



*Romande Energie Group*

# Interim Report 2023

## Units

### Currencies

CHF	Swiss francs
EUR	euros
m	million
bn	billion

### Energy

kWh	kilowatt hour	
MWh	megawatt hour	1,000 kWh
GWh	gigawatt hour	1 million kWh
TWh	terawatt hour	1 billion kWh

### Tariffs

cts/kWh centimes/kilowatt hour

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The shares of Romande Energie Holding SA are listed on the SIX Swiss Exchange (ISIN code CH 1263676327).

# Romande Energie Group financial overview

## Key consolidated figures

as at 30 June 2023 (unaudited)

*In CHF thousands, unless otherwise stated*

	1.1.-30.06.23	1.1.-30.06.22	% Change
<b>INCOME STATEMENT</b>			
Net revenues	486 885	347 377	40%
Gross profit	229 864	167 435	37%
% of net revenues	47%	48%	
Personnel expenses	( 79 037)	( 71 385)	11%
Other operating expenses	( 31 592)	( 31 046)	2%
EBITDA*	119 235	65 004	83%
% of net revenues	24%	19%	
EBIT**	71 916	24 169	198%
% of net revenues	15%	7%	
Share of profit from associates	81 563	( 64 078)	
Net profit	140 762	( 46 080)	
% of net revenues	29%	-13%	
<b>CASH FLOW</b>			
Net cash flow from (used in) operating activities	39 223	44 867	
Net purchases of property, plant and equipment, intangible assets and acquisition of subsidiaries and shareholdings in associates	( 55 406)	( 59 212)	
Net cash flow from (used in) financing activities	( 50 385)	( 28 846)	
<b>OTHER DATA</b>			
Equity attributable to Romande Energie Holding SA shareholders	1 976 535	1 792 120	
% of total assets	78%	82%	
Issued outstanding shares (Note 9) ***	25 657 875	25 657 875	
Shareholders' equity per share (in CHF) ***	77	70	
Romande Energie Holding SA mid-year share price (in CHF) ***	53.00	46.80	
Market capitalisation	1 359 867	1 200 789	
Employees	1 300	1 209	

\* EBITDA: earnings before interest, taxes, depreciation and amortisation

\*\* EBIT: earnings before interest and taxes

\*\*\* Comparative figures from 2022 have been restated to consider the Romande Energie Holding SA share split effective 28 June 2023.

# Financial highlights in the first six months of 2023

- Smart meter installations surpassed the 100,000 mark, in line with strategy. This, together with the expansion of the district heating portfolio, solar installations and distribution grid infrastructure, lifted capital expenditure to CHF 85m in H1 2023.
- Pricing policy for 2023 reflects higher supply costs and the rebalancing of the energy adjustment account as permitted under applicable regulations.
- Revenues totalled CHF 487m while EBIT increased to CHF 72m, driven by the catch-up effect boosting the energy supply margin.
- Contribution from Alpiq increased sharply to CHF 77m compared with a loss of CHF 70m in the first half of 2022.
- The financial statements as at 31 December 2022 have been restated following the identification of a metering error due to a transformer misconfiguration. The restated net profit for the 2022 financial year is CHF 41m (CHF 54m reported for the period).

## EBIT lifted by energy supply margin and sale of a land asset

Romande Energie ended its first six months of 2023 with an EBIT of CHF 72m (up from CHF 24m in H1 2022). Adjusted for the one-time sale of a land asset, EBIT was CHF 62m.

The pricing policy for 2023 was adopted in consideration of the exceptional market conditions seen in 2022 and the goal to reduce the level shown by the energy adjustment account at end-2022. Rainfall in the first six months of 2023, though lower than forecast, was higher than in the drought-stricken first six months of 2022. This positive shift, together with the remedial action taken to rebalance the energy adjustment account, led to a significant improvement in the energy supply margin, which was abnormally low in the two previous financial years. Conversely, the drop in wholesale energy prices resulted in a lower operating margin for the FMHL installation, in Switzerland, and assets located in France. French assets were also negatively impacted by the industry windfall tax. EBIT at the Energy Solutions business unit in the period under review increased tenfold to CHF 41m.

EBIT at the Grids business unit was unchanged at CHF 24m relative to the same period in 2022.

The Romande Energie Services business unit, which had undergone a year of consolidation in 2022, recorded a strong performance in line with its strategy, delivering EBIT of CHF 2m, its highest-ever for a six-month period.

