areas. One example of the latter is the expansion of new renewables: By 2026, BKW aims to have installed renewables with more than 1,000 megawatts capacity. With the acquisition of three wind farms in southern Sweden and the expansion

of its wind power portfolio in Puglia, BKW will significantly exceed this target. Due to its successful management and trading performance in the first half of the year, it has raised its annual EBIT guidance to a range of CHF 600 to 650 million.

#### Investing in the future

BKW has invested CHF 850 million in the energy future in the last five years – 80% of which in Switzerland. It will also invest large amounts in the coming years, thus building the energy system of the future. In addition to expanding renewable energies, these will be primarily investments in the grid infrastructure. As Switzerland's largest distribution grid operator, BKW maintains and develops the backbone of the energy transition. Read more in the background article on page 12.

In conclusion, thanks to its integrated business model, BKW is uniquely positioned in the market and ready to shape the energy future along the entire value-added chain from a position of strength. We thank all those who accompany us on our successful path: our customers, our suppliers and partners, our shareholders and, above all, our employees, who are committed to our Group on a daily basis.

Kind regards,



Roger Baillod  
Chairman of the Board



Robert Itschner  
CEO

#### BKW strives for net zero by 2040

Innovation and sustainability are in BKW's DNA. The company is already making a major contribution to the decarbonization of the economy and society with the expansion of renewable energies and its services in the fields of photovoltaics, electromobility and energy efficiency. BKW has set an ambitious target for reducing its own footprint: It will reduce greenhouse gas emissions in the Energy business to net zero by 2040 at the latest. BKW announced this intention during its activities to mark its 125-year anniversary in July 2023. The design of the reduction path and any interim targets are currently being worked out.

## CFO INTERVIEW

# Meet the new CFO Martin Zwyszig

Martin Zwyszig, BKW's new CFO, talks about his ambitions and goals, changes in the industry and his values, which are based on a long career in leading Swiss industrial companies.

**Martin Zwyszig, you have been CFO of BKW since July 1, 2023. What is your perception of the company so far?**

BKW is a forward-thinking company with a clear vision and a proven strategy. The signs are very good that this company will continue to have a successful future ahead of it.

**What do you find particularly fascinating about BKW as a company?**

As an international company, BKW bears a great responsibility. It must rethink an entire system and make it sustainable for future generations. There are parallels to my previous work in sectors that are also facing a massive change. This includes the automotive industry, for example. My personal ambition is to help BKW shape the energy transition in a sustainable way and to keep its eye on the big picture.

**After only a short time in office, you present the half-year figures for the first time. What is your bottom line?**

Thanks for the first half-year go to my predecessor Ronald Trächsel and all the colleagues at BKW. My bottom line: The Group remains on a successful trajectory. The Energy business is performing very well and is trending upward thanks to a strong trading result. The Grid segment continues to make its stable contribution. At the moment, earnings in the Services business are below expectations. However, measures to strengthen profitability are on track.

**What goals are you pursuing as the new CFO at BKW?**

There is no change to the goals already formulated. We want to continue to grow profitably and achieve our ambitious EBIT target. In addition, good figures are based on a robust business model. As a company it is our duty and responsibility to create value for everyone – for our society, shareholders and customers, our employees and partners.

**About the individual**

Dr. Martin Zwyszig was Chief Financial Officer of REHAU before joining BKW. Before that, he was CFO of the global Autoneum, Ascom and Schaffner. In 2018, the doctor of economics was selected "CFO of the Year" by the CFO Forum Switzerland.



“As a company, we have a major social responsibility and want to create value for everyone.”

SERVICES BUSINESS

# Services from a single source for a sustainable future

BKW Engineering, BKW Infra Services and BKW Building Solutions: BKW is driving the energy transition forward in a holistic manner with comprehensive building solutions and high-quality infrastructure buildings. The three managing directors, who are all in their first year in office, briefly introduce their areas of activity.



**Antonin Guez**  
Head of BKW Building Solutions

“We live entrepreneurship. Because our 4,000 employees in 50 decentralized companies create value from orders from all over Switzerland. The growth opportunities are diverse: In addition to the booming photovoltaics and energy-efficient heat pumps, we support the energy transition with solutions for buildings and beyond. As a leading installation and technology service provider, we plan, implement and maintain comprehensive solutions for all facets of building technology, automation, and IT.”

**Sven Behrend**  
Head of BKW Infra Services

“We create the infrastructures for our customers in the energy, telecom, transport and water sectors. Our pioneering roles in occupational safety and Building Information Modeling methodology give us decisive advantages in the market. In Switzerland, we are systematically pursuing our strategy of being a full-service provider and see major opportunities in the rail technology sector. The energy transition is progressing rapidly in Germany, resulting in a high volume of orders and sales.”



**Martin Fecke**  
Head of BKW Engineering

“Our innovative and forward-looking network creates infrastructures and buildings for a future worth living for both people and the environment. BKW Engineering – Network of Excellence® stands for the highest quality and performance in every project. The work of each of our 3,500 employees visibly makes our attitude and our mission come alive: We create spaces for life. I am very pleased that we keep receiving international awards for this.”

**Learn more about how we create spaces for life at:**

(available in German and French)  
[lebensraeume.bkw.ch](https://lebensraeume.bkw.ch)



We create  
spaces for life.



Relaxing in the countryside: BKW's tangible solutions for grid expansion enable a sustainable coexistence between people and nature.



## INVESTING IN THE ENERGY FUTURE

# Energy and Grid for a future worth living

BKW is investing heavily in the energy future. It is expanding renewable energies as well as the grid infrastructure that makes the energy transition possible in the first place. BKW invests four out of five francs in Switzerland.

BKW will continue to invest heavily in the Swiss energy system in the coming years. Its services support the expansion of private and corporate PV systems, heat pumps, and charging stations. As Switzerland's largest distribution grid operator, it maintains and develops the backbone of the energy transition. And as an electricity producer, it is investing heavily in the expansion of renewable energies. It has promising and advanced projects in hydro, wind and solar power. These include:

- The expansion of the hydroelectric storage capacity in the Grimsel region, i.e., the Trift project, and the raising of the Lake Grimsel dam
- The two wind farms in Tramelan and Jeanbrenin
- The BelpmoosSolar ground-mounted solar plant and several Alpine PV plants in Canton of Bern, which it intends to bring to project maturity in the current year

BKW is determined to implement these projects – the sooner the better. But implementation can prove to be challenging due to the lengthy approval and objection processes. BKW has been

waiting for the final construction permit for over ten years for the wind power projects mentioned above, while the two hydroelectric storage projects have already been the subject of legal proceedings and are highly likely to continue to be so in the future.

Progress in Switzerland is therefore currently being made only in small steps, for example with the Augand river hydroelectric plant, which BKW will open together with Energie Thun on September 8, 2023, and which will produce electricity for around 7,700 households. BKW will thus continue to invest in renewable energies abroad at the same time. It set an ambitious target at its Capital Markets Day in October 2021: more than 1,000 megawatts of installed capacity with wind and PV plants by 2026. BKW's recent acquisition of wind farms in Sweden and Italy not only achieved this goal ahead of schedule, but significantly exceeded it. If the two wind farms in Puglia in southern Italy are connected to the grid in 2025 as planned, BKW will have new renewable energy sources with an installed capacity of over 1,100 megawatts.

## 80% of BKW's investments are in Switzerland

The energy industry – and thus also BKW – is sometimes accused of preferring to invest abroad rather than in Switzerland. But for BKW this is not an either-or question, but rather a both-and question. It has invested around CHF 850 million in energy infrastructure in the past five years – of which around 80% was in Switzerland. A major part of that investment goes to maintaining and expanding the power grid. As Switzerland's largest distribution grid operator, BKW is constantly adapting its grid to the new needs of an increasingly decentralized and more volatile energy world. However, the grid area is also confronted with lengthy approval and objection processes, which delay rapid grid expansion.

## CHF 850

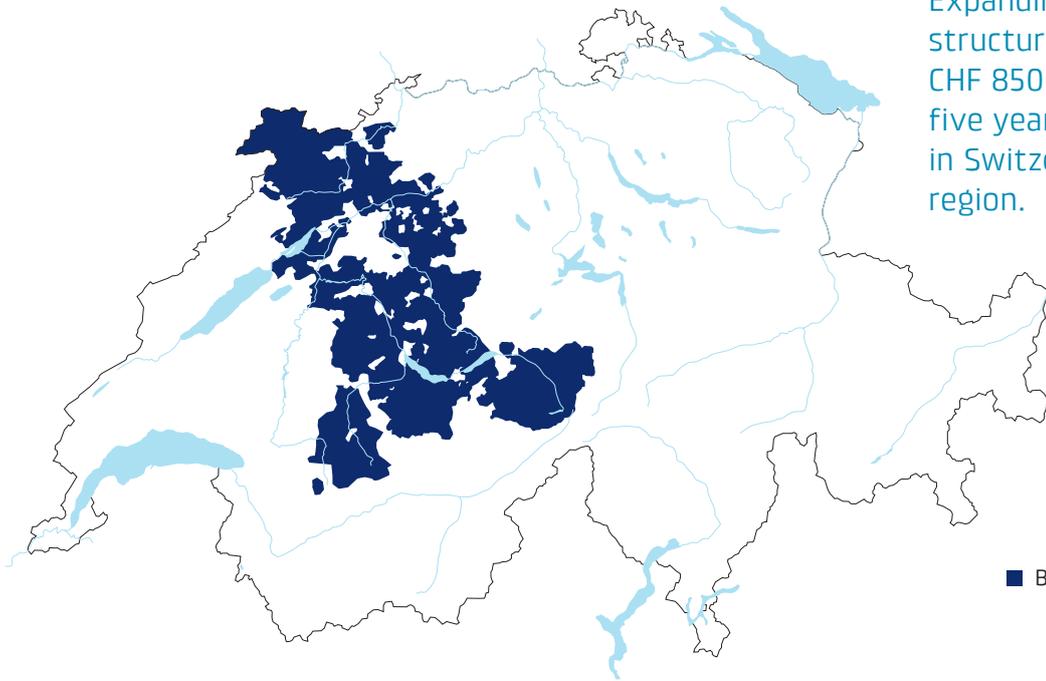
million invested by BKW in the last five years – of which CHF 680 million in Switzerland.

