

Financial Report

Management Report

This Management Report covers both the requirements pursuant to Art. 961c CO (Code of Obligations) in connection with the statutory financial statements and the provisions on the «Annual Report» relating to the financial statements in accordance with Swiss GAAP FER (Swiss GAAP FER framework concept, paragraphs 7 and 34).

Regulatory business model

Legal and regulatory environment

The electricity industry's value chain can basically be divided into the following areas: electricity generation, electricity transmission, electricity distribution and electricity consumption. As the owner and operator of Switzerland's extra-high-voltage grid, Swissgrid is responsible for electricity transmission.

The high investments for the construction of the transmission system, rising economies of scale (in view of falling marginal costs) and high irreversible costs result in a natural monopoly in the area of electricity transmission. This has been structured as a legal monopoly by the legislator based on the Electricity Supply Act (ESA) and the Electricity Supply Ordinance (ESO). To strengthen the supply of electricity in Switzerland, the Winter Reserve Ordinance (WResO) was also enacted in 2023.

The Federal Electricity Commission ElCom oversees compliance with ESA, ESO and WResO. ElCom is the independent state regulatory authority in the electricity industry and is allowed to issue rulings where necessary, against which there is a right of appeal to the Federal Administrative Court with an ultimate possibility of appeal to the Federal Supreme Court. Given the public interest in the secure national supply of electricity, the resulting legislation and relevant supervision by the regulator, Swissgrid's business activities are overwhelmingly subject to strict regulation.

Business activity

As the National Grid Company, Swissgrid is responsible for the non-discriminatory, reliable and efficient operation of the transmission grid, as well as its sustainable and efficient maintenance. The renovation and demand-driven expansion of Switzerland's extra-high-voltage grid are also considered amongst the company's most important tasks.

Swissgrid provides additional services, such as balance group and congestion management or ancillary services (AS), as part of European and Swiss interconnected operations. In addition to representing national interests, Swissgrid makes an important contribution to ensuring the secure supply of electricity for Switzerland.

Cost-plus regulation

Swissgrid's legal mandate and business activities expose the company to costs that can be passed on to the lower grid levels and end consumers in the form of tariff revenues if the regulator deems the costs to be chargeable. ElCom has the right to verify ex post the chargeability of Swissgrid's costs for tariff-setting purposes.

Chargeable costs include the operating and capital costs of maintaining a secure and efficient grid. The chargeable costs according to ESA and ESO also include an adequate operating profit. As a result, this is referred to as «cost-plus» regulation: «cost» stands for the cost recovery principle and «plus» stands for the operating profit. The cost recovery principle applies to the chargeable costs according to WResO.

Chargeable operating and capital costs

Chargeable operating costs include the costs for services directly related to the operation of the grid. Examples include costs for maintaining the grid, costs for providing ancillary services, personnel expenses, costs for materials and third-party supplies, and direct income taxes.

Chargeable capital costs include depreciation/amortisation and imputed interest. The amount of imputed interest for ESA activities is directly dependent on the assets required to operate the grid (invested operating assets (IOA)) and the applicable regulatory interest rate ($WACC_{t+0}$). $WACC_{t+0}$ means that the WACC specified for this year also applies to the current financial year. By contrast, interest on the assets required for orders regulated by the WResO is calculated using the borrowing cost rate $_{t+0}$ included in $WACC_{t+0}$.

In particular, IOA consist of transmission grid assets (including construction in progress), intangible assets and net current assets determined on a monthly basis.

Volume- and tariff-related timing differences

Swissgrid calculates the required tariff revenues ex ante based on budgeted costs (operating and capital costs). Volume and price differences between the «actual» situation for a year and the «budgeted» situation for the same year regularly lead to differences between the actual costs and actual income for a year. These differences are referred to as volume- and tariff-related timing differences and are rectified over the coming years. If effective costs exceed the tariff revenues for the same year, this results in a deficit. This deficit can be eliminated over subsequent years by increasing the tariff. By contrast, if tariff revenues exceed effective costs for the same year, this results in a surplus, which must be used to reduce tariffs over subsequent years.

From the 2024 financial year, the new Article 18a of the Electricity Supply Ordinance (ESO) will apply for the first time to the interest on all volume- and tariff-related timing differences. The volume- and tariff-related timing differences arising from the 2024 financial year onwards will be subject to interest at the borrowing cost rate $_{t+2}$ included in $WACC_{t+2}$. In accordance with ElCom directive 03/2024, volume- and tariff-related timing differences resulting from ESA activities up to and including the end of the 2023 financial year remain subject to interest calculated at $WACC_{t+2}$ until they have been fully eliminated. As previously, no interest is calculated on the volume- and tariff-related timing differences resulting from WResO activities up to and including the end of the 2023 financial year until they have been fully eliminated.

Profit regulation

EBI (earnings before interest) from Swissgrid's regulated business area is calculated by multiplying the invested operating assets from ESA activities by the weighted average cost of capital rate $WACC_{t+0}$, multiplying the assets required for orders regulated by the WResO by the borrowing cost rate $_{t+0}$ included in $WACC_{t+0}$, and multiplying the interest on all volume- and tariff-related timing differences by the borrowing cost rate $_{t+2}$ included in the weighted average cost of capital rate $WACC_{t+2}$. The volume- and tariff-related timing differences resulting from ESA activities up to and including the end of the 2023 financial year remain subject to interest at $WACC_{t+2}$ until they have been fully eliminated, which also has an impact on EBI. Additional profits may arise from Swissgrid's unregulated business area.

The EBI is then used to compensate Swissgrid's stakeholders via interest on liabilities and return on equity (dividends and/or profit retention). The regulatory requirements therefore lead to a return equal to the capital

cost rates to be applied.

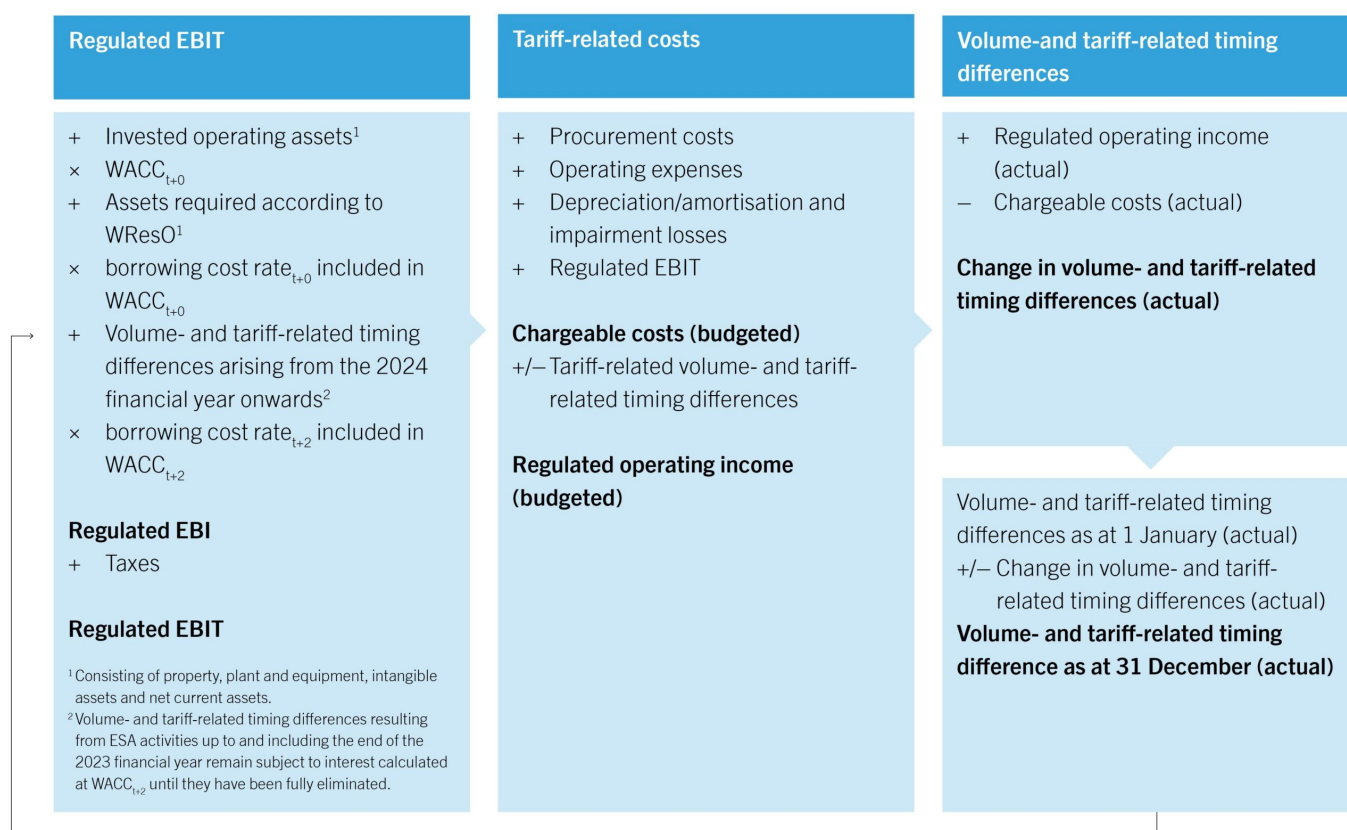
Imputed capital cost rate (WACC)