Group EBIT margin doubled to 15% versus 7% in the same period last year. Adjusted for the non-recurring gain, EBIT margin was 13%.

## Contribution from the three business units to the strong revenue growth

Net revenues totalled CHF 487m in the first six months of 2023, rising by 40% relative to the same period last year (CHF 347m), under the impetus of all three business units.

A significant part of this increase was attributable to the Energy Solutions business unit as energy supply prices paid at the top of the market were passed through to regulated and eligible customer tariffs.

In the absence of acquisitions in the first half of 2023, the encouraging level of revenue growth at Romande Energie Services was driven by the design and construction of district heating networks and photovoltaic installations.

## Increased staff count but tight grip on other operating expenses

At 30 June, the workforce was 4% higher than at 31 December 2022. At this date, Romande Energie had 1,300 employees compared with 1,209 at the same point 12 months earlier (+8%). This increase in the workforce, combined with the standard cost-of-living adjustments to salaries, accounted for the increase in personnel expenses to CHF 79m in H1 2023 versus CHF 71m in the same period last year.

Other operating expenses were stable despite the Group's expansion – a sign of sound and efficient management.

## Boost to net profit from Alpiq

EOS NER SA's renewables operations contributed CHF 4m in profit versus CHF 1m in 2022. While the operating results were lower in the first six months of the year, the impact of the EUR/CHF exchange rate on non-Swiss operations was more favourable than in the comparable period.

Alpiq posted a sharp improvement in interim net profit, which was CHF 744m, compared with a loss of CHF 592m in the same period last year. As expected, this figure reflects an entry reversing part of the accounting mismatch related to energy derivatives booked in prior financial years, resulting in a positive impact of CHF 180m. Alpiq expects this trend to continue into H2 2023.

Together, Alpiq and EOS contributed CHF 81m in profit to the Group compared with a loss of CHF 69m in the first half of 2022 (based on reported comprehensive earnings). Romande Energie holds a 29.71% interest in EOS Holding SA, which in turn owns 33.33% of Alpiq and 100% of EOS NER SA.

Exploratory geothermal drilling in the municipalities of Vinzel (EnergieÖ SA) and Lavey (AGEPP SA) did not meet expectations, although the data collected will provide a considerable amount of valuable insights for the future. Despite the positive indications from analysis and exploratory developments, the Group has written off the investment in these two projects. The total negative impact on net profit was CHF 5m, with CHF 2m allocated to EBIT and CHF 3m to the share of profit from associates. Despite this, Romande Energie is still committed to this sector.

As at 30 June 2023, the Group's net profit was CHF 141m compared with a CHF 46m net loss in the same period last year.

## Energy Solutions

The Energy Solutions business unit spans the entire kWh chain, operating through two divisions: 1) generation and power/heating distribution; and 2) markets.

In CHF thousands	2023	2022	% Change
<b>Net revenues</b>	<b>283 276</b>	<b>179 988</b>	57%
Gross profit	91 743	50 182	83%
%of net revenues	32%	28%	
<b>EBITDA</b>	<b>53 862</b>	<b>17 197</b>	213%
%of net revenues	19%	10%	
<b>EBIT</b>	<b>40 995</b>	<b>4 034</b>	916%
%of net revenues	14%	2%	
<b>Employees</b>	<b>122</b>	<b>105</b>	

The tariffs applied by each distribution system operator (DSO) are laid down by the regulator under its guidelines, which have set the authorised margin per customer at CHF 75 for the purpose of covering running costs and generating a profit for the DSO.

Regulated customer tariffs in 2021 and 2022 were held steady in Romande Energie's area of operation, despite the surge in energy costs starting in the second six months of 2021. Tariffs in 2023 reflect the automatic passthrough of higher supply costs, which rose to record levels in 2022, and the partial rebalancing of the energy adjustment account through existing claims on customers. Before the restatement affecting the 2022 financial statements, the surplus stood at CHF 30m as at 1 January 2023 (customers under-billed) after being at CHF -23m as at 31 December 2021 (customers over-billed). Revenues in the first six months of the year increased by 57% to CHF 283m, mainly as a result of higher regulated tariffs and higher selling prices for eligible customers, accounting for CHF 74m, which was slightly reduced by Service intercommunal de l'Electricité (SIE SA) taking over the supply and management of its customers, as announced in June 2021. This led to a negative impact of CHF 10m. Sales of forward positions in the electricity portfolio generated CHF 11m in the first six months of the year.