“With the acquisition of wind farms in Sweden and Italy, BKW has already significantly exceeded its 1,000 MW target. When the wind farms in Italy come online in 2025, it will be over 1,100 MW.”

A man in a blue jacket and cap is kneeling on a dirt path in a mountain valley, marking a route with orange paint. The background shows a vast, green mountain landscape with a large mountain peak in the distance under a blue sky with white clouds. The man is using a brush to apply orange paint to the ground, marking a path. The landscape is lush and green, with many trees and a few small buildings in the distance. The sky is bright blue with scattered white clouds. The overall scene is a beautiful, scenic view of a mountain valley.

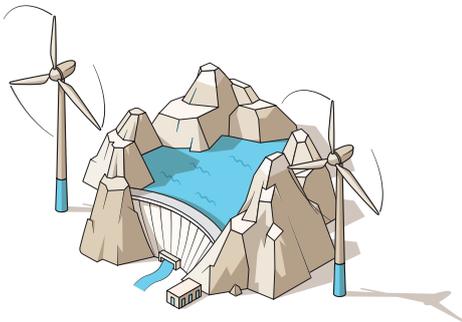
PV system on the chalet roof: One of many Alpine projects for a carefree energy future. Martin Egli, Project Manager at BKW Power Grid, marks the future cable route.

# Investments in renewable energies and grid infrastructure



Expanding the energy infrastructure: BKW has invested CHF 850 million in the last five years – of which 80% was in Switzerland and its supply region.

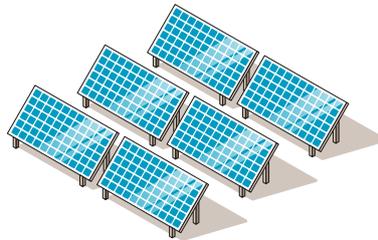
■ BKW's supply region



## Wind and hydroelectric power

BKW will commission three small hydroelectric plants in 2023. In June, it opened the Arvigo plant in the Calanca Valley, producing electricity for more than 1,000 households. In September, the plants in Augand (7,700 households) and Saas-Grund (420 households) will go into operation. BKW is investing a total of around 80 million francs in the three plants. The Sousbach small hydroelectric plant will supply electricity for 6,700 households starting in 2025.

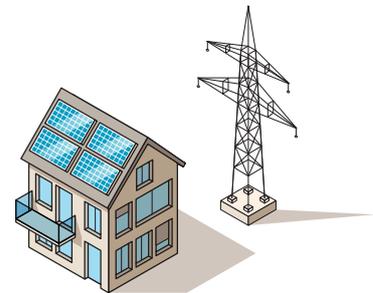
BKW has projects that it would like to realize with the Tramelan and Jeanbrenin wind farms and the Trift and Grimsel reservoirs.



## Photovoltaic systems

The 20,000<sup>th</sup> PV system in the BKW supply region was connected to the grid in June 2023. For the Belpmoos-Solar ground-mounted solar plant, BKW is aiming for a construction permit by the end of 2025. Once granted, the plant could be built and commissioned within nine months. The goal is to start operations by 2026. Belpmoos-Solar will produce 35 million kilowatt hours of clean electricity annually for around 15,000 households, about one-third of which will be generated during the winter months.

BKW intends to bring several Alpine PV plants in the Canton of Bern to project maturity before the end of 2023.



## Almost 2,000 grid projects

BKW realizes various grid projects every year. Around 13% relate to grid reinforcement due to PV plants, so that the decentrally produced electricity can also be transferred and distributed. That is over 150% more than three years ago and the trend remains upward.

**Net Zero**

**2040**

BKW aims to reduce its greenhouse gas emissions from its energy business to net zero by 2040.

**Grid expansion**

**> CHF 120<sup>mio.</sup>**

is invested annually by BKW as Switzerland's largest distribution grid operator in the expansion and renewal of its electricity grids.

**Smart Meters**

**>400,000**

BKW will launch the overall rollout in the summer of 2024 and install more than 400,000 digital electricity meters by the end of 2028.

**Wind power in Sweden**

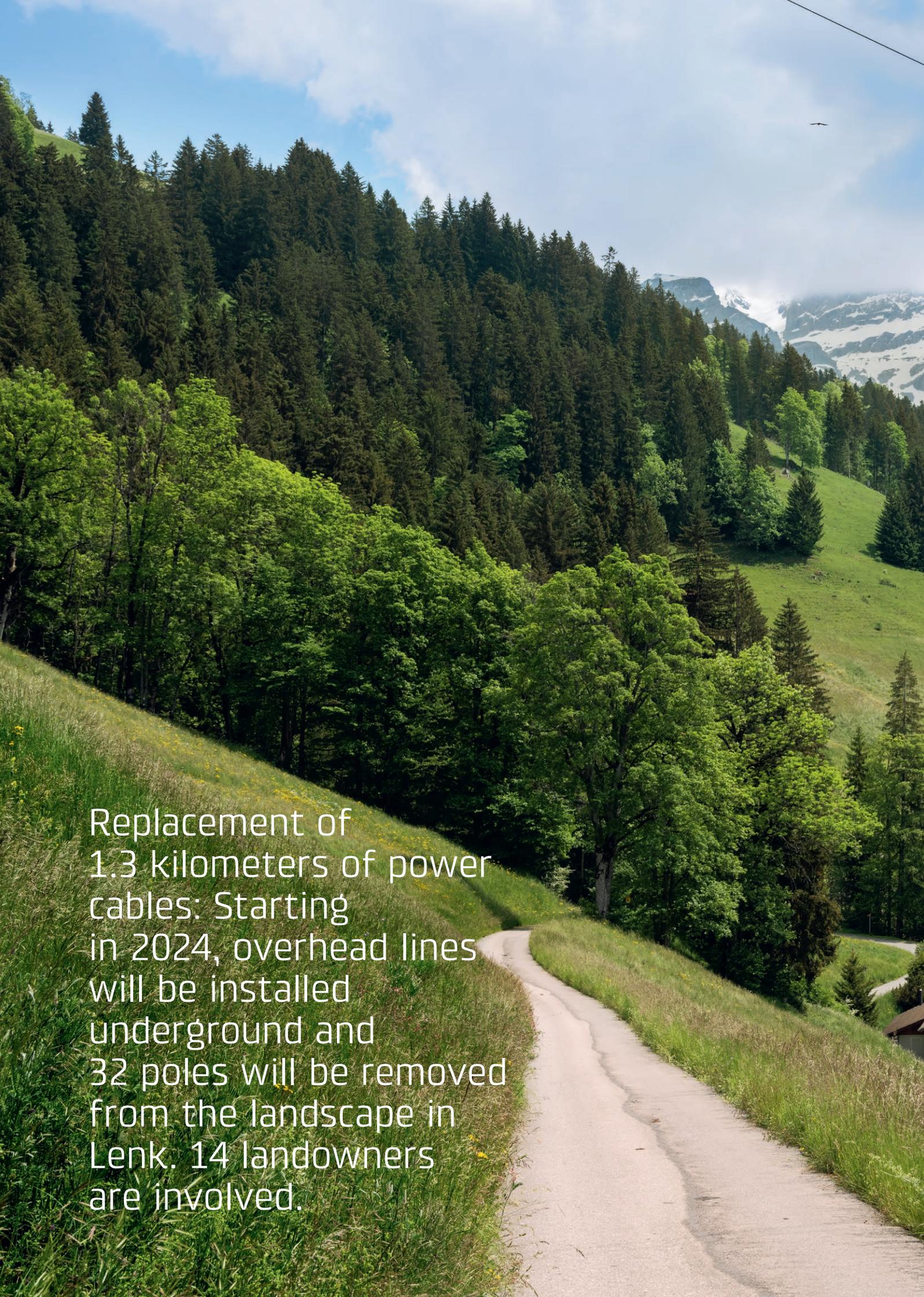
BKW is now also present in southern Sweden and is acquiring a 125 MW wind farm portfolio. The total of 19 turbines will be commissioned in the fourth quarter of 2023.

Together with its network of companies and partners, BKW is currently involved in the operation and construction of more than 30 wind farms in Switzerland, Germany, France, Italy, Norway and Sweden.



**Wind power in Italy**

BKW is further expanding its wind power portfolio in Italy and acquiring the largest approved wind power project in Puglia. The project comprises two wind farms with a forecast combined output of 130 MW. The wind farms will enter the construction phase in 2024 and are scheduled to begin operations in late 2025.



Replacement of  
1.3 kilometers of power  
cables: Starting  
in 2024, overhead lines  
will be installed  
underground and  
32 poles will be removed  
from the landscape in  
Lenk. 14 landowners  
are involved.



In 2022 alone, the company connected 3,624 PV systems, 1,375 e-charging stations, and 2,282 heat pumps to its distribution grid. In June of this year, the 20,000<sup>th</sup> PV system was connected to the grid in its supply region, and almost as many new systems have already been added in the first half of 2023 as in the entire previous year. These figures will continue to rise in the coming years – and with them demands on the network and the costs for its expansion. Reinforcements of the distribution network are needed in many places to connect all the new production systems, in particular in rural and less densely populated regions.

#### **Even smaller plants require grid reinforcements**

Our mission now is to build the distribution network of the future. In view of the rapid change in the energy world, the modification of the grid infrastructure is correspondingly demanding. The distribution grid infrastructure as we have known it until now was designed a good 40 years ago and has not grown to meet the requirements for energy transition. This is despite the fact that the infrastructure has been continuously expanded and developed. Increasingly, the grid needs to be strengthened to handle smaller PV systems so that their decentrally produced electricity can be distributed.