The WACC is an imputed interest rate defined annually based on the electricity supply legislation. It applies equally to all grid operators.

The WACC is calculated methodically taking account of the current best practice guidelines provided by the Federal Department of the Environment, Transport, Energy and Communications (DETEC). The methodology was developed specifically for the regulation of electricity grid operators and intends to ensure security of investment for these operators. With regard to the financing structure, the WACC calculation assumes an equity share of 40% and a borrowed capital share of 60%. Specific thresholds apply for the individual capital cost parameters.

As the WACC represents an imputed interest rate for the electricity industry, Swissgrid's actual capital costs are not included in the tariff calculation. On the other hand, this means that Swissgrid is responsible for determining how the imputed interest received via the tariffs is distributed to shareholders and lenders.

Illustration of the regulatory business model



GRI-201-1

Business performance (values pursuant to Swiss GAAP FER)

Procurement costs

At CHF 684.5 million, procurement costs were CHF 215.4 million lower than the previous year's figure of CHF 899.9 million. This decrease is due to a reduction in costs of CHF 186.1 million and CHF 48.3 million respectively in the general ancillary services and active power loss segments. The reduction in the general

ancillary services segment is attributable to lower costs for control power provision. The decrease in the active power loss segment is due to lower procurement costs for the energy required to compensate for active power losses. By contrast, higher national redispatch costs in the grid usage segment led to an increase of CHF 29.1 million in procurement costs. Costs in the reactive energy segment remained at the previous year's level.

Operating expenses and depreciation/amortisation

Operating expenses rose by CHF 11.9 million year on year, from CHF 293.8 million to CHF 305.7 million. The consistent implementation of Strategy 2027 resulted in an increase in personnel expenses. The average number of full-time equivalents in 2024 amounted to 784.1 FTE (previous year: 704.3 FTE).

The scheduled depreciation/amortisation on property, plant and equipment and intangible assets amounted to CHF 160.9 million in the reporting year, up CHF 14.8 million on the previous year due to the rise in non-current assets.

Revenue and volume- and tariff-related timing differences

For the 2024 financial year, net turnover across all segments amounted to CHF 1,825.1 million. This represents an increase of CHF 605.9 million in relation to the previous year's figure of CHF 1,219.2 million. The rise is mainly attributable to the CHF 417.8 million and CHF 156.2 million increase in net turnover in the general ancillary services and active power loss segments respectively. Both segments recorded higher tariff income and were allocated higher pro rata auction income to cover the chargeable costs of the transmission system. The increase in tariff income is due to the regulatory requirement to reduce the deficit from previous years. In addition to higher tariff income and auction income, higher revenue from balance group balancing energy in the general ancillary services segment also led to a rise in net turnover.

In the 2024 financial year, the operating business activities reported net surpluses (cumulative surpluses less cumulative deficits) of CHF 582.8 million (previous year: net deficits of CHF 216.4 million). The general ancillary services and active power loss segments in particular recorded surpluses of CHF 438.7 million and CHF 132.0 million respectively due to higher net turnover. The initial recognition of tariff income in the power reserve segment in the reporting year led to a decline in deficits from the intermediary transactions in this segment by CHF 441.2 million compared to the previous year. As at 31 December 2024, there were deficits totalling CHF 343.3 million (previous year: deficits totalling CHF 1,367.3 million) across all segments combined.

EBIT, financial income and net income

Earnings before interest and taxes (EBIT) from Swissgrid's regulated business area are calculated by multiplying the invested operating assets from ESA activities by the weighted average cost of capital rate $WACC_{t+0}$, multiplying the assets required for orders regulated by the WResO by the borrowing cost rate t_{+0} included in $WACC_{t+0}$, and multiplying the interest on all volume- and tariff-related timing differences by the borrowing cost rate t_{+2} included in the weighted average cost of capital rate $WACC_{t+2}$. The volume- and tariff-related timing differences resulting from ESA activities up to and including the end of the 2023 financial year remain subject to interest calculated at $WACC_{t+2}$ until they have been fully eliminated, which also has an impact on EBIT.

The weighted average cost of capital rate ($WACC_{t+0}$) defined by DETEC for the 2024 financial year is 4.13%, and the borrowing cost rate t_{+0} included in $WACC_{t+0}$ is 2.25%. The weighted average cost of capital rate for 2026 ($WACC_{t+2}$) applicable for the 2024 financial year is 3.43%, and the borrowing cost rate t_{+2} included in $WACC_{t+2}$ is 2.0%. EBIT therefore stood at CHF 139.1 million in the reporting year, on a par with the previous year's level (CHF 138.2 million). Net income for 2024 amounted to CHF 103.8 million, up CHF 3.8 million on

the previous year's figure of CHF 100.0 million.

Balance sheet and cash flow statement

Total assets (excluding fiduciary positions) decreased by CHF 430.4 million compared to the previous year to CHF 3,789.2 million due to the reduction in deficits. The absolute equity base was further strengthened by the positive net income less dividends paid. Adjusted for the balance sheet items held on a fiduciary basis and volume- and tariff-related timing differences, the equity ratio on 31 December 2024 amounted to 37.6%, as compared to 32.1% on 31 December 2023.

A positive cash flow from operating activities of CHF 1,125.7 million was recorded in the reporting year (previous year: negative cash flow of CHF 505.9 million). The change is due to the increase in net turnover and the tariff income generated for the first time from the intermediary transactions for the power reserve.

With a gross investment volume of CHF 317.5 million, Swissgrid again realised more investments than in the previous year (CHF 279.5 million). Unlike in the previous year, no auction income was used for the maintenance or expansion of the transmission grid during the reporting year, in accordance with ElCom's instructions. Cash flow from investing activities therefore totalled CHF –316.8 million (previous year: CHF –40.5 million).

Due to the high cash flow from operating activities, financial liabilities totalling CHF 510.0 million were repaid in the reporting year. After deduction of the dividend and interest paid, cash flow from financing activities stood at CHF –565.6 million in 2024 (previous year: CHF 484.2 million).

Risk assessment

Risk management is an integral part of effective and prudent corporate management for Swissgrid. It covers the entire organisation, not including its subsidiaries and holdings, and is based on the established ISO 31000 standard.

Swissgrid's risk management meets the requirements of corporate governance, as well as the requirements under Swiss law.

Objectives

The Risk Management unit assists employees at all levels in consciously dealing with risks. This includes expedient and transparent reporting, as well as managing an appropriate risk management system. Swissgrid fosters the deliberate management of risks at all levels of the company.

Organisation

The Board of Directors has defined the governance requirements for risk management and delegated its implementation to the CEO. The Risk & Resilience team manages the risk management process, provides the methods and advises the operating units on risk management.

Process

The risk assessment takes place twice a year. The key risks are identified and assessed as part of a multi-stage process that includes the evaluation of risks based on the probability of their occurrence and the extent of their impact, as well as the definition of strategies to manage said risks.