In this period, volumes sold to regulated market customers decreased, mainly following a 6% decline in demand from households relative to the amount budgeted.

Rainfall was higher than in the period to summer 2022, which was unusually dry, leading to a 20% increase in output from owned hydroelectric plants. However, this was 4% lower (-9 GWh) than forecast based on the long-term production record. As a reflection of the strategy to diversify power generation sources, the financial performance of the FMHL (Forces Motrices Hongrin-Léman) installation in Switzerland and generation assets in France experienced a slowdown owing to exposure to market prices. French assets were also hit by the national windfall tax. Together, these two items reduced revenues by CHF 3m and EBIT by CHF 6m relative to the comparable period.

Overall, the energy supply margin lifted EBIT by CHF 41m, with CHF 40m coming from automatic tariff increases, less subsidies paid to companies in difficulty that had signed a contract with Romande Energie when prices were at their highest (just over CHF 1m), plus higher output from own generation assets (CHF 2m).

First-half EBIT totalled CHF 41m versus CHF 4m in the same period last year, leading to a sharp increase in margin to 14% compared with 2% in the first six months of 2022.

## Grids

The Grids business unit is responsible for building, operating, maintaining and managing the Group's high-, medium- and low-voltage distribution infrastructure, the radio-wave network and fibre optic network. Most of its business is regulated.

<i>In CHF thousands</i>	...	...	% Change
	30.06.23	30.06.22	
<b>Net revenues</b>	<b>148 549</b>	<b>130 015</b>	14%
Gross profit	103 142	96 662	7%
%of net revenues	69%	74%	
<b>EBITDA</b>	<b>52 073</b>	<b>47 615</b>	9%
%of net revenues	35%	37%	
<b>EBIT</b>	<b>23 735</b>	<b>23 781</b>	0%
%of net revenues	16%	18%	
<b>Employees</b>	<b>413</b>	<b>399</b>	

Romande Energie is pleased to have reached the milestone of 100,000 installed smart meters at the end of June, an increase of almost 18,000 units relative to 30 June 2022. It remains on track to replace 80% of the meters in the areas it serves by the end of 2025, two years ahead of the regulatory deadline.

The bulk of revenue growth in the first six months stemmed from income to cover distribution charges and operating costs (CHF 7m). There was no positive impact on profitability.

The increase in grid usage tariffs resulted in only CHF 2m of additional revenue, as the volume of energy distributed during the period was 5% lower.

The trend towards higher revenues from financing customer equipment at the time of connection to the grid continued relative to last year, with revenues from this source increasing by CHF 1m.

Overall, revenues increased by 14% to CHF 149m. EBIT was stable at CHF 24m. Additional income from equipment financing was offset by the application of monopoly rules, resulting in a lower level of operating expenses being recognised. This resulted in a lower margin at the business unit (EBIT/revenues) of 16%, down from 18%.

Grids business lines still account for a dominant proportion of the Group's operating performance, helping to keep its financial performance stable.

## Romande Energie Services

Romande Energie Services brings together all the services that help homeowners, businesses and municipalities make the energy transition.

<i>In CHF thousands</i>	...	...	% Change
	30.06.23	30.06.22	
<b>Net revenues</b>	<b>81 890</b>	<b>62 502</b>	31%
Gross profit	40 339	33 763	19%
%of net revenues	49%	54%	
<b>EBITDA</b>	<b>2 606</b>	<b>626</b>	316%
%of net revenues	3%	1%	
<b>EBIT</b>	<b>2 147</b>	<b>75</b>	2765%
%of net revenues	3%	0%	
<b>Employees</b>	<b>543</b>	<b>484</b>	

After a year of consolidation in 2022, revenue from energy services increased by 31% to CHF 82m in the first half of 2023. This growth was entirely organic, as no acquisitions were made during the period. All business lines and regions contributed to growth.

Rising material costs as seen last year continued to put pressure on gross margin, requiring skilful management. In the first six months, gross profit was up 19%, with margin in line with forecasts.

The internal rate of productivity showed an encouraging increase in the first half of the year. District heating and photovoltaic activities, which continued expanding, remained the driving force, accounting for half of the increase in EBIT. While a number of business lines and regions are being monitored closely with a view to improving their profitability, solar and thermal energy services, and other services such as technical facility management, helped deliver a CHF 2m increase in EBIT.

Operating margin rose sharply to 3%, which is extremely encouraging and in line with the business unit's roadmap.