BKW is already implementing several hundred such grid reinforcement projects every year. One example of this is the PV plant in Lenk in the Bernese Highlands, illustrated in this half-year report. To ensure that the solar cells on the roof of the house can perform as intended, BKW has reinforced both the house connection and the upstream grid. That in itself is not a huge project. But the sum of all such reinforcements adds up to major investments – and the trend is strongly upward.

However, BKW is not only installing more copper, but is also making the network more digital and thus more intelligent. For example, it will begin rolling out smart meters in the summer of 2024 and install more than 400,000 such digital electricity meters by the end of 2028. Smart meters are an important pillar for our electricity future, because the more precisely electricity consumption and generation can be measured, the better

they can be coordinated among generators, consumers and distributors. Monitoring energy with a smart meter creates a better understanding of daily electricity consumption and can help each household optimize its own consumption.

#### **BKW is working on concrete solutions**

The transformation of the electricity system will not succeed without modernizing the grids. That is why the expansion of renewable energies must go hand in hand with grid expansion. All the more so, as the politicians are currently in the process of writing very ambitious expansion targets for 2035 into law.

However, concrete solutions and projects are more important than all the figures and ambitions. BKW working on these every day – for example, at the Canton of Bern's round tables on Alpine PV systems. BKW participated with its own projects for such plants, but also as a grid operator that has to purchase and distribute the electricity from all the plants that are finally realized. BKW helps define the best projects and implement them in a timely manner. It creates spaces for life – where new renewable energy is added and distributed, and also where the electricity produced is consumed as resource-efficiently as possible.

## **By 2040**

BKW aims to reduce its greenhouse gas emissions from its energy business to net zero by 2040.

#### **Our contribution to sustainability**

BKW sees itself as a committed part of the solution as we advance towards a sustainable economy and society. It takes a holistic view of sustainability management, which is an integral component of its corporate management. BKW's projects and solutions show how energy and transport infrastructures can be designed and renewed in an ecologically, socially, and economically sustainable manner. It thus makes an important contribution to reducing CO<sub>2</sub> emissions and minimizing dependence on fossil fuels. It has also set an ambitious target for its own CO<sub>2</sub> emissions: "Net Zero" in the Energy business by 2040. Additional information on BKW's sustainability management is available at: [www.bkw.ch/sustainability](http://www.bkw.ch/sustainability)

# Financial Result

19 Financial Result

20 BKW reports very good Half-Year results

## FINANCIAL RESULT

# BKW reports very good half-year results

BKW significantly increased both revenue and EBIT in the first half of 2023. All businesses contributed to the 6% revenue growth to CHF 2,397 million. EBIT reached a value of CHF 425 million, up 29% over the previous year. This is attributable to the very good energy management and trading result. Operating net profit, which excludes the performance of the state funds, increased by 60% to CHF 304 million. Net profit was CHF 340 million.

## EBIT exceeds prior year result by 29%

In the first half of 2023, BKW once again managed to exceed the very good previous year's result. EBIT can be increased disproportionately to sales by 29% to CHF 425 million. This strong result is the outcome of BKW's business model, which combines stable business divisions with strong areas of growth.

The increase in the operating result is due to the Energy business division. The successful management and trading performance was able to more than compensate for the negative effects of the price restrictions in the European markets.

In the Grid business, the earnings contribution is slightly lower due to Swissgrid's lower pro rata earnings.

Due to the additional sales generated from acquisitions made in the previous year, Services was able to increase its sales in the first half of 2023. The order situation remains very strong and has seen notable growth, especially in Germany. The

result fell short of expectations due to rising material costs, price increases that have not yet been implemented and inefficiencies in project processing caused by project postponements and delivery issues. The measures announced at the beginning of the year to increase the performance in the Services business have been implemented.

Excluding the performance of the state funds for decommissioning and waste disposal, operating net profit amounted to CHF 304 million, around 60% above the previous year. Thanks to the positive performance of the assets in the decommissioning and waste disposal funds, the reported net profit amounts to CHF 340 million, 376% above that of the previous year.

While BKW does not expect that the successful management and trading performance of the first half of the year will double, it does expect to benefit from this outcome throughout the entire fiscal year. As a result, the EBIT guidance for the financial year was increased to a range of CHF 600 to 650 million.

**Increased sales, EBIT, and net profit**

<b>CHF millions</b>	1 <sup>st</sup> half-year 2022	1 <sup>st</sup> half-year 2023	% change
Sales	2,263.3	2,397.1	6%
Energy procurement/transport	-846.7	-799.9	-6%
Operating costs	-978.2	-1,059.1	8%
<b>EBITDA</b>	<b>438.4</b>	<b>538.1</b>	<b>23%</b>
Depreciation, amortisation and impairment	-133.9	-136.6	2%
Income from associates	25.1	23.0	-8%
<b>EBIT</b>	<b>329.6</b>	<b>424.5</b>	<b>29%</b>
Financial result excluding change in value of state funds	-41.3	-50.2	22%
Income taxes excluding change in value of state funds	-97.6	-70.1	-28%
<b>Operating net profit<sup>1</sup></b>	<b>190.7</b>	<b>304.2</b>	<b>60%</b>
Change in value of state funds net of tax	-119.3	35.8	
<b>Net profit</b>	<b>71.4</b>	<b>340.0</b>	<b>376%</b>

1 "Operating net profit" corresponds to the net profit before proceeds from the state decommissioning and disposal funds and is more suitable as a measure of operating performance than the reported net profit, since the proceeds from these funds are not operational in nature and BKW has no direct influence on how they are invested.

**Financial result, effect of the previous year, special tax in Italy, positive fund performance**

The comparable financial result, excluding the performance of the state funds, amounts to CHF -50 million. The slight decrease of CHF 9 million compared to the previous year is mainly due to the commitment fees for the state bail-out package and higher costs related to the additional committed credit line from last November.

The comparable income tax expense declined by CHF 27 million to CHF 70 million. The previous year's figures include special levies of CHF 19 mil-

lion for the windfall tax, a mechanism that Italy employed to skim off additional profits generated by energy companies as a result of the Ukraine conflict. Due to timing effects, there are limits to the interpretation of the applicable taxes at mid-year.

The assets in state funds achieved a positive performance of 3.9% in the reporting period and are above the target return of 2.1%. Due to the negative fund performance in the previous year, the difference at the net profit level is CHF 269 million.

**Cash flow from operating activities strengthened**

<b>CHF millions</b>	1 <sup>st</sup> half-year 2022	1 <sup>st</sup> half-year 2023	% change
<b>Cash flow from operating activities before utilisation of nuclear provisions</b>	<b>205.1</b>	<b>546.5</b>	<b>166%</b>
– Payments for decommissioning and disposal	–54.6	–55.4	
Cash flow from operating activities	150.5	491.1	226%
<b>Cash flow from investing activities before reimbursement from state funds</b>	<b>–439.7</b>	<b>–181.6</b>	
+ Reimbursements from decommissioning and disposal funds	21.0	16.7	
Cash flow from investing activities	–418.7	–164.9	
<b>Cash flow from financing activities</b>	<b>223.5</b>	<b>–232.5</b>	
Liquidity as at 30.06.	951.7	952.1	

To improve comparability and assist with interpretation, BKW uses the cash flow indicators before utilization of nuclear provisions and payments for decommissioning and disposal of the Mühleberg Nuclear Power Plant. Operating cash flow before utilization of nuclear provisions can be more than doubled and is 166% higher at CHF 547 million. The reported cash flow from operating activities is also at a record level of CHF 491 million.

At CHF 952 million, the short-term available liquidity, including short-term financial investments, is at the stable level of the previous year.

BKW invested CHF 215 million in non-current assets and acquisitions in the first half of 2023 (previous year: CHF 462 million). Around 60% of this went into growth investments. In the Energy business, three wind farms were acquired in southern Sweden, and additional investments were made in small hydroelectric power plants and district heating projects. Most of the CHF 91 million investment in replacement and maintenance was dedicated to modernization of the distribution grid, with a total investment of CHF 51 million.

**Operational flexibility secured by the equity and financing situation**

<b>CHF millions</b>	31.12.2022	30.06.2023	% change
Current assets	3,894.6	2,968.2	-24%
Non-current assets	7,990.6	8,183.2	2%
Current liabilities	3,214.1	2,167.6	-33%
Non-current liabilities	4,291.5	4,062.9	-5%
Shareholders' equity	4,379.6	4,920.9	12%
<b>Balance sheet total</b>	<b>11,885.2</b>	<b>11,151.4</b>	<b>-6%</b>

The energy markets have eased with a positive impact on BKW's balance sheet. The CHF 0.7 billion decrease in the balance sheet total is mostly attributable to decreased market prices of the purchase/sale contracts for electricity and commodities, as well as a decrease in the volume of security deposits.

Equity increased by 12% or CHF 0.5 billion in the first six months and amounted to a solid CHF 4.9 billion as of the balance sheet date. In addition to the strong operating result and the positive performance of the decommissioning and disposal funds, the recognition of hedging success (hedge accounting) and actuarial gains from the calculation of pension obligations (IAS 19) also strengthen equity. BKW received CHF 195 million from the direct investments made possible for Swiss pension funds as part of

the Capital Light strategy, which, in accordance with the accounting standard, were credited directly to equity with no effect on income. The equity ratio increases to a strong 44% (end of 2022: 37%).

BKW's financing situation continues to ease. Thanks to the very good operating cash flow in the first half of 2023, net debt (financial liabilities less current financial assets and cash and cash equivalents) can be reduced by 20% to CHF 976 million as of the end of June. With cash and cash equivalents of CHF 952 million, BKW has sufficient short-term liquidity and remains operationally flexible. BKW still has unused committed credit lines totaling CHF 2 billion. The financial framework necessary for implementing and safeguarding financial and operational flexibility is sufficient and ensured at all times.