Risk monitoring, including the effectiveness and level of implementation of the measures taken, is performed

as part of regular risk updates. The Executive Board and the Board of Directors receive the results of the risk assessment and the risk updates twice a year in the form of a standardised report.

Risk situation

The high availability of French nuclear power stations, high reservoir levels and well-filled gas storage facilities in the European Union alleviated the risk of a potential electricity shortage during the winter months. The European energy markets have steadied and price levels are stable as a result. However, the effects of the tense geopolitical situation, extreme climate events (persistent dry weather and a «Dunkelflaute» in Europe, i.e. a period without any wind or photovoltaic production) or cumulative outages of large power plants can still accentuate the risk again. This is especially true in the winter months, when Switzerland is dependent on electricity imports.

The effects of the energy transition are also leading to increasing risks. Exceptionally high load flows from Europe (due to increasing volatility in energy production) and inaccurate forecasts by market partners, particularly in combination with the decommissioning of infrastructure elements (maintenance or project expansion), are creating grid situations with reduced resilience. A variety of topological measures and the use of national and international redispatching measures and control energy are necessary to ensure grid operations. The use of these measures in turn leads to higher costs for Swissgrid.

In addition to the risks concerning grid-related security of supply, other risks remain relevant for Swissgrid. These risks are driven by natural influences, the national and international political and regulatory environment, and human and technical aspects. Digitalisation is enabling more efficient operation of the transmission grid, but also involves risks to grid and system security and therefore to security of supply, given the growing dependence on complex and networked ICT systems and their susceptibility to cyber risks.

The key risk factors are:

European and regulatory environment

The Swiss transmission grid is part of the continental European interconnected grid and is connected to neighbouring countries via 41 cross-border lines. The close meshing of the electricity system and cooperation with European partners to date make a significant contribution to Switzerland's security of supply. Swissgrid's role remains challenging at a national and international level. The Federal Council resumed negotiations on a framework agreement in 2024. In parallel, Swissgrid launched an internal «Electricity Agreement» project in 2024 to prepare for possible scenarios.

The negotiations were formally concluded at a political level on 20 December 2024. The consultation process is expected to start in the second half of 2025. Consequently, parliamentary debates will not start until the beginning of 2026 at the earliest.

Switzerland needs an electricity agreement with the EU. An electricity agreement would strengthen Switzerland as a business location whilst increasing security of supply and grid stability. In addition, an electricity agreement would give Swiss players access to the European electricity market and lead to lower costs. Switzerland would gain legal certainty and be able to help shape the further development of the European electricity market. Until an electricity agreement is implemented, higher unplanned electricity flows may continue to flow via the Swiss grid, impairing system stability and import capability. Swissgrid's alternative in order to find technical solutions during the transition period is to conclude contracts under private law with other transmission system operators to ensure grid stability. Swissgrid is dependent on political support in this regard. Success is not guaranteed as there are aspects to resolve at a political level that fall outside the control of Swissgrid. Private-law agreements between transmission system operators are

only a medium-term stopgap until an electricity agreement comes into force.

Security of supply

A wide-scale supply outage would cause enormous economic damage. Consequently, Swissgrid must keep the transmission system available for the supply of electricity at all times. It is therefore essential to have an intact grid infrastructure and to secure the availability of IT and communication systems. Meeting these prerequisites can be jeopardised by, for example, technical problems, natural disasters, operating errors and criminal actions. Among other measures, Swissgrid mitigates these risks by implementing redundancies and standardised processes to eliminate faults in grid systems and in system operations. Adequate training and development of personnel ensures that employees respond appropriately.

Security of supply also depends on the availability of control and redispatch power to balance short-term deviations between production and consumption, and to control grid congestion. The shift from large thermal power plants (nuclear and coal-fired power plants), which supply constant and deterministic electrical energy, to decentralised, volatile solar and wind power plants as part of the energy transition is making it increasingly difficult to meet these conditions. Swissgrid is therefore continuously optimising the Swiss market for ancillary services and cooperating with Swiss industry partners and transmission system operators in neighbouring countries to increase market liquidity.

Swissgrid takes precautions to protect the infrastructure against physical attacks. The project to physically protect substations is one of the main activities in this area and involves securing the relevant buildings and plants, as well as access control and monitoring. In 2024, Swissgrid took part in a corresponding exercise organised by the Swiss Armed Forces. The aim of the training was to practise cooperation between the army and civilian authorities.

The threat of cyber attacks is steadily rising due to the speed at which technology changes (which potential attackers also exploit), the countless possible modes of attack, as well as growing system integration across companies. To reduce this risk, Swissgrid is continuously developing its processes and systems to detect cyber threats early and defend itself against them.

Swissgrid has emergency procedures and structures in place in the highly unlikely event that infrastructures or systems fail over an extended period or the grid can no longer be controlled. Exercises with authorities and industry partners also took place again in 2024, such as practising OSTRAL procedures and carrying out regular grid restoration exercises with distribution system operators and foreign transmission system operators. In 2024, several drills were organised to ensure the proper functioning of emergency procedures, including the overall emergency drill «Uranus» to test cooperation between the emergency organisations at the Gösgen nuclear power station, ENSI, the relevant federal, cantonal and municipal authorities and Swissgrid.

Grid capacity

Planning for the further development of grid capacity is based on scenarios that consider future target values for generation technologies and consumer groups, taking into account the transformation of the energy system with regard to the energy transition. Important strategic grid expansion work continues to be affected by lengthy approval procedures due to large numbers of objections. This makes it more difficult to eliminate grid congestion. As far as approval processes are concerned, Swissgrid relies above all on dialogue with affected parties. However, given that the acceptance of overhead lines is often low, Swissgrid still has to factor in objections and delayed approval processes. The «Grid express» proposal (revision of the Electricity Act), which the Federal Council submitted for consultation at the end of June 2024, is a particularly positive development. The corresponding dispatch should be referred to Parliament in the spring of 2025. The revision is intended to speed up approval processes for the renovation and expansion of the grids. This new

provision should also be welcomed in the interests of a needs-based, environmentally friendly and economically efficient high-voltage and extra-high-voltage grid.

The progressive ageing of existing components represents another risk to grid capacity. Swissgrid therefore systematically records the condition of its plants and plans modernisation measures accordingly.

Personnel safety

Swissgrid's operation and maintenance of the extra-high-voltage infrastructure involves risks to personnel safety. People can be seriously injured while performing their work. To minimise this risk, Swissgrid systematically identifies present dangers, implements targeted protective measures, trains its own employees and instructs contractor employees so they can independently identify the dangers posed at plants and respond accordingly. Systematic local inspections help to ensure compliance with safety precautions on building sites. «Safety first» is the guiding principle. Swissgrid is therefore investing heavily in this area. At the beginning of 2024, Swissgrid received confirmation of its «Safety Culture Ladder» (SCL) certification. Thirteen Swissgrid service providers have also confirmed their «Safety Culture Ladder» certification, and others are in the certification phase. In addition, the third edition of the «Safety and Security Days» was held in 2024 to raise awareness among all Swissgrid employees. Information was provided on a variety of safety-related topics.

Financial risks

Swissgrid's activities mean that it is exposed to various financial risks. These include liquidity, foreign currency, interest rate and counterparty risks.

Depending on the financial volume and timing, the proper financial implementation of operational business activities and the additional tasks transferred to Swissgrid by the federal government may mean that Swissgrid has to provide interim financing for these resources, which are to be funded via downstream tariff revenues. Swissgrid anticipates developments on an ongoing basis and takes measures at an early stage to ensure liquidity at all times by means of intensified continuous planning, close monitoring of the funding requirements, an increase in minimum liquidity levels and the provision of confirmed bank credit facilities.

Foreign currency risk is reduced through natural hedging and forward exchange transactions. The hedging strategy is reviewed periodically and updated as needed.

The risk of interest rate changes is reduced by staggering the maturities and establishing a balanced financing mix. Derivative financial instruments are deployed for further mitigation if necessary.

Financial counterparties and balance groups are constantly reviewed, assigned individual limits and monitored. Counterparty risks are monitored on a regular basis.