## Execution of investment strategy

As at 30 June 2023, Romande Energie had cash and cash equivalents of CHF 135m, compared with CHF 141m as at 1 January. Securities and term deposits were reduced to CHF 1m as at 30 June versus CHF 60m as at 1 January 2023.

Cash flow from operating activities dipped to CHF 39m, resulting in part from the deferred billing of some services. In addition, the time lag between the tariff increases introduced for 2023 and the changes to the instalments paid by regulated market customers automatically postponed this cash inflow, while at the same time the increase in energy procurement costs resulted in an immediate outflow of cash.

Romande Energie continued pursuing its investment strategy, with capital expenditure rising by 38% to a total of CHF 85m in the first six months of the year. This increased investment relative to the prior-year period was driven by district heating (CHF +10m), solar (CHF +3m) and wind-power (CHF +2m) assets, within the Energy Solutions business unit; and distribution grids (CHF +4m) and smart meters (CHF +4m), within the Grids business unit.

Cash flow from investing activities was lifted by the sale of a land asset and a property asset, together with a change in the French scope of consolidation, representing a total inflow of CHF 30m.

On 21 July 2023, the Group published its first Green Finance Impact Report for 2023, following on from a CHF 100m Green Bond with a 15-year maturity in 2022. With repayment of borrowings amounting to CHF 11m in the first six months, the Group's debt remained above CHF 200m as at 30 June. Equity owned by the shareholders of Romande Energie Holding SA represented 78% of total assets.

## Restatement of end-2022 financial statements

As part of an internal control operation undertaken after a higher drop in usage from regulated customers compared with the national level was noted, the Group detected a metering error relating to the misconfiguration of one of its transformers. This transformer was used as a back-up until July 2022 and became a primary transformer in August 2022. The amount of energy used by regulated customers as well as grid losses was under-calculated, with the result that the energy used by the Group's customers was not measured accurately nor counted correctly against market-based procurement (see Note 2).

This adjustment impacts revenues by a positive CHF 3m but adds CHF 18m to energy supply costs. After tax, the net impact is a negative CHF 13m. The restated net profit for the 2022 financial year is CHF 41m (CHF 54m reported for the period). The restatement has no impact on 2023 nor 2022 interim results.

This error increases the claim on customers by CHF 10m as at 31 December 2022 via the energy adjustment account, which was reported at CHF 30m at end-2022.

## Romande Energie share split

Following approval from the Annual General Meeting on 16 May 2023, the registered shares of Romande Energie Holding SA, listed on Six Swiss Exchange, was divided by 25 (from CHF 25.00 to CHF 1.00). Consequently, the number of shares making up the share capital increased from 1,140,000 to 28,500,000. The new registered share became tradable on SIX Swiss Exchange on 28 June 2023.

## Outlook

Romande Energie reiterates its forecast for higher full-year revenues and EBIT than in 2022. This is founded mainly on the higher tariffs announced for 2023 and the partial rebalancing of the energy adjustment account in relation to its level on 31 December 2022. The level of profitability is set to decline in 2024.

The financial outlook remains subject to the potentially material impact of uncertainties affecting prices and supply flows in both electricity markets, particularly in the context of the ongoing armed conflict in Ukraine, and materials markets. In the longer term, geopolitical issues – such as the absence of an institutional agreement with the EU – and regulatory developments, with the likely passing in September of the single amending act (*Mantelerlass*) affecting the energy industry, may have a material impact on the Group's future financial results and investments.

Additionally, from 1 January 2024, the margin generated on the sale of energy to regulated customers will be lower following the regulator's decision to reduce the gross margin per customer from CHF 75 to CHF 60. The impact on the Group's EBIT is estimated at CHF 4m in 2024. In return, capital expenditure on the power grid will earn a WACC of 4.13% compared with 3.83% currently, while capital expenditure on generation facilities will benefit from an increase in the WACC from 4.98% to 5.23%.