### Energy: Strong energy management and trading result including higher prices in the sales business

The Energy business is consistently geared to the opportunities and challenges of the changing energy market. It comprises the production, sale, and trading of electricity, certificates, and energy-related raw materials. It also includes production-related wind and solar services.

#### Increased total operating revenue and a record-high EBIT

CHF millions	1 <sup>st</sup> half-year 2022	1 <sup>st</sup> half-year 2023	% change
<b>Total operating income</b>	<b>1,174.7</b>	<b>1,244.5</b>	<b>6%</b>
Energy procurement	-789.3	-735.0	-7%
Operating costs	-115.0	-129.3	12%
<b>EBITDA</b>	<b>270.4</b>	<b>380.2</b>	<b>41%</b>
Depreciation, amortisation and impairment	-40.7	-43.1	6%
Income from associates	5.1	7.1	39%
<b>EBIT</b>	<b>234.8</b>	<b>344.2</b>	<b>47%</b>
Employees 30.06.	950	940	
Investments	120	135	

The Energy business is benefiting due to clever positioning from the normalization of the markets. The total operating revenue in the Energy business increased by 6% to CHF 1,245 million. Higher sales prices, increased production of water and wind turbines and another very strong trade result characterize this development. Lower volumes of thermal power plants and lower sales volumes have a negative effect on the level of total operating revenue.

The management and trading result in the first half of the year benefited from the fact that the normalization of the markets was accurately anticipated and corresponding positions were taken. As in 2022, the volatility, the spread positions and the better paid ancillary services contribute to the very good trading result.

In the first half of 2023, BKW produced a total of 4.4 TWh of energy, which is only slightly below the previous year's level (4.5 TWh). There were significant changes in the production mix. After the dry weather in the same period of the previous year, production from the hydroelectric power plants stabilized at 1.7 TWh. The amount of electricity generated from wind power rose by 0.1 TWh to 0.7 TWh, due to the acquisition of wind farms in France in the previous year. This means that 57% of BKW's total production (previous year period: 47%) comes from renewable energies.

The production volume of the nuclear power plants decreased by 0.1 TWh to 1.0 TWh. Both the Leibstadt Nuclear Power Plant (ordinary inspection) and the Cattenom purchase contract (reduced availability) supplied slightly less energy than in the previous year. The electricity production of the thermal power plants decreased by 0.3 TWh due to prices. In particular, the Wilhelmshaven coal-fired power plant was used less. This has a reducing effect on sales, while also lowering fuel costs. In the basic electricity supply, sales fell slightly to 1.0 TWh as a result of energy saving measures and the weather (previous year: 1.1 TWh). In the electricity sales business with SMEs and industrial customers, the volumes fell to 2.0 TWh (previous year: 3.0 TWh), due to the loss of volumes from major customers. Furthermore, existing independent customers purchased less electricity as a result of energy-saving efforts, optimized self-consumption (additional PV systems), and poor economic developments.

Expenses for energy procurement declined by 7% to CHF 735 million, in particular due to the lower procurement expenses for energy from the Leibstadt Nuclear Power Plant (minus CHF 60 million) as a result of the positive performance of the decommissioning and disposal funds. The financial effects of lower production volumes and higher prices for the procurement of electricity for sales customers balance each other out. Operating profit increased by 47% to CHF 344 million.

### Grid: Stable earnings contribution and planned investments in modernization

The Grid business area builds, operates, and maintains BKW's distribution grid. The grid carries the electricity from where it is produced in the power plants to consumers, measures pro-

duction and consumption, transforms the voltage, monitors, analyses, and controls load flows, and integrates distributed production systems such as PV systems and wind farms.

### Lower result due to reduced transmission volumes and energy-saving efforts

CHF millions	1 <sup>st</sup> half-year 2022	1 <sup>st</sup> half-year 2023	% change
<b>Total operating income</b>	<b>267.3</b>	<b>274.9</b>	<b>3%</b>
Energy transport expense	-57.6	-65.2	13%
Operating costs	-102.4	-104.9	2%
<b>EBITDA</b>	<b>107.3</b>	<b>104.8</b>	<b>-2%</b>
Depreciation, amortisation and impairment	-45.3	-44.8	-1%
Income from associates	20.0	15.9	-21%
<b>EBIT</b>	<b>82.0</b>	<b>75.9</b>	<b>-7%</b>
Employees 30.06.	730	795	
Investments	47	51	

Passing on the increased Swissgrid tariff of CHF 16 million increases both the total operating revenue and the energy transport costs by the same amount and is therefore EBIT-neutral. As a result, total operating revenue increased to CHF 275 million, despite lower transmission volumes due to weather conditions.

Taking into account Swissgrid's higher upstream costs, the energy transport expenses decreased. The additional expenses from the previous period, now no longer required, led to this decrease. Due to the low level of run-of-river production, energy had to be drawn from Swissgrid's high-voltage grid in the previous year.

The slightly increased operating expenses caused by filling specialist positions, as well as the uncovered expenses from decreased transmis-

sion volumes, might be factored into tariffs for later periods.

The reduction in the result from associates by CHF 4 million is due to an adjustment to the estimate of the previous year's profit from Swissgrid, in which BKW holds a 37% stake.

The EBIT declined due to the lower transmission and slightly higher operating costs and at CHF 76 million it is 7% below the previous year.

### Continued high level of investment in the ongoing renewal of the distribution grid

To ensure safe, efficient, and high-performance operation of its distribution grid, BKW invests roughly CHF 100 million annually. BKW invested CHF 51 million in the first half of 2023 (previous year: CHF 47 million).

### Services: Increased material costs and investments in the structure and processes

The Services business comprises BKW Engineering (engineering planning and consulting), BKW Building Solutions (building technology), and BKW Infra Services (services for energy, water, and telecommunications networks and grids). The strong network of specialized companies and their respective competencies enables BKW to be a relevant provider of comprehensive services.

#### Revenue growth in all service areas

CHF millions	1 <sup>st</sup> half-year 2022	1 <sup>st</sup> half-year 2023	% change
<b>Sales</b>	<b>834.8</b>	<b>884.4</b>	<b>6%</b>
Operating costs	-763.2	-821.9	8%
<b>EBITDA</b>	<b>71.6</b>	<b>62.5</b>	<b>-13%</b>
Depreciation, amortisation and impairment	-38.2	-40.2	5%
Income from associates	0.0	0.0	0%
<b>EBIT</b>	<b>33.4</b>	<b>22.3</b>	<b>-33%</b>
Employees 30.06.	9,080	9,060	
Investments and acquisitions	283	21	

The Services business benefits from the acquisitions made in the previous year and sales increased by 6% to CHF 884 million. BKW Building Solutions is growing organically and inorganically and is even able to increase its sales by 20% to CHF 518 million. Business is growing particularly well in the electrical and IT sectors. At BKW Engineering, the 9% drop in sales is due to the disposal of companies and the lack of organic growth due to a shortage of skilled workers. The challenging market conditions in Switzerland and project postponements led to an 8% drop in sales at BKW Infra Services.

While the recent acquisitions are having a positive effect on both sales and EBIT, the disproportionately high increase in operating expenses is

having a negative impact on profitability. The margin development of the Services business is being hampered by continuously rising material costs and process inefficiencies induced by project delays/postponements and issues in material supply chains. Price increases could also not be passed on across the board. Measures to strengthen performance by adjusting the structure and processes have been initiated, but will only show their effects in subsequent periods.

EBIT decreased by 33% to CHF 22 million compared to the same period of the previous year. The margin fell to 2.5%. A stronger second half of the year is expected due to the seasonal nature of the industry (especially in Infra Services and Building Solutions).

# Half-Year Financial Statements

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# Consolidated Income Statement

CHF millions	Note	1 <sup>st</sup> half-year 2022	1 <sup>st</sup> half-year 2023
Net sales	6	2,201.0	2,329.0
Own work capitalised		36.7	37.1
Other operating income		25.6	31.0
<b>Total operating income</b>		<b>2,263.3</b>	<b>2,397.1</b>
Energy procurement/transport	7	-846.7	-799.9
Material and third-party services		-338.8	-379.2
Personnel expenses		-519.7	-550.3
Other operating expenses		-119.7	-129.6
<b>Total operating expenses</b>		<b>-1,824.9</b>	<b>-1,859.0</b>
<b>Operating profit before depreciation, amortisation and impairment (EBITDA)</b>		<b>438.4</b>	<b>538.1</b>
Depreciation, amortisation and impairment		-133.9	-136.6
Income from associates		25.1	23.0
<b>Operating profit (EBIT)</b>		<b>329.6</b>	<b>424.5</b>
Financial income	8	3.4	53.5
Financial expenses	8	-193.8	-58.9
<b>Profit before income taxes (EBT)</b>		<b>139.2</b>	<b>419.1</b>
Income taxes		-67.8	-79.1
<b>Net profit</b>		<b>71.4</b>	<b>340.0</b>
attributable to:			
– BKW shareholders		58.7	326.6
– Non-controlling interests		12.7	13.4
Earnings per share in CHF (basic and diluted)		1.11	6.19

# Consolidated Statement of Comprehensive Income

<b>CHF millions</b>	1 <sup>st</sup> half-year 2022	1 <sup>st</sup> half-year 2023
<b>Net profit</b>	<b>71.4</b>	<b>340.0</b>
Actuarial gains/losses (Group companies)		
– Actuarial gains/losses (–)	–39.4	53.9
– Income taxes	8.3	–11.2
Actuarial gains/losses (associates)		
– Actuarial gains/losses (–)	–17.7	7.3
– Income taxes	1.2	–0.7
<b>Total items that will not be reclassified to income statement, net of tax</b>	<b>–47.6</b>	<b>49.3</b>
Currency translations		
– Currency translations	–45.0	–19.4
– Reclassification to the income statement	2.7	0.0
– Income taxes	0.0	–0.3
Hedging transactions		
– Value adjustments	–366.5	144.0
– Reclassification to the income statement	31.5	114.5
– Income taxes	71.0	–53.5
<b>Total items that may be reclassified to income statement, net of tax</b>	<b>–306.3</b>	<b>185.3</b>
<b>Other comprehensive income</b>	<b>–353.9</b>	<b>234.6</b>
<b>Comprehensive income</b>	<b>–282.5</b>	<b>574.6</b>
attributable to:		
– BKW shareholders	–292.7	560.1
– Non-controlling interests	10.2	14.5