At its meeting on 12 February 2025, the Federal Council approved an amendment to the Electricity Supply Ordinance which modifies the calculation of the WACC. The new calculation method (in particular the elimination of lower and upper limits) increases volatility depending on the general interest rate situation; this results in a lower WACC, particularly in low-interest phases. Swissgrid had rejected an adjustment to the calculation methodology during the consultation process. As well as leading to a reduction in Swissgrid's net income, which can be in the mid double-digit million range in the event of a low-interest phase, the other main effect of the new calculation method will be to make investments in the grid infrastructure less attractive in the future.

Future prospects

Strategic outlook

The electricity industry is undergoing a transformation which is significantly modifying the framework conditions for transmission system operators. In Switzerland and Europe, the volume of electricity being fed into the grid from new, renewable sources is rising. This production is decentralised and more difficult to plan than production from large power plants with a stable output. This is resulting in new requirements for grid operations. Swissgrid's Strategy 2027 addresses these challenges. It focuses on investing in the digitalisation of grid operations and in the development and integration of data-based technologies in order to incorporate the integration of decentralised, renewable energy sources into grid operations as effectively as possible.

If an electricity agreement is concluded between Switzerland and the EU, the challenges described above will be much easier to resolve. This is particularly the case because Switzerland would then be fully integrated into the European electricity market, which would make the procurement of control energy more efficient and cost-effective, as well as solving capacity problems at the border. The Swiss political process for the electricity agreement is expected to start in the summer of 2025, and Swissgrid is actively striving to inform its stakeholders about the benefits of the agreement for grid operations.

The «Grid express» is another important political proposal for Swissgrid. It essentially calls for an acceleration of the Transmission Lines sectoral plan (SÜL). To prevent the grids from becoming the bottleneck of the energy transition, it is crucial for them to be modernised and, where necessary, expanded to keep up with increasing production levels.

Swissgrid continuously develops the transmission system as part of the grid planning process and adapts it to changing framework conditions and challenges. In the summer of 2024, Swissgrid finalised the target grid for 2040 and submitted it to ElCom for review.

Although the expansion of PV electricity production in Switzerland is progressing, the availability of PV data and forecasts from market partners is lagging behind. This affects grid stability and can force Swissgrid to use cost-intensive control energy to compensate for imbalances. Swissgrid has launched various projects in association with industry partners to improve forecasting accuracy in relation to PV energy and to use renewable resource elements (e.g. PV systems, heat pumps and electric vehicles) for secure grid operation.

The Board of Directors approved Swissgrid's climate targets at the beginning of 2025. They specify a net-zero emissions target to be achieved by 2040. In the current year, Swissgrid is focussing on the development of specific targets for indirect emissions (Scope 3) in the area of sustainability.

Research and development

Swissgrid cooperates with national and international research institutions to make sure that it can continue to fulfil its tasks safely and cost-effectively in the future. Its project portfolio is aligned with its strategic goals, and consists of internal activities and projects being conducted in cooperation with universities and other Swiss partners.

Financial outlook

Grid investments

Investment volumes are expected to remain high due to the need to achieve a sustainable energy future and carry out the measures defined in the «Strategic Grid 2025» report. Permits for power line construction and modification continue to pose a major challenge. The budget has therefore been assigned a lower likelihood of realisation in order to properly reflect delays. Consequently, investments in the grid are expected to

increase by between CHF 250 million and CHF 330 million a year over the medium term.

Operating costs

In 2023, Swissgrid launched its Strategy 2027 and entered a new five-year strategy period. Strategy 2027 is enabling Swissgrid to address the challenges posed by the fundamental transformation of the energy system. In addition to an increase in investments, the implementation of these measures is also leading to an increase in operating costs.

EBIT and net income

In line with the regulatory business model, EBIT is directly dependent on the level of IOA and WACC or the borrowing cost rate of WACC. The WACC for 2025 communicated by DETEC is 3.98%, and the borrowing cost rate included in WACC is 2.0%. Consequently, an EBIT or net income in line with 2024 is expected for 2025.

In accordance with the dividend policy approved by the Board of Directors, the income generated will be retained in the long term on a pro rata basis depending on the equity ratio and the financing situation. This safeguards Swissgrid's long-term financial stability.

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Income statement

In millions of CHF	Notes	2024	2023
Net turnover	4, 5	1,825.1	1,219.2
Other operating income	4, 6	18.7	19.9
Change in volume- and tariff-related timing differences	4, 15	-582.8	216.4
Capitalised self-constructed assets		29.2	22.5
Total operating income		1,290.2	1,478.0
Procurement costs	4, 5	684.5	899.9
Gross profit		605.7	578.1
Cost of materials and third-party supplies	7	120.1	123.8
Personnel expenses	8	145.4	131.1
Other operating expenses	9	40.2	38.9
Earnings before interest, income taxes, depreciation and amortisation		300.0	284.3
Depreciation on property, plant and equipment	13	137.0	126.5
Amortisation on intangible assets	13	23.9	19.6
Earnings before interest and income taxes (EBIT) ¹	4	139.1	138.2
Financial income	10	3.6	2.0
Financial expenses	11	19.2	20.8
Earnings before income taxes		123.5	119.4
Income taxes	12	19.7	19.4
Net income		103.8	100.0

¹ Corresponds to net income before financial income, financial expenses and income taxes (EBIT).

Earnings per share

CHF	2024	2023
Net income	103,767,254	100,021,265
Weighted average number of shares outstanding	334,495,151	334,495,151
Non-diluted earnings per share	0.31	0.30
Dilution from the conversion of the convertible loans	0.00	-0.01
Diluted earnings per share	0.31	0.29

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Balance sheet

Assets

In millions of CHF	Notes	31.12.2024	31.12.2023
Property, plant and equipment	<u>13</u>	2,397.4	2,274.4
Intangible assets	<u>13</u>	140.2	106.6
Financial assets	<u>14</u>	5.0	6.1
Long-term deficits arising from volume- and tariff-related timing differences	<u>15</u>	134.0	643.6
Non-current assets		2,676.6	3,030.7
Assets held on a fiduciary basis	<u>16</u>	98.1	33.9
Short-term deficits arising from volume- and tariff-related timing differences	<u>15</u>	209.3	723.7
Inventory		2.5	0.9
Trade accounts receivable	<u>17</u>	414.1	222.3
Other receivables	<u>18</u>	19.2	19.0
Prepaid expenses and accrued income	<u>19</u>	112.7	111.9
Cash and cash equivalents		354.8	111.1
Current assets		1,210.7	1,222.8
Assets		3,887.3	4,253.5

Equity and liabilities

In millions of CHF	Notes	31.12.2024	31.12.2023
Share capital		334.5	334.5
Capital reserves		431.2	431.2
Retained earnings		660.9	587.1
Total equity		1,426.6	1,352.8
Non-current financial liabilities	<u>20</u>	1,620.9	2,026.1
Non-current provisions	<u>21</u>	31.5	33.5
Non-current liabilities		1,652.4	2,059.6
Liabilities held on a fiduciary basis	<u>16</u>	98.1	33.9
Current financial liabilities	<u>20</u>	405.2	510.0
Trade accounts payable		179.3	172.8
Other liabilities	<u>22</u>	27.3	13.5

In millions of CHF	Notes	31.12.2024	31.12.2023
Accrued expenses and deferred income	<u>23</u>	98.3	110.8
Current provisions	<u>21</u>	0.1	0.1
Current liabilities		808.3	841.1
Total liabilities		2,460.7	2,900.7
Equity and liabilities		3,887.3	4,253.5