# Consolidated financial statements

## Romande Energie Group

### Consolidated income statement

as at 30 June 2023 (unaudited)

<i>In CHF thousands, except per share amounts</i>	Note	1.1.-30.06.23	1.1.-30.06.22
Revenues	5	436 931	318 149
Other income	5	49 954	29 228
<b>Net revenues</b>	<b>4,5</b>	<b>486 885</b>	<b>347 377</b>
Purchases of energy, goods and services	6	(257 021)	(179 942)
<b>Gross profit</b>	<b>4</b>	<b>229 864</b>	<b>167 435</b>
Personnel expenses		(79 037)	(71 385)
Other operating expenses		(31 592)	(31 046)
<b>EBITDA</b>	<b>4</b>	<b>119 235</b>	<b>65 004</b>
Depreciation and impairment on property, plant and equipment		(38 478)	(35 042)
Amortisation and impairment of intangible assets		(8 841)	(5 793)
<b>EBIT</b>	<b>4</b>	<b>71 916</b>	<b>24 169</b>
Financial income	7	2 327	481
Financial expenses	7	(4 725)	(3 247)
Share of profit from associates		81 563	(64 078)
<b>Profit before income tax</b>		<b>151 081</b>	<b>(42 675)</b>
Income tax		(10 319)	(3 405)
<b>Net profit</b>		<b>140 762</b>	<b>(46 080)</b>
<b>Attributable to</b>			
Owners of the parent		139 110	(46 872)
Non-controlling interests		1 652	792
		140 762	(46 080)
Weighted average number of shares outstanding *	9	25 657 875	25 657 875
Earnings per share in CHF *		5.4	(1.8)

\* Figures from 2022 have been restated to consider the Romande Energie Holding SA share split effective 28 June 2023.

The accompanying notes form an integral part of the financial statements.



# Consolidated balance sheet

as at 30 June 2023 (unaudited)

In CHF thousands

	30.06.2023	31.12.2022 restated
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	135 060	141 026
Securities and term deposits	1 237	60 051
Trade accounts receivable	111 316	78 314
Current taxes receivable	9 505	7 797
Prepaid expenses and accrued income	87 945	78 113
Other current assets	6 217	6 422
<b>Total current assets</b>	<b>351 280</b>	<b>371 723</b>
<b>Non-current assets</b>		
Property, plant and equipment	1 444 012	1 420 929
Intangible assets	93 665	94 544
Investments in associates	599 907	515 929
Other long-term financial assets	31 939	36 300
Assets from employer contribution reserves	5 161	9 528
<b>Total non-current assets</b>	<b>2 174 684</b>	<b>2 077 230</b>
<b>Total assets</b>	<b>2 525 964</b>	<b>2 448 953</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current liabilities</b>		
Trade accounts payable	25 329	31 603
Accrued expenses and deferred income	103 386	124 103
Other short-term liabilities	28 646	28 535
Short-term portion of long-term borrowings	4 338	6 979
Current taxes payable	11 243	4 448
Short-term provisions	3 048	3 081
<b>Total current liabilities</b>	<b>175 990</b>	<b>198 749</b>
<b>Non-current liabilities</b>		
Long-term borrowings	197 350	203 495
Deferred tax liabilities	128 164	128 246
Long-term provisions	1 111	911
<b>Total non-current liabilities</b>	<b>326 625</b>	<b>332 652</b>
<b>Total liabilities</b>	<b>502 615</b>	<b>531 401</b>
<b>Equity attributable to Romande Energie Holding SA shareholders</b>		
Share capital	28 500	28 500
Additional paid-in capital	13 111	13 111
Retained earnings	2 034 487	1 932 864
Own shares	(99 563)	(99 563)
<b>Total equity attributable to Romande Energie Holding SA shareholders</b>	<b>1 976 535</b>	<b>1 874 912</b>
Non-controlling interests	46 814	42 640
<b>Total shareholders' equity</b>	<b>2 023 349</b>	<b>1 917 552</b>
<b>Total liabilities and shareholders' equity</b>	<b>2 525 964</b>	<b>2 448 953</b>

The accompanying notes form an integral part of the financial statements.

Restatements for 2022 are detailed in Note 2.

# Consolidated cash flow statement

as at 30 June 2023 (unaudited)

<i>In CHF thousands</i>	<b>1.1.-30.06.23</b>	<b>1.1.-30.06.22*</b>
Group net profit	140 762	( 46 080)
Non-cash items	( 30 186)	104 890
Cash flow before change in working capital	110 576	58 810
Change in receivables	( 33 067)	( 81)
Change in payables	( 7 464)	( 23 558)
Change in prepaid and accrual accounts	( 30 822)	9 696
Net cash flow from (used in) operating activities	39 223	44 867
Net cash flow from (used in) investing activities	5 411	( 24 412)
Net cash flow from (used in) financing activities	( 50 385)	( 28 846)
Net effect of exchange variances on cash and cash equivalents	( 215)	( 186)
<b>Net change in cash and cash equivalents</b>	<b>( 5 966)</b>	<b>( 8 577)</b>
Cash and cash equivalents at start of period	141 026	92 398
Cash and cash equivalents at end of period	135 060	83 821
<b>Difference</b>	<b>( 5 966)</b>	<b>( 8 577)</b>

\* Comparative figures for cash flow from operating activities in 2022 have been restated. This concerns the reclassification of non-cash and non-operating items under the change in the working capital requirement. This restatement has no impact on total cash flow from operating activities, which remains unchanged at CHF 44,867m.