# Consolidated Balance Sheet

CHF millions	Note	31.12.2022	30.06.2023
<b>Assets</b>			
Cash and cash equivalents		797.8	889.9
Trade accounts receivable and other receivables		1,423.5	932.2
Contract assets		225.6	281.5
Current tax receivables		43.1	37.9
Financial assets	10, 11	49.9	62.2
Derivatives	10	992.4	403.8
Inventories		211.2	198.8
Prepaid expenses and accrued income		151.1	161.9
<b>Total current assets</b>		<b>3,894.6</b>	<b>2,968.2</b>
Financial assets	10, 11	1,189.8	1,205.0
Derivatives	10	97.7	112.1
Credit from employee pension plans		36.2	86.7
Investments in associates		1,425.2	1,408.7
Property, plant and equipment		3,831.9	3,973.2
Intangible assets		1,362.6	1,349.4
Deferred tax assets		47.2	48.1
<b>Total non-current assets</b>		<b>7,990.6</b>	<b>8,183.2</b>
<b>Total assets</b>		<b>11,885.2</b>	<b>11,151.4</b>
<b>Shareholders' equity and liabilities</b>			
Trade accounts payable and other liabilities		858.9	617.7
Contract liabilities		134.7	142.1
Current tax liabilities		115.3	190.3
Financial liabilities	10, 11	264.1	126.0
Derivatives	10	1,247.1	580.8
Provisions		178.5	172.4
Deferred income and accrued expenses		415.5	338.3
<b>Total current liabilities</b>		<b>3,214.1</b>	<b>2,167.6</b>
Financial liabilities	10, 11	1,807.8	1,801.6
Derivatives	10	222.8	62.0
Pension liability		60.6	57.7
Other liabilities		350.8	347.5
Provisions		1,327.5	1,284.1
Deferred tax liabilities		522.0	510.0
<b>Total non-current liabilities</b>		<b>4,291.5</b>	<b>4,062.9</b>
<b>Total liabilities</b>		<b>7,505.6</b>	<b>6,230.5</b>
Share capital		132.0	132.0
Capital reserves		41.3	41.3
Retained earnings		4,401.9	4,555.9
Other reserves		-506.2	-244.3
Treasury shares		-2.1	-3.4
<b>Equity attributable to BKW shareholders</b>		<b>4,066.9</b>	<b>4,481.5</b>
Equity attributable to non-controlling interests		312.7	439.4
<b>Total shareholders' equity</b>		<b>4,379.6</b>	<b>4,920.9</b>
<b>Total shareholders' equity and liabilities</b>		<b>11,885.2</b>	<b>11,151.4</b>

# Changes in Consolidated Equity

CHF millions	Share capital	Capital reserves	Retained earnings	Other reserves	Treasury shares	Attributable to BKW shareholders	Attributable to non-controlling interests	Total
<b>Equity at 31.12.2021</b>	<b>132.0</b>	<b>41.3</b>	<b>3,987.0</b>	<b>-238.9</b>	<b>-3.5</b>	<b>3,917.9</b>	<b>308.4</b>	<b>4,226.3</b>
Net profit			58.7			58.7	12.7	71.4
Other comprehensive income				-351.4		-351.4	-2.5	-353.9
<b>Comprehensive income</b>			<b>58.7</b>	<b>-351.4</b>		<b>-292.7</b>	<b>10.2</b>	<b>-282.5</b>
Dividend			-137.2			-137.2	-13.7	-150.9
Transactions in treasury shares			-6.7		-0.8	-7.5		-7.5
Share-based payments			6.6			6.6		6.6
<b>Equity at 30.06.2022</b>	<b>132.0</b>	<b>41.3</b>	<b>3,908.4</b>	<b>-590.3</b>	<b>-4.3</b>	<b>3,487.1</b>	<b>304.9</b>	<b>3,792.0</b>
<b>Equity at 31.12.2022</b>	<b>132.0</b>	<b>41.3</b>	<b>4,401.9</b>	<b>-506.2</b>	<b>-2.1</b>	<b>4,066.9</b>	<b>312.7</b>	<b>4,379.6</b>
Net profit			326.6			326.6	13.4	340.0
Other comprehensive income				233.5		233.5	1.1	234.6
<b>Comprehensive income</b>			<b>326.6</b>	<b>233.5</b>		<b>560.1</b>	<b>14.5</b>	<b>574.6</b>
Dividend			-213.8			-213.8	-12.8	-226.6
Distribution on hybrid capital <sup>1</sup>						0.0	-0.9	-0.9
Transactions in treasury shares			-11.2		-1.3	-12.5		-12.5
Share-based payments			11.1			11.1		11.1
Sale of non-controlling interests			41.3	28.4		69.7	125.6	195.3
Contribution to equity from non-controlling interests						0.0	0.3	0.3
<b>Equity at 30.06.2023</b>	<b>132.0</b>	<b>41.3</b>	<b>4,555.9</b>	<b>-244.3</b>	<b>-3.4</b>	<b>4,481.5</b>	<b>439.4</b>	<b>4,920.9</b>

1 refer to note 2.4

# Consolidated Cash Flow Statement

CHF millions	Note	1 <sup>st</sup> half-year 2022	1 <sup>st</sup> half-year 2023
Profit before income taxes		139.2	419.1
Adjustment for non-cash transactions	12	73.5	116.3
Change in net working capital (excl. financial assets/liabilities and derivatives)		49.4	98.2
Income taxes paid		-53.9	-81.2
Other financial income/expenses (-)		-3.1	-5.9
<b>Cash flow from operating activities before utilisation of nuclear provisions</b>	<b>12</b>	<b>205.1</b>	<b>546.5</b>
Utilisation of nuclear provisions with a claim to refunds of state funds		-11.4	-23.2
Utilisation of nuclear provisions with no claim to refunds of state funds		-43.2	-32.2
<b>Cash flow from operating activities</b>		<b>150.5</b>	<b>491.1</b>
Investments in property, plant and equipment		-109.6	-119.9
Disposal of property, plant and equipment		1.7	8.4
Acquisition of Group companies		-386.6	-104.6
Disposals of Group companies		0.0	2.8
Investments in associates		-0.1	-5.6
Disposals of associates		0.0	9.4
Refunds of decommissioning and waste disposal funds		21.0	16.7
Investments in other current and non-current financial assets		-17.2	-1.8
Disposals of other current and non-current financial assets		51.1	5.0
Investments in intangible assets		-7.0	-8.7
Disposals of intangible assets		0.1	0.0
Interest received		0.5	6.8
Dividends received		27.4	26.6
<b>Cash flow from investing activities</b>		<b>-418.7</b>	<b>-164.9</b>
Purchase/sale of treasury shares		-7.6	-12.7
Sale of non-controlling interests		0.0	195.3
Contribution to capital from non-controlling interests		0.0	0.3
Increase in current and non-current financial liabilities		1,031.2	11.0
Decrease in current and non-current financial liabilities		-648.8	-198.9
Increase in other long-term liabilities		11.1	6.9
Interest paid		-11.5	-7.8
Dividends paid		-150.9	-226.6
<b>Cash flow from financing activities</b>		<b>223.5</b>	<b>-232.5</b>
Translation adjustments on cash and cash equivalents		-14.2	-1.6
<b>Net change in cash and cash equivalents</b>		<b>-58.9</b>	<b>92.1</b>
<b>Cash and cash equivalents at start of reporting period</b>		<b>931.0</b>	<b>797.8</b>
<b>Cash and cash equivalents at end of reporting period</b>	<b>12</b>	<b>872.1</b>	<b>889.9</b>

# Notes to the Half-Year Financial Statements

## 1 Description of business

BKW AG, Bern (CH), along with its Group companies (hereinafter "BKW" or the "BKW Group"), is an international energy and infrastructure company. Its company network and extensive expertise allow it to offer its customers a full range of integrated solutions. The Group plans, builds and operates infrastructure to produce and supply energy to businesses, households and the public sector, and offers digital business models

for renewable energies. The BKW Group portfolio of services comprises everything from engineering consultancy and planning for energy, infrastructure, and environmental projects to integrated offers in the field of building technology as well as the construction, servicing and maintenance of energy, telecommunications, transport and water utility networks.

## 2 Basis of preparation

### 2.1 General principles

The unaudited consolidated half-year financial statements for the half-year ended June 30, 2023, have been prepared in accordance with the International Accounting Standard on Interim Financial Reporting (IAS 34) and should be read in conjunction with the consolidated financial statements for the year ended December 31, 2022. These half-year financial statements have been drawn up in accordance with the principles described in

the Financial Report 2022. The consolidated half-year financial statements for the period ended June 30, 2023 were approved by the BKW AG Board of Directors on August 31, 2023 and released for publication.

Preparation of this Half-Year Report entailed assumptions and estimates. Actual results may differ from these estimates.

### 2.2 Adoption of new or changed standards and interpretations

BKW applies new or amended standards and interpretations from the respective time they come into effect.

From January 1, 2023, a number of amended standards that have no material effect on BKW's financial position, results of operations or cash flows have come into effect.