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Cash flow statement

In millions of CHF, excluding balance sheet items held on fiduciary basis	Notes	2024	2023
Net income		103.8	100.0
Financial expenses	<u>11</u>	19.2	20.8
Financial income	<u>10</u>	–3.6	–2.0
Current income taxes	<u>12</u>	21.7	21.6
Depreciation and amortisation	<u>13</u>	160.9	146.1
Change in inventories		–1.6	0.2
Change in provisions	<u>21</u>	–2.0	–2.2
Change in trade accounts receivable		–191.8	12.3
Change in other receivables		–0.2	40.2
Change in prepaid expenses and accrued income		–0.8	16.7
Change in volume- and tariff-related timing differences	<u>15</u>	1,024.0	–619.6
Change in trade accounts payable		6.5	–220.6
Change in other current liabilities		13.8	12.8
Change in accrued expenses and deferred income		–3.5	–12.2
Interest received		2.0	0.6
Income taxes paid		–22.7	–20.6
Cash flow from operating activities		1,125.7	–505.9
Gross investments in property, plant and equipment		–287.3	–254.1
Congestion proceeds received for grid investments		–	216.6
Government grants	<u>28</u>	6.2	–
Net investments in property, plant and equipment	<u>13</u>	–281.1	–37.5
Gross investments in intangible assets		–36.4	–25.4
Congestion proceeds received for grid investments		–	21.9
Net investments in intangible assets	<u>13</u>	–36.4	–3.5
Dividends received		0.7	0.5
Cash flow from investing activities		–316.8	–40.5
Change in current financial liabilities		–510.0	248.9
Change in non-current financial liabilities		–	100.0
Issuing of bonds		–	200.0
Interest paid		–25.6	–16.5
Dividends paid		–30.0	–48.2

In millions of CHF, excluding balance sheet items held on fiduciary basis	Notes	2024	2023
Cash flow from financing activities		–565.6	484.2
Foreign currency translation effect on cash and cash equivalents		0.4	0.5
Change in cash and cash equivalents		243.7	–61.7
Composition			
Cash and cash equivalents at beginning of period		111.1	172.8
Cash and cash equivalents at end of period		354.8	111.1
Change in cash and cash equivalents		243.7	–61.7

Financial statements Swiss GAAP FER

Statement of changes in equity

In millions of CHF	Share capital	Capital reserves	Retained earnings	Total equity
Balance at 31.12.2022	334.5	431.2	535.3	1,301.0
Dividends paid	–	–	–48.2	–48.2
Net income 2023	–	–	100.0	100.0
Balance at 31.12.2023	334.5	431.2	587.1	1,352.8
Dividends paid	–	–	–30.0	–30.0
Net income 2024	–	–	103.8	103.8
Balance at 31.12.2024	334.5	431.2	660.9	1,426.6

The share capital consisted of 334,495,151 (previous year: 334,495,151) fully paid-up registered shares with a par value of CHF 1 per share. As at 31 December 2024, Swissgrid had conditional share capital of a maximum of CHF 112,939,487, divided into 112,939,487 registered shares with a par value of CHF 1 per share (previous year: CHF 112,939,487, divided into 112,939,487 registered shares with a par value of CHF 1 per share). The non-distributable portion of retained earnings and capital reserves amounted to CHF 167.25 million (previous year: CHF 167.25 million).

Financial statements Swiss GAAP FER

Notes

1. Accounting principles

General

The 2024 financial statements of Swissgrid Ltd (hereinafter: Swissgrid) have been prepared in accordance with Swiss GAAP FER. The financial statements provide a true and fair view of the company's assets, financial position and results of operations.

Change in accounting principles

As at 1 January 2024, Swissgrid applied the new Swiss GAAP FER 28 standard «Government grants» for the first time.

Conversion of foreign currency items

The accounting records are maintained in the local currency (Swiss francs, CHF). All monetary assets and liabilities recognised in foreign currencies are converted at the exchange rate as of the balance sheet date. Transactions in foreign currencies are converted at the exchange rate on the day the transaction took place. Foreign exchange gains and losses resulting from transactions in foreign currencies are recognised in the income statement and are presented in the same item as the underlying transaction.

Cash flow statement

«Cash and cash equivalents» form the basis for the presentation of the cash flow statement. The cash flow from operating activities is calculated using the indirect method.

Revenue recognition

The revenue and procurement items result from the activities defined in the Electricity Supply Act (ESA) and include services for the non-discriminatory, reliable and efficient operation of the transmission grid, in particular ancillary services and balance and congestion management.

Revenue is recognised in the income statement upon performance of Swissgrid's obligations. For ESA activities, the measurement of performance is mainly based on energy volumes measured directly on the transmission grid or reported by downstream grid levels. For certain revenue and procurement items, initial billing values are available six weeks after delivery at the earliest, thereby rendering accruals based on historical and statistical data, as well as on estimates necessary for the revenue recognition of these items.

The activities defined in the Ordinance on the Establishment of a Hydropower Reserve (WResO) are intermediary transactions in accordance with the accounting regulations, which is why only the value of the services provided by the company itself is reported in the power reserve segment.

Activities according to ESA/WResO

Volume- and tariff-related timing differences (surpluses and deficits)

According to Art. 14 of the Electricity Supply Act and the Winter Reserve Ordinance, grid usage costs must be allocated to users on a user-pays basis. The tariffs for a financial year are determined based on planned costs. Due to price and volume deviations, actual expenses and income vary from the tariff calculation on both the revenue and procurement side. This results in surpluses or deficits, i.e. the tariff revenues from a financial year are higher or lower than the actual expenses incurred during the same period. These volume- and tariff-related timing differences are transferred to the balance sheet and taken into account in cost and revenue

calculations for future tariff periods. The expected reduction in volume- and tariff-related timing differences within twelve months of the balance sheet date is recognised as short-term surpluses or deficits in the balance sheet.

EBIT regulated under ESA

Earnings before interest and taxes (EBIT) from ESA activities are defined in Article 15 of the Electricity Supply Act (ESA) for chargeable costs, and are now defined in Article 18a of the Electricity Supply Ordinance (ESO) for interest on volume- and tariff-related timing differences arising from the 2024 financial year onwards. EBIT corresponds to the interest on invested operating assets (IOA) at the weighted average cost of capital rate for the current reporting year ($= WACC_{t+0}$), the interest on the volume- and tariff-related timing differences arising from the 2024 financial year onwards at the borrowing cost rate $_{t+2}$ included in $WACC_{t+2}$ and taxes. In accordance with ElCom directive 03/2024, volume- and tariff-related timing differences up to and including the end of the 2023 financial year remain subject to interest at $WACC_{t+2}$ until they have been fully eliminated, which also has an impact on EBIT.

Invested operating assets consist of net current assets calculated on a monthly basis, as well as the property, plant and equipment and intangible assets as at the end of the financial year. The weighted average cost of capital rate is based on the current international practice of the capital cost concept with reference to the Capital Asset Pricing Model (CAPM). Besides considering the findings of financial market theory, the regulatory framework conditions in Switzerland and the current situation in the money and capital market are also taken into account. The weighted average cost of capital rate for 2024 ($WACC_{t+0}$) determined by the authorities on the basis of this calculation method is 4.13%, and the borrowing cost rate $_{t+0}$ included in $WACC_{t+0}$ is 2.25%. The weighted average cost of capital rate for 2026 ($WACC_{t+2}$) applicable for the 2024 financial year is 3.43%, and the borrowing cost rate $_{t+2}$ included in $WACC_{t+2}$ is 2.0%.

EBIT according to WResO

From the 2024 financial year, the chargeable costs for the power reserve are calculated in the same way as ESA activities in accordance with Article 15 ESA. However, interest on the assets required for the power reserve is calculated according to the borrowing cost rate $_{t+0}$ included in $WACC_{t+0}$. In accordance with Article 18a ESO, interest on the volume- and tariff-related timing differences arising since 1 January 2024 is calculated at the borrowing cost rate $_{t+2}$. As previously, no interest is calculated on the volume- and tariff-related timing differences up to and including the end of the 2023 financial year until they have been fully eliminated. EBIT in accordance with WResO is calculated from the interest on the assets required for the power reserve and the volume- and tariff-related timing differences arising since 1 January 2024.

Chargeability of operating and capital costs

ElCom has the right to verify ex post the chargeability of Swissgrid's operating and capital costs for tariff-setting purposes. In case of an ex post cost adjustment, an appeal can be lodged with the Federal Administrative Court with an ultimate possibility of appeal to the Federal Supreme Court. A cost adjustment impacting Swissgrid's operating result is applied whenever no appeal is lodged, or whenever an appeal's prospects for success are judged to be less than 50% on the basis of a reappraisal, or whenever a legally binding ruling is issued.