The accompanying notes form an integral part of the financial statements.

# Statement of changes in consolidated equity

as at 30 June 2023 (unaudited)

<i>In CHF thousands</i>	Share capital	Additional paid-in capital	Retained earnings	Own shares	Total shareholders' equity	Non-controlling interests	Total equity
Balance at 1 January 2022	28 500	13 111	1 933 608	( 99 563)	1 875 656	39 177	1 914 833
Dividends			( 36 947)		( 36 947)	( 1 282)	( 38 229)
Currency translation differences			182		182	( 91)	91
Other changes			101		101	480	581
Net profit			( 46 872)		( 46 872)	792	( 46 080)
<b>Balance at 30 June 2022</b>	<b>28 500</b>	<b>13 111</b>	<b>1 850 072</b>	<b>( 99 563)</b>	<b>1 792 120</b>	<b>39 076</b>	<b>1 831 196</b>
<b>Balance at 1 January 2023 (before restatement)</b>	<b>28 500</b>	<b>13 111</b>	<b>1 943 358</b>	<b>( 99 563)</b>	<b>1 885 406</b>	<b>44 796</b>	<b>1 930 202</b>
Effect of change in financial statement presentation (restatement)			( 10 494)		( 10 494)	( 2 156)	( 12 650)
<b>Balance at 1 January 2023 (after restatement)</b>	<b>28 500</b>	<b>13 111</b>	<b>1 932 864</b>	<b>( 99 563)</b>	<b>1 874 912</b>	<b>42 640</b>	<b>1 917 552</b>
Dividends			( 36 947)		( 36 947)	( 5 092)	( 42 039)
Currency translation differences			( 119)		( 119)	( 121)	( 240)
Change in controlling interest			( 421)		( 421)	7 735	7 314
Net profit			139 110		139 110	1 652	140 762
<b>Balance at 30 June 2023</b>	<b>28 500</b>	<b>13 111</b>	<b>2 034 487</b>	<b>( 99 563)</b>	<b>1 976 535</b>	<b>46 814</b>	<b>2 023 349</b>

The accompanying notes form an integral part of the financial statements.

Restatements for 2022 are detailed in Note 2.

## NOTE 1

### General information

Romande Energie Holding SA, a holding company incorporated in Switzerland with its registered office in Morges, is the direct or indirect owner of all the companies belonging to Romande Energie Group (the Group).

## NOTE 2

### Summary of accounting policies

#### Basis of presentation

The interim consolidated financial statements are presented in CHF thousands and have been prepared under the historical cost convention, with the exception of some types of long-term financial assets and financial instruments, which are measured at fair value. They comply with the Accounting and Reporting Recommendations of Swiss GAAP FER.

The interim financial statements as at 30 June 2023 have been prepared in accordance with Swiss GAAP FER 31, which permits more condensed presentation and disclosure than for the annual financial statements. The interim financial statements do not include all the disclosures or notes required at financial year-ends and must, as a consequence, be read in conjunction with the Group's Management Report as at 31 December 2022. The interim financial statements have been prepared on the basis of the same principles as the financial statements for 2022.

In this interim report, the Group's Executive Board has made no material changes to the estimates and assumptions used in the financial statements as at 31 December 2022.

Some prior-year figures have been reclassified to present comparable information.

## NOTE 3

### Disposals, business combinations and other material transactions

During the first six months of 2023, the Group did not acquire or dispose of any companies.

The Group generates, distributes and markets energy and also provides energy services. These activities are organised into three business units (see Note 4).

The Group's interim consolidated financial statements for 2023 were adopted by the Board of Directors of Romande Energie Holding SA on 30 August 2023.