### 2.3 Foreign currency exchange rates

The reporting currency is the Swiss franc (CHF). The currency exchange rates in relation to the Swiss franc that were applied to the consolidated financial statements are as follows:

		Closing date 31.12.2022	Closing date 30.06.2023	Average 1 <sup>st</sup> half-year 2022	Average 1 <sup>st</sup> half-year 2023
Eurozone	1 EUR	0.9847	0.9788	1.0319	0.9858
Norway	100 NOK	9.3658	8.3630	10.3475	8.7283
Great Britain	1 GBP	1.1102	1.1404	1.2254	1.1248
United States of America	1 USD	0.9232	0.9008	0.9442	0.9123
Sweden	100 SEK	8.8538	8.2911	9.8525	8.7038

## 2.4 Accounting principle for hybrid capital

BKW sold a 49% stake in BKW Renewables Partners AG to third-party investors. As part of the transaction, a loan was granted to the company at the start of the current period. BKW Renewables Partners AG has sole decision-making authority as to whether and how interest and

any repayments will be made. Consequently, the financial instrument is classified as an equity instrument under IAS 32, and interest rate payments or distributions are shown as equity transactions in the consolidated statement of changes in equity.

## 3 Business combinations

### Business combinations in the first half of 2023

CHF millions	Wind park Sweden	Miscellaneous	Total
Cash and cash equivalents	1.1	0.4	1.5
Trade accounts receivable and other receivables	0.0	0.2	0.2
Other current assets	0.1	-0.1	0.0
Financial assets	0.0	0.3	0.3
Property, plant and equipment	116.9	0.1	117.0
Intangible assets	0.0	0.0	0.0
Deferred tax assets	0.1	0.0	0.1
Current liabilities	-0.1	-0.8	-0.9
Financial liabilities	-13.7	0.0	-13.7
Provisions	-0.7	0.0	-0.7
Deferred tax liabilities	-4.8	0.0	-4.8
Pension liability	0.0	0.0	0.0
<b>Fair value of acquired net assets</b>	<b>98.9</b>	<b>0.1</b>	<b>99.0</b>
Goodwill	0.0	1.1	1.1
<b>Purchase price</b>	<b>98.9</b>	<b>1.2</b>	<b>100.1</b>
Cash and cash equivalents acquired	-1.1	-0.4	-1.5
Contingent consideration	0.0	0.0	0.0
Deferred consideration	0.0	0.0	0.0
<b>Cash outflow</b>	<b>97.8</b>	<b>0.8</b>	<b>98.6</b>

BKW made the following corporate acquisitions in the first half of 2023. The values for the transactions listed are provisional, as the purchase price allocations have not been finalized.

#### Wind farms in Sweden

In the Energy segment, BKW acquired 100% of 3 wind farms in Tjörnäs, Skallberget/Utterberget and Rosenskog, Sweden. The acquisition was concluded in June and included 19 wind turbines. The wind turbines are still under construction and have a planned total capacity of 125 MW.

No contingent purchase price liabilities and no goodwill were recognized as of the acquisition date. The transaction costs amounted to CHF 0.3 million.

If the company had already been acquired as of January 1, 2023, total operating revenue for the first half of 2023 would have remained unchanged and net profit would have been CHF 1.1 million higher. Between the point at which the company was fully consolidated and June 30, 2023, the values remained unchanged.

### Miscellaneous

In the infrastructure engineering area of the Services segment, BKW acquired the remaining 50% of shares in Lindschulte Ingenieurgesellschaft mbH, headquartered in Meppen, Germany.

The transaction included goodwill of CHF 1.0 million. The goodwill recognized is mainly attributable to the expected future synergies and the acquisition of a qualified workforce. No transaction costs were incurred.

Between the point at which the company was fully consolidated and June 30, 2023, the acquired company recorded total operating revenue of CHF 0.9 million and a net profit of CHF 0.04 million.

CHF 1.3 million was paid for contingent consideration and CHF 4.7 million for deferred consideration for acquisitions made in the previous years.

### Business combinations in the first half of 2022

CHF millions	UMB <sup>1</sup>	Wind park france <sup>1</sup>	Miscellaneous <sup>1</sup>	Total
Cash and cash equivalents	11.6	4.4	9.5	25.5
Trade accounts receivable and other receivables	10.8	2.5	7.9	21.2
Other current assets	14.7	3.3	8.3	26.3
Financial assets	0.8	0.0	0.3	1.1
Property, plant and equipment	25.9	281.7	3.3	310.9
Intangible assets	75.4	0.0	9.5	84.9
Deferred tax assets	0.0	0.0	1.6	1.6
Current liabilities	-26.2	-6.3	-11.8	-44.3
Financial liabilities	-23.4	-169.8	-4.0	-197.2
Provisions	-1.2	-3.2	-1.4	-5.8
Deferred tax liabilities	-8.2	-15.0	-1.8	-25.0
Pension liability	-22.7	0.0	-0.4	-23.1
<b>Fair value of acquired net assets</b>	<b>57.5</b>	<b>97.6</b>	<b>20.9</b>	<b>176.0</b>
Goodwill	197.6	0.0	42.5	240.1
<b>Purchase price</b>	<b>255.1</b>	<b>97.6</b>	<b>63.4</b>	<b>416.1</b>
Cash and cash equivalents acquired	-11.6	-4.4	-9.5	-25.5
Contingent consideration	0.0	0.0	-15.3	-15.3
Deferred consideration	-5.0	0.0	-2.7	-7.7
<b>Cash outflow</b>	<b>238.5</b>	<b>93.2</b>	<b>35.9</b>	<b>367.6</b>

<sup>1</sup> Final values, refer to annual report 2022

The values for the transactions conducted in the previous year are provisional since the purchase price allocations had not been finalized. The purchase price allocations are now final. BKW made the following corporate acquisitions in the first half of 2022.

### UMB

In the Services area, BKW acquired 100% of the shares in UMB IT AG in February. The UMB Group comprises five companies based in Cham, as well as a subsidiary in Spain, and has been assigned to

the Services segment. Its range of services includes consulting and implementation services, managed services, infrastructure solutions and trade of third-party hardware and software.

As of the acquisition date, no contingent purchase price liabilities were recognized. The goodwill recognized is mainly attributable to the expected synergies and the acquisition of a qualified workforce. The transaction costs amounted to CHF 0.8 million.

In the course of the final purchase price allocation, the additionally identified intangible assets were decreased in the second half-year by CHF 5.6 million and the goodwill value raised by CHF 4.8 million, as reported in the 2022 half-year report.

If the company had already been acquired as of January 1, 2022, total operating revenue for the first half of 2022 would have been CHF 12.7 million higher and net profit CHF 0.3 million higher. Between the point at which the company was fully consolidated and June 30, 2022, the company recorded a total operating revenue of CHF 69.0 million and a net profit of CHF 3.9 million.

#### **Wind farms in France**

In the Energy segment, in March BKW acquired 100% of 6 wind farms in the Somme, France, with a total of 40 wind turbines and an overall installed capacity of 106 MW.

No contingent purchase price liabilities and no goodwill were recognized as of the acquisition date. The transaction costs amounted to CHF 0.8 million.

If the acquisition had taken place on January 1, 2022, the total operating revenue for the first half of 2022 would have been CHF 6.4 million higher and the net profit CHF 0.3 million higher. Between the point at which the company was fully consolidated and June 30, 2022, the company recorded a total operating revenue of CHF 4.0 million and a net profit of CHF 0.3 million.

#### **Miscellaneous**

In the first half of 2022, BKW conducted a number of other corporate acquisitions. All of the businesses acquired were assigned to the Services segment. Due to the number of acquisitions and their key financial figures, aggregated figures are shown and individual business combinations are not presented separately.

In the Building Solutions area, BKW acquired 100% of the shares in Equinoxe Holding SA and Solstis SA in western Switzerland. It offers comprehensive solutions for photovoltaic systems, from consulting and installation to maintenance.

In the field Infrastructure Engineering area, BKW acquired 100% of the shares in Dr. Blasy – Dr. Øverland Ingenieure GmbH, headquartered in Eching am Ammersee, Collignon Architektur und Design GmbH based in Berlin and Geotechnik Tauchmann GmbH based in Steinhaus, Austria.

In the Infra Services area, BKW acquired 100% of the shares in Cteam Anlagentechnik GmbH, based in Geisenhausen, Germany.

The transactions included goodwill of CHF 38.5 million. The goodwill recognized is mainly attributable to the expected future synergies and the acquisition of a qualified workforce. The transaction costs amounted to CHF 0.3 million.

In the course of the final purchase price allocation, the additionally identified intangible assets were reduced in the second half-year by CHF 1.9 million and the goodwill value increased by CHF 1.4 million, as reported in the 2022 half-year report.

Had the companies already been acquired as of January 1, 2022, total operating revenue for the first half of 2022 would have been CHF 16.6 million higher and net profit CHF 0.7 million higher. Between the point at which the companies were fully consolidated and June 30, 2022, the acquired companies recorded total operating revenue of CHF 11.7 million and net profit of CHF 1.3 million.

CHF 13.9 million was paid for contingent consideration and CHF 7.4 million for deferred consideration for acquisitions made in the previous years.

## 4 Seasonality and fluctuations in business over the year

According to experience, performance of sales in the Services business is subject to seasonal fluctuations. Business activity is usually higher

in the second half of the year than in the first six months.

## 5 Segment reporting

Segments and segment results are defined on the basis of the management approach. In line with the strategy, BKW's reporting lines are structured around the business areas of Energy, Grid and Services.

BKW operates the following three reportable business segments:

- The Energy segment builds, operates and maintains BKW's pool of power plants in Switzerland and abroad. It is also responsible for the sale of energy and heat and for trading in electricity, certificates and raw materials.
- The Grid segment builds, operates and maintains BKW's distribution grid.
- The Services segment mainly includes BKW Engineering (engineering design and consultancy), BKW Building Solutions (building technology) and BKW Infra Services (services for energy, water and telecommunication networks).

The column "Other" covers activities that are centrally managed within the Group. These are primarily central services, real estate, fleet management and procurement. Some of the costs that arise in conjunction with the build-up of business areas (acquisition/integration costs, technology development costs, etc.) are borne centrally.

Segment figures are determined in accordance with the same accounting and valuation principles that are applied for the Group-level presentation of consolidated figures. The prices for intercompany transactions (transfer prices) are based on the market price on the transaction date.