Property, plant and equipment

Property, plant and equipment are recognised at the cost of acquisition or production less accumulated amortisation and any impairment losses. Significant spare parts which are likely to be used for a longer period and whose use only takes place in connection with a non-current asset item are recognised in non-current assets and depreciated over the remaining useful life of the relevant asset.

Depreciation/amortisation is calculated using the straight-line method on the basis of the estimated useful technical and economic service life. The service life is within the following ranges:

- Lines: 15 to 60 years
- Substations: 10 to 35 years
- Buildings and expansions: 5 to 50 years
- Other property, plant and equipment: 3 to 8 years
- Construction in progress and properties: only applicable in the case of an impairment loss

Intangible assets

Intangible assets are recognised at the cost of acquisition or production less accumulated amortisation and any impairment losses. Depreciation/amortisation is calculated using the straight-line method on the basis of the estimated useful technical and economic service life.

The service life is within the following ranges:

- Rights of use: contract term
- Software: 3 to 5 years
- Intangible assets under development: only applicable in the case of an impairment loss

The rights of use include easements and rights of use to mixed-use assets that were compensated once before 1 June 2019.

Impairment losses

The value of property, plant and equipment and intangible assets is reviewed annually. If there is an indication of an impairment loss, the book value is reduced to the realisable value and an impairment loss is charged to the results of the period.

Construction in progress/intangible assets under development

Construction in progress and intangible assets under development are non-current assets that are not yet completed or not yet operational. All items of property, plant and equipment and intangible assets, including self-constructed assets, are classified as non-current assets. As of each balance sheet date, a review is performed to determine whether any construction in progress or intangible assets under development have to be impaired. These are recognised as impairment losses in the year of completion. Ordinary depreciation or amortisation of these assets begins once they are completed or are ready for operation.

Financial assets

Financial assets are measured at acquisition costs less any impairment losses. These include shareholdings with a capital share of over 20%, but which do not have a significant impact on the financial statements, as well as shareholdings with a capital share of less than 20%. Employer contribution reserves without conditional renounced use are also recognised in financial assets.

Inventory

Inventory includes waste material for maintaining the grid systems. Inventory is measured at the lower of acquisition cost or market price.

Accounts receivable

Accounts receivable are reported at their nominal value less any impairment losses required for business

reasons.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, cash at banks and deposits at banks maturing in 90 days or less. They are recognised at their nominal value.

Bonds

Bonds issued on the capital market are recognised at their nominal value. Deviations from the nominal value in the case of below- or above-par issues are recognised as accruals and deferrals and are reversed on a straight-line basis over the term of the bond.

Liabilities

Liabilities are recognised at their nominal value.

Provisions

Provisions are recognised if there is a probable obligation based on an event that took place prior to the balance sheet date, the amount and/or due date of which is uncertain but capable of being estimated.

Contingent liabilities

Contingent liabilities are measured as of the balance sheet date. A provision is reported if a cash outflow without a usable countervalue is probable and assessable. Otherwise, contingent liabilities are disclosed in the notes to the financial statements.

Interest on borrowed capital

Interest on borrowed capital is recognised as an expense in the period in which it arises.

Employee pension plan

Swissgrid is a member of an industry-wide retirement benefit plan (PKE Vorsorgestiftung Energie). This is a legally independent pension fund. All permanent employees of the company are included in this pension fund from 1 January of the year after they turn 17. Members of the Board of Directors are also to be insured in the pension fund under the conditions defined in the pension regulations of PKE Vorsorgestiftung Energie. All persons affiliated to the pension fund are insured for disability and death. From 1 January of the year after they turn 24, employees are also covered by retirement insurance.

Economic benefits arising from a pension fund surplus (e.g. in the form of a positive impact on future cash flows) are not capitalised, since the prerequisites for this are not met and the company does not intend to use such benefits to reduce employer contributions. Any benefits arising from freely available employer contribution reserves are recognised as an asset.

An economic obligation (e.g. in the form of negative effects on future cash flows due to a pension fund deficit) is recognised if the prerequisites for the creation of a provision are met. Accrued contributions for the period, the difference between the annually calculated economic benefit from pension fund surpluses and obligations, as well as the change in the employer contribution reserves are recognised in the income statement as personnel expenses.

Transactions with related parties

Related parties are organisations and persons that can have a significant influence, either directly or indirectly, on Swissgrid's financial or operational decisions. Shareholders holding at least 20% of the voting rights in Swissgrid, either alone or together with others, are considered to be related parties. As regards shareholders, other criteria in addition to the proportion of voting rights held are also taken into account

(including representation in committees and the possibility of exerting influence due to the shareholder structure). Subsidiaries of related shareholders and partner plant companies whose shares are 100% owned by related shareholders or which are controlled by a related shareholder, are also considered to be related parties. Related parties also include companies over which Swissgrid exercises a significant influence. Members of the Board of Directors and of the Executive Board are also considered to be related parties. Provided they exist and are significant, relations with related parties are disclosed in the notes to the financial statements. All transactions are conducted at arm's length.

Segment information

Segmentation is based on tariff groups as defined in the Electricity Supply Act (ESA), the power reserve segment (WResO) and other activities, and is aligned with Swissgrid's internal reporting structure.

Income taxes

Current income taxes are calculated based on the taxable results on an accrual basis. The annual accrual of deferred taxes is based on a balance sheet perspective (balance sheet method) and considers all future income tax effects (comprehensive method).

Derivative financial instruments

Swissgrid may use derivative financial instruments to hedge against currency and market price risks. If the conditions are met, Swissgrid will apply hedge accounting to hedge expected future cash flows. The instruments used for this purpose will be disclosed in the notes to the financial statements until the underlying transaction is realised.

Government grants

As part of the modernisation and maintenance of the grid, Swissgrid may receive government grants that are related to assets or related to income. Government grants related to assets are offset against the asset at the time of receipt. Government grants related to income are recognised in the income statement. The type and amount of government grants recognised are disclosed in the notes to the financial statements.

2. Estimation uncertainty

Financial-statement reporting requires estimates and assumptions to be made that may have a significant impact on Swissgrid's financial statements. With respect to assets and liabilities recognised in the balance sheet, accruals and deferrals (prepaid expenses and accrued income/accrued expenses and deferred income) and volume- and tariff-related timing differences in particular are based on various assumptions and estimates that may necessitate significant adjustments. This is due to specific volumes not being available for certain revenue and procurement items when the financial statements are prepared, as well as regulatory uncertainties. The volume- and tariff-related timing differences are also influenced by estimates in the allocation of operating expenses to the segments.

More information is given in the sections on «Revenue recognition» and «Activities according to ESA/WResO» in [Note 1](#), as well as in the following section.

3. Legal proceedings

Swissgrid's legal mandate and business activities expose the company to costs that can be passed on to the lower grid levels and end consumers in the form of tariff revenues if ElCom deems the costs to be chargeable. ElCom has the right to verify ex post the chargeability of Swissgrid's costs for tariff-setting purposes.

At present, ElCom has not initiated any proceedings to examine Swissgrid's chargeable costs. Swissgrid's Board of Directors and Executive Board believe that all costs were incurred within the framework of Swissgrid's legal mandate and should therefore qualify as chargeable. Based on this assessment, Swissgrid has treated all operating and capital costs as chargeable and consequently recognised them in full in the volume- and tariff-related timing differences. If, contrary to Swissgrid's assessment, the costs claimed are ruled to be non-chargeable, this would be reflected in future financial statements.

Third-party proceedings

The financial impact of third-party proceedings in which Swissgrid is involved are included in Swissgrid's financial statements if the Swiss GAAP FER criteria for recognition have been met. However, they have no direct impact on Swissgrid's results as they are included in the volume- and tariff-related timing differences.

4. Segment reporting

For segment reporting, the costs of capitalised self-constructed assets are deducted from operating expenses and are therefore not included in total operating income.

Eliminations: active power losses are a separate internal balance group. As a result, internal transactions occur between the general ancillary services/balancing energy and active power loss segments.

Congestion management is included in the other activities.