#### Restatement of end-2022 financial statements

As part of an internal control operation undertaken after a higher drop in usage from regulated customers compared with the national level was noted, the Group detected a metering error relating to the misconfiguration of one of its transformers. This transformer was used as a back-up until July 2022 and became a primary transformer in August 2022. The amount of energy used by regulated customers as well as grid losses was under-calculated, with the result that the energy used by the Group's customers was not measured accurately nor counted correctly against market-based procurement.

The comparative figures as at 31 December 2022 reported by the Group have been restated:

<i>In CHF thousands</i>	<b>31.12.2022 restated</b>	<b>31.12.2022 published</b>	<b>Difference</b>
Net revenues	745 825	742 359	3 466
Purchases of energy, goods and services	(399 383)	(381 254)	(18 129)
Gross profit	346 442	361 105	(14 663)
EBITDA	128 851	143 514	(14 663)
EBIT	44 848	59 511	(14 663)
Profit before income tax	46 960	61 623	(14 663)
Income tax	(5 482)	(7 495)	2 013
Net profit	41 478	54 128	(12 650)
Owners of the parent	36 822	47 316	(10 494)
Non-controlling interests	4 656	6 812	(2 156)
Earnings per share in CHF *	1.4	1.8	(0.4)
Trade accounts receivable	78 314	74 848	3 466
Total assets	2 448 953	2 445 487	3 466
Accrued expenses and deferred income	124 103	105 974	18 129
Deferred tax liabilities	128 246	130 259	(2 013)
Total liabilities	531 401	515 285	16 116
Retained earnings	1 932 864	1 943 358	(10 494)
Non-controlling interests	42 640	44 796	(2 156)
Total shareholders' equity	1 917 552	1 930 202	(12 650)
Total liabilities and shareholders' equity	2 448 953	2 445 487	3 466
Energy adjustment account (under-recovered / regulatory asset)	40 098	29 752	10 346

\* Figures from 2022 have been restated to consider the Romande Energie Holding SA share split effective 28 June 2023.

## NOTE 4

### Segment reporting

Operating segments are presented in line with the internal reporting submitted to the relevant Group departments.

The Group's activities are organised into three core business units: Grids, Energy Solutions and Romande Energie Services. These three business units are managed as separate entities even though they all engage in energy-related activities.

As the Group operates chiefly in Switzerland, no geographical segments have been adopted. The Energy Solutions business unit oversees the generation of energy in France.

Transactions between business units are carried out at arm's length, except for activities where transfer prices are determined by law. The same accounting principles are applied in all the business units. No single client accounts for more than 10% of the Group's revenues. Reporting by segment is prepared on the basis of Swiss GAAP FER financial statements.

The **Grids** business unit distributes electricity sustainably and efficiently, in accordance with applicable rules and regulations. Operations include managing and developing distribution infrastructure for electricity and fibre optics. Most of this business unit's operations are subject to regulation. Revenues chiefly consist of the fees received for making the grid available to end-customers and resellers. This remuneration is governed by the provisions of the Electricity Supply Act (ESA). Additional revenue derives from services to distribution system operators and industrial customers.

The **Energy Solutions** business unit spans the entire kWh chain, operating through two divisions: 1) generation and power/heating (including refrigerated air) distribution; and 2) markets. The Energy division's main mission is to maintain security of supply for customers. It also develops new installations powered by renewable energy sources. The Markets division offers innovative turnkey solutions to its various customers, divided into three categories: households; municipalities and property professionals; and business clients. It also houses operations linked to electricity marketing and related services such as invoicing and call-centre operation, through enersuisse SA, an affiliated company.

The **Romande Energie Services** business unit is responsible for the Group's entire palette of energy services. This business unit is dedicated to offering customers cross-disciplinary expertise to help usher in the transition to clean energy. It does this by supporting homeowners, businesses and municipalities in making the jump to renewable energies, offering advice, energy audits, innovative products and attractive services.

The Group's various support units are housed under "Corporate". They are Digital & Innovation, Finance & Services and People & Talent. Attributable expenses are costs incurred in connection with the activities of the Group's head office. This also includes income and expense that cannot be allotted specifically to a given business unit as well as start-up costs for new activities.