## Information by business segment

<b>1<sup>st</sup> half-year 2023</b>	Energy	Grid	Services	Other	Consoli- dation	Total
<b>CHF millions</b>						
External revenue	1,233.6	272.3	863.7	17.0	10.5	2,397.1
– Net sales	1,226.0	247.2	849.7	6.0	0.1	2,329.0
– Own work capitalised	2.7	22.8	0.1	1.1	10.4	37.1
– Other operating income	4.9	2.3	13.9	9.9	0.0	31.0
Internal revenue	10.9	2.6	20.7	86.3	–120.5	0.0
– Net sales	9.1	0.6	20.6	7.7	–38.0	0.0
– Other operating income	1.8	2.0	0.1	78.6	–82.5	0.0
<b>Total operating income</b>	<b>1,244.5</b>	<b>274.9</b>	<b>884.4</b>	<b>103.3</b>	<b>–110.0</b>	<b>2,397.1</b>
Total operating expenses	–864.3	–170.1	–821.9	–111.8	109.1	–1,859.0
<b>Operating profit before depreciation, amortisation and impairment</b>	<b>380.2</b>	<b>104.8</b>	<b>62.5</b>	<b>–8.5</b>	<b>–0.9</b>	<b>538.1</b>
Depreciation, amortisation and impairment	–43.1	–44.8	–40.2	–10.7	2.2	–136.6
Income from associates	7.1	15.9	0.0	0.0		23.0
<b>Operating profit/loss</b>	<b>344.2</b>	<b>75.9</b>	<b>22.3</b>	<b>–19.2</b>	<b>1.3</b>	<b>424.5</b>
Financial result						–5.4
Profit/loss before income taxes						419.1

<b>1<sup>st</sup> half-year 2022</b>	Energy	Grid	Services	Other	Consoli- dation	Total
<b>CHF millions</b>						
External revenue	1,160.1	264.4	818.1	11.9	8.8	2,263.3
– Net sales	1,147.6	240.1	808.5	5.2	–0.4	2,201.0
– Own work capitalised	3.6	22.2	0.2	1.5	9.2	36.7
– Other operating income	8.9	2.1	9.4	5.2	0.0	25.6
Internal revenue	14.6	2.9	16.7	82.5	–116.7	0.0
– Net sales	12.6	0.4	16.1	8.2	–37.3	0.0
– Other operating income	2.0	2.5	0.6	74.3	–79.4	0.0
<b>Total operating income</b>	<b>1,174.7</b>	<b>267.3</b>	<b>834.8</b>	<b>94.4</b>	<b>–107.9</b>	<b>2,263.3</b>
Total operating expenses	–904.3	–160.0	–763.2	–104.7	107.3	–1,824.9
<b>Operating profit before depreciation, amortisation and impairment</b>	<b>270.4</b>	<b>107.3</b>	<b>71.6</b>	<b>–10.3</b>	<b>–0.6</b>	<b>438.4</b>
Depreciation, amortisation and impairment	–40.7	–45.3	–38.2	–11.8	2.1	–133.9
Income from associates	5.1	20.0	0.0	0.0		25.1
<b>Operating profit/loss</b>	<b>234.8</b>	<b>82.0</b>	<b>33.4</b>	<b>–22.1</b>	<b>1.5</b>	<b>329.6</b>
Financial result						–190.4
Profit/loss before income taxes						139.2

## 6 Net sales

CHF millions	Switzerland		Abroad	
	1 <sup>st</sup> half-year 2022	1 <sup>st</sup> half-year 2022	1 <sup>st</sup> half-year 2023	1 <sup>st</sup> half-year 2023
Energy	513.4	634.2	662.9	563.1
Grid	240.1	0.0	247.2	0.0
Services	564.3	244.2	620.9	228.8
Other	5.2	0.0	6.0	0.0
<b>Total net sales</b>	<b>1,323.0</b>	<b>878.4</b>	<b>1,537.0</b>	<b>791.9</b>

## 7 Energy procurement/transport

CHF millions	1 <sup>st</sup> half-year 2022	1 <sup>st</sup> half-year 2023
Cost of energy procurement from third parties and associates	811.5	746.7
Provision for onerous energy procurement contracts		
– Provisions used	–11.0	–11.6
– Provisions added (+)/released (–)	–11.6	–0.4
<b>Total energy procurement expenses</b>	<b>788.9</b>	<b>734.7</b>
Energy transport expenses	57.8	65.2
<b>Total</b>	<b>846.7</b>	<b>799.9</b>

## 8 Financial result

CHF millions	1 <sup>st</sup> half-year 2022	1 <sup>st</sup> half-year 2023
Interest income	1.5	6.8
Dividend income	0.1	0.1
Value adjustment on state funds	0.0	44.8
Currency translations	0.2	0.0
Other financial income	1.6	1.8
<b>Financial income</b>	<b>3.4</b>	<b>53.5</b>
Interest expenses	–19.5	–17.5
Interest on provisions	–18.4	–18.5
Value adjustment on state funds	–149.1	0.0
Losses from the disposal of financial assets	–0.1	0.0
Net losses on financial assets at fair value through profit or loss	–2.2	–2.9
Impairment of financial assets	0.0	0.2
Currency translations	0.0	–7.3
Other financial expenses	–4.5	–12.9
<b>Financial expenses</b>	<b>–193.8</b>	<b>–58.9</b>
<b>Financial result</b>	<b>–190.4</b>	<b>–5.4</b>

## 9 Dividend

In accordance with the decision made at the BKW AG Annual General Meeting held on May 15, 2023, an ordinary dividend of CHF 2.80 (previous year: CHF 2.60) plus a 125-year dividend of CHF 1.25 (previous year: none) per share was paid for the 2022 financial year.

## 10 Assets and liabilities measured at fair value

Assets and liabilities measured at fair value are classified according to a hierarchical structure for the purposes of valuation. The allocation is based on the principles described on page 99 of the Financial Report 2022, which remain unchanged. As in the same period last year, there were no transfers between the different levels during the period under review.

CHF millions	Carrying amount at 30.06.2023	Level 1	Level 2	Level 3
<b>Financial assets at fair value through profit or loss</b>				
Financial assets (current and non-current)				
– Interest in state funds	1,191.0		1,191.0	
– Debt instruments	0.1		0.1	
Derivatives (current and non-current)	515.9		515.9	
– Certificates (proprietary trading)	20.4	20.4		
<b>Financial assets at fair value through other comprehensive income</b>				
Derivatives (current and non-current) – Hedge Accounting	0.0			
Non-current financial assets				
– Equity instruments	7.1			7.1
<b>Financial liabilities at fair value through profit or loss</b>				
– Contingent purchase price liabilities in relation to business combinations	39.0			39.0
– Liabilities relating to non-controlling interests	0.9			0.9
Derivatives (current and non-current)	421.7		421.7	
<b>Financial liabilities at fair value through other comprehensive income</b>				
Derivatives (current and non-current) – Hedge Accounting	221.2		221.2	

In addition, the liabilities on June 30, 2023 include bonds in the amount of CHF 87.1 million (December 31, 2022: CHF 92.5 million) as part of a fair value hedge (Level 2) measured at fair value.

CHF millions	Carrying amount at 31.12.2022	Level 1	Level 2	Level 3
<b>Financial assets at fair value through profit or loss</b>				
Financial assets (current and non-current)				
– Interest in state funds	1,163.0		1,163.0	
– Debt instruments	0.1		0.1	
Derivatives (current and non-current)	1,080.2		1,080.2	
Inventories				
– Certificates (proprietary trading)	19.6	19.6		
<b>Financial assets at fair value through other comprehensive income</b>				
Derivatives (current and non-current) – Hedge Accounting	10.0		10.0	
Non-current financial assets				
– Equity instruments	7.1			7.1
<b>Financial liabilities at fair value through profit or loss</b>				
Other financial liabilities (current and non-current)				
– Contingent purchase price liabilities in relation to business combinations	44.2			44.2
– Liabilities relating to non-controlling interests	0.9			0.9
Derivatives (current and non-current)	980.0		980.0	
<b>Financial liabilities at fair value through other comprehensive income</b>				
Derivatives (current and non-current) – Hedge Accounting	489.9		489.9	

The Level 3 assets and liabilities measured at fair value trended as follows in the first half of the year:

CHF millions	2022	Assets		Liabilities	
		2022	2023	2022	2023
<b>At 01.01.</b>	<b>61.9</b>	<b>7.2</b>	<b>166.2</b>	<b>45.1</b>	
Additions	0.2	0.0	15.3	0.0	
Disposals	-0.3	-0.1	-13.9	-1.3	
Changes in value included in profit or loss	-61.7	-0.0	-6.5	-3.9	
Changes in value included in other comprehensive income	0.0	-0.0	-1.1	0.0	
<b>At 30.06</b>	<b>0.1</b>	<b>7.1</b>	<b>160.0</b>	<b>39.9</b>	

The changes in value included in profit or loss include:

- No change (previous year's period: CHF -61.7 million) in assets from derivatives
- No change (previous year's period: CHF -7.6 million) in liabilities from derivatives and CHF -3.9 million (previous year's period: CHF 1.1 million) from contingent purchase price liabilities.

## 11 Financial assets and liabilities measured at amortized cost

The carrying amounts of the financial assets closely correspond to the fair values.

Due to short residual terms to maturity, the carrying amount of financial liabilities at amortized cost correspond approximately to the fair value. A difference exists between these values in respect to the bonds, which are included under

financial liabilities. The market price of the bonds (fair value Level 1) as of the reporting date was CHF 1,171.9 million, while the carrying amount was CHF 1,190.4 million.

On December 31, 2022, the corresponding market price was CHF 1,132.2 million and the carrying amount was CHF 1,187.9 million.