Segment report 2024

In millions of CHF	Total	Grid utilisation	General ancillary services/balancing energy	Active power losses (individual ancillary services)	Reactive energy (individual ancillary services)	Eliminations	Total activities according to ESA	Power reserve	Further activities
Net turnover	1,825.1	550.7	930.7	323.5	17.3	-14.6	1,807.6	17.5	-
Other operating income	18.7	1.9	0.3	-	-	-	2.2	0.1	16.4
Change in volume- and tariff-related timing differences	-582.8	-2.0	-438.7	-132.0	-2.1	-	-574.8	-8.0	-
Total operating income	1,261.0	550.6	492.3	191.5	15.2	-14.6	1,235.0	9.6	16.4
Procurement costs	-684.5	-44.0	-460.5	-180.9	-13.7	14.6	-684.5	-	-
Gross profit	576.5	506.6	31.8	10.6	1.5	-	550.5	9.6	16.4
Operating expenses	-276.5	-227.6	-23.7	-3.1	-0.7	-	-255.1	-7.6	-13.8
Depreciation/amortisation and impairment losses	-160.9	-152.7	-4.9	-0.5	-0.2	-	-158.3	-0.4	-2.2
Earnings before interest and income tax (EBIT)	139.1	126.3	3.2	7.0	0.6	-	137.1	1.6	0.4

Volume- and tariff-related timing differences: negative figures represent surpluses, and positive figures deficits.

Movement in volume- and tariff-related timing differences per segment

In millions of CHF	Total	Grid utilisation	General ancillary services/balance energy	Active power losses (individual ancillary services)	Reactive energy (individual ancillary services)	Eliminations	Total activities according to ESA	Power reserve	Further activities
Net turnover	1,825.1	550.7	930.7	323.5	17.3	-14.6	1,807.6	17.5	-
Other operating income	18.7	1.9	0.3	-	-	-	2.2	0.1	16.4
Procurement costs	-684.5	-44.0	-460.5	-180.9	-13.7	14.6	-684.5	-	-
Operating expenses	-276.5	-227.6	-23.7	-3.1	-0.7	-	-255.1	-7.6	-13.8
Depreciation/amortisation and impairment losses	-160.9	-152.7	-4.9	-0.5	-0.2	-	-158.3	-0.4	-2.2
Imputed interest and income taxes (EBIT)	-139.1	-126.3	-3.2	-7.0	-0.6	-	-137.1	-1.6	-0.4
Change in volume- and tariff-related timing differences	582.8	2.0	438.7	132.0	2.1	-	574.8	8.0	-

Volume- and tariff-related timing differences: positive figures represent surpluses, and negative figures deficits.

Segment report 2023

In millions of CHF	Total	Grid utilisation	General ancillary services/balance energy	Active power losses (individual ancillary services)	Reactive energy (individual ancillary services)	Eliminations	Total activities according to ESA	Power reserve	Further activities
Net turnover	1,219.2	525.7	512.9	167.3	21.0	-7.7	1,219.2	-	-
Other operating income	19.9	3.0	0.6	-	-	-	3.6	-	16.3
Change in volume- and tariff-related timing differences	216.4	-37.2	170.9	77.2	-2.7	-	208.2	8.2	-
Total operating income	1,455.5	491.5	684.4	244.5	18.3	-7.7	1,431.0	8.2	16.3
Procurement costs	-899.9	-14.9	-646.6	-229.2	-16.9	7.7	-899.9	-	-
Gross profit	555.6	476.6	37.8	15.3	1.4	-	531.1	8.2	16.3
Operating expenses	-271.3	-223.5	-21.8	-2.9	-0.5	-	-248.7	-8.2	-14.4
Depreciation/amortisation and impairment losses	-146.1	-141.3	-2.6	-0.4	-0.1	-	-144.4	-	-1.7
Earnings before interest and income tax (EBIT)	138.2	111.8	13.4	12.0	0.8	-	138.0	-	0.2

Volume- and tariff-related timing differences: negative figures represent surpluses, and positive figures deficits.

Movement in volume- and tariff-related timing differences per segment

In millions of CHF	Total	Grid utilisation	General ancillary services/balancing energy	Active power losses (individual ancillary services)	Reactive energy (individual ancillary services)	Eliminations	Total activities according to ESA	Power reserve	Further activities
Net turnover	1,219.2	525.7	512.9	167.3	21.0	-7.7	1,219.2	-	-
Other operating income	19.9	3.0	0.6	-	-	-	3.6	-	16.3
Procurement costs	-899.9	-14.9	-646.6	-229.2	-16.9	7.7	-899.9	-	-
Operating expenses	-271.3	-223.5	-21.8	-2.9	-0.5	-	-248.7	-8.2	-14.4
Depreciation/amortisation and impairment losses	-146.1	-141.3	-2.6	-0.4	-0.1	-	-144.4	-	-1.7
Imputed interest and income taxes (EBIT)	-138.2	-111.8	-13.4	-12.0	-0.8	-	-138.0	-	-0.2
Change in volume- and tariff-related timing differences	-216.4	37.2	-170.9	-77.2	2.7	-	-208.2	-8.2	-

Volume- and tariff-related timing differences: positive figures represent surpluses, and negative figures deficits.

The individual expense and income positions assigned to the four segments within ESA activities are listed in [Note 5](#), as are services provided by the company itself in the power reserve segment.

Grid usage

The grid usage segment is predominantly financed by various charges for use of the grid. This segment is also assigned the income from auctioning bottleneck capacities at the national borders to cover the chargeable costs of the transmission system, provided that this purpose is approved by ElCom. This segment also includes part of the compensation for international transit flows (ITC); the other part is recognised in the active power loss segment.

Net turnover in this segment amounted to CHF 550.7 million in the 2024 financial year, CHF 25.0 million above the previous year. The rise is attributable to the increase of CHF 60.3 million in auction income to cover the chargeable costs of the transmission system allocated to this segment. By contrast, tariff revenues for grid usage decreased by CHF 33.6 million, and income from ITC fell by CHF 1.7 million. Following higher costs for national redispatch, procurement costs in the reporting year amounted to CHF 44.0 million, CHF 29.1 million above the previous year's figure of CHF 14.9 million.

Revenue exceeded costs in the reporting year, resulting in a surplus of CHF 2.0 million. This meant that the existing deficits could be reduced.

General ancillary services/balancing energy

Net turnover in this segment rose by CHF 417.8 million compared to the previous year. The increase is due to the higher tariff revenues and income from the unintentional deviation of CHF 155.1 million, higher revenue from balance group balancing energy of CHF 199.6 million, and a CHF 63.1 million rise in auction income to cover the chargeable costs of the transmission system allocated to this segment.

The largest expense item for this segment is control power provision, i.e. the reservation of power plant capacity in the interests of balancing energy consumption and energy feed-in, as well as the costs for ancillary

services (AS) energy and the proportional voltage maintenance costs payable by this segment. The procurement costs in this segment totalled CHF 460.5 million, down CHF 186.1 million on the previous year (CHF 646.6 million). This change is primarily due to the CHF 379.1 million reduction in costs for control power provision and the CHF 181.4 million increase in procurement costs for AS energy.

Net turnover exceeded costs in the 2024 financial year, resulting in a surplus of CHF 438.7 million. This meant that the existing deficits could be reduced.

Active power losses (individual ancillary services)

This segment reports expenses and income for active power losses in the transmission grid. In addition to tariff revenues, part of the auction income to cover the chargeable costs of the transmission system and income from ITC is recognised in this segment.

The procurement of energy to compensate for active power losses takes place via anticipatory tenders and on the spot market. At CHF 323.5 million, net turnover in this segment was CHF 156.2 million above the previous year's figure (CHF 167.3 million). The increase is due to the higher tariff revenues of CHF 92.2 million and the higher auction income to cover the chargeable costs of the transmission system allocated to this segment of CHF 68.4 million. By contrast, income from ITC decreased by CHF 4.4 million. Procurement costs for active power losses totalled CHF 180.9 million in the reporting year (previous year: CHF 229.2 million).

Net turnover exceeded costs in 2024, resulting in a surplus of CHF 132.0 million. This meant that the existing deficits could be reduced.