<i>In CHF thousands</i>	<b>Grids</b>	<b>Energy Solutions</b>	<b>Romande Energie Services</b>	<b>Corporate</b>	<b>Eliminations</b>	<b>Total</b>
<b>As at 30 June 2023</b>						
Net revenues of business units	148 549	283 276	81 890	39 554	(66 384)	486 885
Gross profit	103 142	91 743	40 339	39 309	(44 669)	229 864
% of net revenues	69%	32%	49%			47%
EBITDA	52 073	53 862	2 606	9 472	1 222	119 235
% of net revenues	35%	19%	3%			24%
EBIT	23 735	40 995	2 147	5 039	-	71 916
% of net revenues	16%	14%	3%			15%
<b>As at 30 June 2022</b>						
Net revenues of business units	130 015	179 988	62 502	27 822	(52 950)	347 377
Gross profit	96 662	50 182	33 763	27 362	(40 534)	167 435
% of net revenues	74%	28%	54%			48%
EBITDA	47 615	17 197	626	(434)	-	65 004
% of net revenues	37%	10%	1%			19%
EBIT	23 781	4 034	75	(3 721)	-	24 169
% of net revenues	18%	2%	0%			7%

## NOTE 5

### Net revenues

<i>In CHF thousands</i>	<b>1.1.-30.06.23</b>	<b>1.1.-30.06.22</b>
Energy revenues	240 781	148 720
Grid usage revenues from own distribution grid	85 788	76 083
Services revenues	69 012	56 995
VHV grid usage revenues and off-grid revenues	30 577	26 870
Equipment financing and third-party contributions	10 773	9 481
<b>Total revenues</b>	<b>436 931</b>	<b>318 149</b>
Other income	15 460	17 654
Internally generated asset additions	13 043	10 523
Net income from disposal of fixed assets and sale of companies	13 187	418
Change in work in progress	9 400	1 586
Change in guarantees, losses on bad debts and provision for onerous contracts	(1 136)	( 953)
<b>Total other income</b>	<b>49 954</b>	<b>29 228</b>
<b>Net revenues</b>	<b>486 885</b>	<b>347 377</b>

## NOTE 6

### Purchases of energy, goods and services

<i>In CHF thousands</i>	<b>1.1.-30.06.23</b>	<b>1.1.-30.06.22</b>
Energy purchases	177 445	120 976
HV & VHV grid usage costs and off-grid costs	35 593	28 050
Grid dues, system services and Swissgrid	351	359
Concessions and fees	3 196	3 074
Purchases of goods, services and other	40 436	27 483
<b>Total purchases of energy, goods and services</b>	<b>257 021</b>	<b>179 942</b>

## NOTE 7

### Net financial income (expense)

<i>In CHF thousands</i>	<b>1.1.-30.06.23</b>	<b>1.1.-30.06.22</b>
Interest income	636	261
Exchange rate gains	1 496	45
Other financial income	195	175
<b>Total financial income</b>	<b>2 327</b>	<b>481</b>
Interest on borrowings, mortgages and bank borrowings	( 2 368)	( 1 111)
Exchange rate losses	( 1 721)	( 2 020)
Other financial expenses	( 636)	( 116)
<b>Total financial expenses</b>	<b>( 4 725)</b>	<b>( 3 247)</b>
<b>Net financial income (expense)</b>	<b>( 2 398)</b>	<b>( 2 766)</b>

## NOTE 8

### Dividend paid on ordinary shares

<i>In CHF thousands</i>	<b>1.1.-30.06.23</b>	<b>1.1.-30.06.22</b>
Dividend paid for 2022: CHF 36 per share (2021: CHF 36)	36 947	36 947

The dividend for 2022 was approved at the Annual General Meeting on 16 May 2023. Payment was made on 31 May 2023.

## NOTE 9

### Issued shares outstanding

	<b>1.1.-30.06.23</b>	<b>1.1.-30.06.22</b>
Total number of shares	28 500 000	1 140 000
Own shares held by the Group	(2 842 125)	( 113 685)
<b>Outstanding shares</b>	<b>25 657 875</b>	<b>1 026 315</b>

Following approval by the General Meeting on 16 May 2023, the share split involving the division by 25 of the nominal value (from CHF 25.00 to CHF 1.00) of the Romande Energie Holding SA registered share became effective on SIX Swiss Exchange from the start of trading on 28 June 2023. Consequently, the number of shares making up the share capital increased from 1,140,000 to 28,500,000. The Romande Energie Holding SA registered share is listed under the new Valor number 126.367.632 (ISIN CH1263676327) and the new ticker REHN (formerly HREN).

## NOTE 10

### Post-balance sheet events

For the period from 30 June 2023 to the approval of interim financial statements on 30 August 2023, the Romande Energie Group is not aware of any significant events that could have a bearing on the information disclosed in the half-year 2023 financial statements.

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