## 12 Additional disclosures on the cash flow statement

CHF millions	31.12.2022	30.06.2023
Bank and cash balances	672.9	869.9
Term deposits	124.9	20.0
<b>Total cash and cash equivalents</b>	<b>797.8</b>	<b>889.9</b>

CHF millions	1 <sup>st</sup> half-year 2022	1 <sup>st</sup> half-year 2023
Depreciation, amortisation and impairment	133.9	136.6
Income from associates	-25.1	-23.0
Financial result	190.4	5.4
Gains/losses from sale of non-current assets	-0.7	-7.0
Change in non-current provisions (excl. interest and excl. utilisation of nuclear provisions)	-11.0	-2.0
Change in assigned rights of use	-7.0	-7.2
Change from the valuation of energy derivatives	-218.9	1.0
Other non-cash positions	11.9	12.5
<b>Total adjustment for non-cash transactions</b>	<b>73.5</b>	<b>116.3</b>

### Sub-total "Cash flow from operating activities before utilization of nuclear provisions"

To ensure better interpretability and comparability of the effective operating cash flow, the "Cash flow from operating activities" item includes a subtotal of the cash flow before utilization of provisions for nuclear decommissioning and waste disposal.

This is because the costs for nuclear decommissioning and waste disposal are incurred with the decommissioning of the Mühleberg Nuclear Power Plant. These costs represent the utilization of existing provisions and are therefore charged to "Cash flow from operating activities" determined in accordance with IAS 7. However, the nuclear decommissioning is not related to BKW's actual operating performance, and reported "Cash flow from operating activities" is therefore not a suitable metric for assessing operating cash generation.

Most of the costs for nuclear decommissioning and waste disposal are borne by the state-run decommissioning and waste disposal funds. BKW is thus entitled to a refund of the costs incurred, although the costs incurred and the refund do not coincide chronologically. Both payments into and refunds from the state funds are classified in the cash flow statement as part of "Cash flow from investing activities." As a result, there is a discrepancy in the presentation of these directly related cash flows. To adequately interpret cash flow, the corresponding individual items presented separately in the cash flow statement should be considered together. Therefore, the utilization of provisions with and without claim to refunds is reported separately in "Cash flow from operating activities."

## 13 Events after the balance sheet date

BKW made two corporate acquisitions at the beginning of the third quarter.

On July 12, 2023, 100% of the shares in **ABE Gruppe GmbH** were acquired. The acquisition will enable BKW to broaden its range of services in the energy systems sector in Germany. As a full-service provider, ABE Gruppe employs around 80 people in the areas of energy supply systems and operation technology for grid operators, wind farm developers and industry. The company will be integrated into the Services segment.

On July 13, 2023, 100% of the shares in **Veneta Energia S.r.l.** were acquired. With this acquisition, the company has obtained the rights to two wind farm projects in Puglia. The projects consist of 31 wind turbines with a planned combined capacity of 130 MW. Construction is scheduled to begin in 2024 and the wind turbines are expected to be commissioned by the end of 2025. This will entail investments amounting to EUR 190 million during the construction phase. The company will be integrated into the Energy segment.

The purchase price for the two companies amounts to around EUR 55 million, of which EUR 20.9 million have been paid. The deferred consideration amounts to EUR 34.1 million. BKW expects to generate goodwill in the low single-digit million range from these transactions.

The purchase price allocations for these corporate acquisitions have not yet been finalized since they took place shortly before preparation and approval of the financial statements. For this reason, further disclosures under IFRS could not be made.



# Information for Investors

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46 Important Information on the BKW Share, Bonds, and Financial Calendar

## INFORMATION FOR INVESTORS

# Important Information on the BKW Share, Bonds, and Financial Calendar

## Development of the BKW share price

June 30, 2022 to June 30, 2023



The BKW share has continually gained in value since the beginning of the year, reaching a new record high mid-May with a share price of CHF 167.40. After a fall in June, the share price quickly stabilized and had increased in value by the end of the month. The closing price of the share was CHF 158.00 on June 30, 2023. When

considered over the last 12 months, the share delivered a positive performance of 62%.

The cumulative total shareholder return for the period from 2018 to June 30, 2023, amounts to 218%.

## Listing

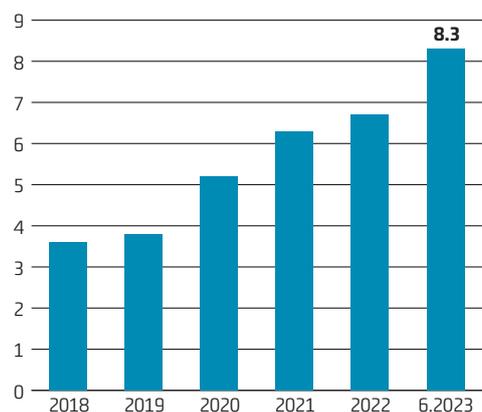
The shares of BKW AG are listed on the main segment of the SIX Swiss Exchange.

Ticker symbol on SIX	BKW
Securities number	13.029.366
ISIN code	CH0130293662

The BKW share is included in the following indices: SPI, SPI Mid, SPI Extra, SPI ex SLI, Swiss All Share Index, UBS 100, and MSCI Switzerland. As of September 18, BKW will be a constituent of the SMI Mid Index.

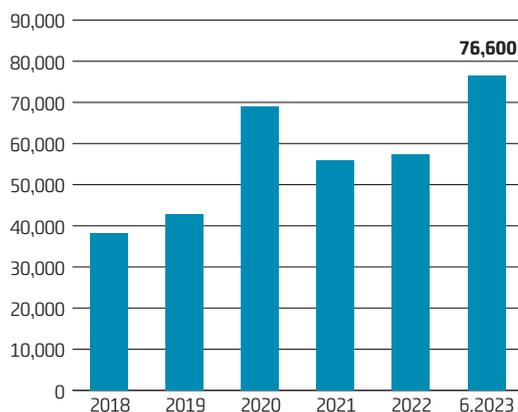
### Market capitalization

in CHF billion (as of June 30)



### Average daily trading volume on SIX

in units



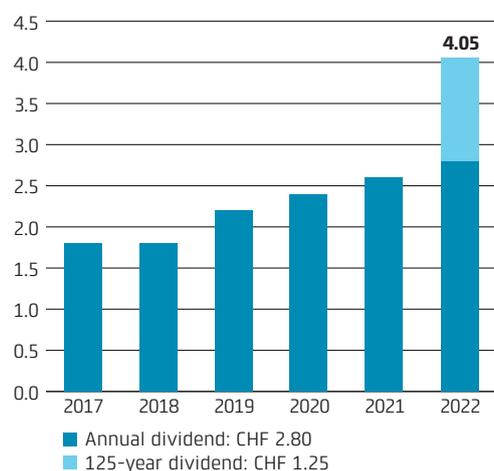
### Dividend policy and share yield

BKW is committed to a consistent dividend payout based on a ratio of 40% to 50% of adjusted net profit.

For the 2022 financial year, an ordinary dividend of CHF 2.80 and a 125-year dividend of CHF 1.25 per share were distributed. The dividend was paid out on May 22, 2023.

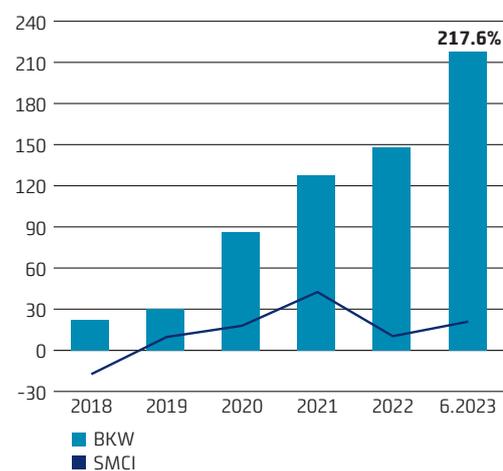
### Dividend

in CHF



### Total shareholder return

As of June 30 (since January 1, 2018)



### Restrictions on share transferability

The company may refuse to register an acquirer of shares in the register of voting shareholders for the following reasons:

a) If the acquisition results in a natural person, a legal entity, or a partnership (directly or indirectly) holding more than 5% of the entire share capital. The same restriction applies to legal entities, partnerships, groups of persons or joint ownerships that are bound by capital or voting rights, shared management or otherwise affiliated. Moreover, the restriction

applies to all natural or legal persons or partnerships acting jointly or in concert in order to acquire shares;

b) If the acquirer has not expressly declared that they have acquired the shares in their own name and on their own account.

## Major shareholders

	31.12.2022	30.06.2023
Canton of Bern	52.54%	52.54%
Groupe E Ltd.	10.00%	10.00%
BlackRock Inc.	>3%	>3%

The free float amounts to 37.5%.

## Key figures per share

CHF	31.12.2022	1 <sup>st</sup> half-year 2022	1 <sup>st</sup> half-year 2023
Par value	2.50	2.50	2.50
Share price			
– period end	126.50	99.70	158.00
– period high	136.20	120.80	167.70
– period low	96.70	96.70	126.00
Earnings per share <sup>1</sup>	10.43	1.11	6.19
Equity per share <sup>1</sup>	77.05	66.09	84.88
Market capitalisation in CHF millions	6,677	5,260	8,338

1 Attributable to shareholders of BKW AG

## Bonds

As of June 30, 2023, BKW had the following bonds outstanding:

	Nominal amount	Term	Due	ISIN code
0.00% debenture bond	CHF 200 million	2022–2024	18.10.2024	CH116068141
0.75% debenture bond	CHF 200 million	2018–2025	25.10.2025	CH0435590358
0.875% debenture bond	CHF 200 million	2022–2026	27.04.2026	CH01179184390
0.25% Green Bond	CHF 200 million	2019–2027	29.07.2027	CH0487087295
1.125% Green Bond	CHF 100 million	2022–2029	27.04.2029	CH1179184408
2.5% debenture bond	CHF 300 million	2010–2030	15.10.2030	CH0117843745

## Financial calendar

Publication of the 2023 annual results	March 12, 2024
General Meeting	April 22, 2024
Ex-dividend date	April 24, 2024
Dividend payment	April 25, 2024

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