Reactive energy (individual ancillary services)

The supply of reactive energy to maintain the required operating voltage is ensured by means of contractual agreements with several power plants and distribution system operators.

Net turnover in this segment decreased by CHF 3.7 million year on year to CHF 17.3 million due to lower tariff revenues. Procurement costs totalled CHF 13.7 million, CHF 3.2 million below the previous year's figure of CHF 16.9 million. This decrease is due to the lower pro rata voltage maintenance costs payable by this segment.

Revenue exceeded costs in 2024, resulting in a surplus of CHF 2.1 million. This meant that the existing deficits could be reduced.

Power reserve

This segment handles the orders regulated by the WResO for the use of the hydropower reserve and reserve power plants, pooled emergency power groups and combined heat and power plants (CHP plants). In accordance with the accounting regulations, these activities are intermediary transactions, which is why only the value of the services provided by the company itself (operating and capital costs) and the associated net turnover are reported in the power reserve segment.

The expenses resulting from the intermediary business amounted to CHF 186.5 million in the reporting year (previous year: CHF 403.2 million). In addition, tariff income of CHF 645.2 million was received for the first time in 2024. The tariffs also take into account the regulatory reduction in the deficits from previous years. For this reason, a decrease in deficits of CHF 449.2 million was recorded in this segment (including services provided by the company itself).

5. Net turnover and procurement costs according to ESA/WResO

In millions of CHF	Segment	2024	2023
Tariff income for grid utilisation	A	473.0	506.6
Net income from ITC	A/C	35.7	41.8
Income from auctions for the reduction of chargeable grid costs	A/B/C	324.8	133.0
Tariff income for general ancillary services (AS) and income from unintentional deviation	B	412.0	256.9
Income from balance group/balance energy	B	372.5	172.9
Tariff income for active power losses	C	186.9	94.7
Tariff income for reactive energy	D	17.3	21.0
Tariff income power reserve (excl. intermediary business)	E	17.5	–
Eliminations		–14.6	–7.7
Net turnover		1,825.1	1,219.2
Expenses for national redispatch	A	44.0	14.9
Expenses for AS control power provision and unintentional deviation	B	115.3	494.4
Expenses for automatic start-up/island operation capability	B	1.4	1.4
Expenses for grid enhancement	B	17.3	8.1
Expenses for AS energy	B	266.0	84.6
Expenses for compensation of active power losses	C	180.9	229.2
Expenses for reactive energy/voltage maintenance	B/D	74.2	75.0
Eliminations		–14.6	–7.7
Procurement costs		684.5	899.9

Letters used for segment allocation:

A = Grid usage

B = General ancillary services/balancing energy

C = Active power losses (individual ancillary services)

D = Reactive energy (individual ancillary services)

E = Power reserve

Segment reporting is provided in [Note 4](#).

Income from ITC consists of the following:

- Compensation for grid usage (A) CHF 3.0 million (previous year: CHF 4.7 million)
- Compensation for active power losses (C) CHF 32.7 million (previous year: CHF 37.1 million)

The ITC compensation for grid usage and active power losses corresponds to net income. Supervision charges paid to ElCom and to the Swiss Federal Office of Energy (SFOE) amounting to CHF 6.1 million

(previous year: CHF 4.9 million) were deducted from the gross income of CHF 3.5 million for grid usage (previous year: CHF 5.3 million) and CHF 38.3 million for active power losses (previous year: CHF 41.4 million) on a pro rata basis.

Auction income to cover the chargeable costs of the transmission system is broken down as follows:

- Grid usage (A): CHF 74.7 million (previous year: CHF 14.4 million)
- General AS (B): CHF 146.2 million (previous year: CHF 83.1 million)
- Active power losses (C) CHF 103.9 million (previous year: CHF 35.5 million)

The tariff income from the power reserve includes the share of tariff income received in the reporting year for services provided by the company itself.

Expenses for reactive energy / voltage maintenance are broken down as follows:

- General AS (B): CHF 60.5 million (previous year: CHF 58.1 million)
- Reactive energy (D): CHF 13.7 million (previous year: CHF 16.9 million)

Eliminations: active power losses are a separate internal balance group. As a result, internal transactions occur between the general ancillary services/balancing energy and active power loss segments.

6. Other operating income

In millions of CHF	2024	2023
Congestion management clearing	16.2	16.3
Other	2.5	3.6
	18.7	19.9

7. Materials and third-party supplies

In millions of CHF	2024	2023
Grid maintenance	23.9	25.1
Grid system control	0.5	0.4
Other services in the grid area	19.4	23.5
Expenses for projects, advisory and non-cash benefits	58.0	56.9
Hardware/software maintenance	18.3	17.9
	120.1	123.8

Other grid-related services consist of remuneration for easements, including easement management services performed by third parties and operating expenses for mixed-use plants.

8. Personnel expenses

Personnel expenses

In millions of CHF	2024	2023
Salaries, bonuses, allowances	116.9	105.5
Employee insurance	23.3	20.8
Other personnel expenses	5.2	4.8
	145.4	131.1
Headcount at 31.12.		
Permanent employment		
Number of employees	838.0	774.0
expressed as full-time equivalents	791.0	734.8
Fixed-term employment		
Number of employees	21.0	19.0
expressed as full-time equivalents	15.4	13.5

Other personnel expenses include, in particular, the costs of training and further education, recruitment, lump-sum expenses, as well as contributions to external catering for employees.

Executive Board remuneration

In millions of CHF	2024	2023
Fixed remuneration (incl. lump-sum expenses)	1.82	1.83
Variable remuneration	0.72	0.81
Pension benefits ¹	0.50	0.50
Total remuneration to the Executive Board	3.04	3.14
Of which to the highest-earning member of the Executive Board		
Fixed remuneration (incl. lump-sum expenses)	0.52	0.52
Variable remuneration	0.23	0.25
Pension benefits ¹	0.15	0.15
Total remuneration to the highest-earning member of the Executive Board	0.90	0.92

¹ Pension benefits include employer contributions to social security and the employee pension plan.

Further information on the members of the Executive Board can be found in the Corporate Governance Report.

9. Other operating expenses

In millions of CHF	2024	2023
Rental and occupancy costs	11.9	10.1
Ground rents	4.7	4.2
Rental costs for communication equipment/telecommunication expense	2.3	3.4
Board of Directors' fees and expenses incl. social costs	0.9	0.8
Actual expenses for travel and subsistence for employees and third parties	2.5	2.4
Fees, dues and licences	4.9	4.8
Insurance	2.5	2.4
Other administrative costs	10.5	10.8
	40.2	38.9

Other administrative costs included borrowing costs of CHF 6.2 million (previous year: CHF 6.1 million), which were incurred in connection with the additional tasks transferred to Swissgrid by the federal government in the power reserve segment and represent chargeable costs in accordance with Art. 22 WResO.

Board of Directors' fees and expenses represent fixed gross remuneration including the deduction of any employee contributions to the employee pension plan. The remuneration paid to the Chairman of the Board of Directors amounted to CHF 250,000, including lump-sum expenses (previous year: CHF 250,000). The remaining members of the Board of Directors received remuneration of between CHF 57,500 and CHF 77,500 pro rata temporis for 2024, including lump-sum expenses (previous year: between CHF 57,500 and CHF 77,500).

Further information on the members of the Board of Directors can be found in the Corporate Governance Report.

10. Financial income

In millions of CHF	2024	2023
Interest income on time deposits	2.0	0.6
Other financial income	1.6	1.4
	3.6	2.0

Other financial income included a dividend of CHF 0.7 million (previous year: CHF 0.5 million) received from Holding des Gestionnaires de Réseau de Transport d'Électricité SAS (HGRT).

11. Financial expenses

In millions of CHF	2024	2023
Bond interest	15.9	14.0
Loans and convertible loans interest	0.6	5.5
Commitment fees	0.7	0.6
Other financial expenses	2.0	0.7
	19.2	20.8

At the beginning of the 2024 financial year, a further partial repayment of convertible loans amounting to CHF 30.0 million was made. In addition, loans totalling CHF 480.0 million were reimbursed in the reporting year. The interest expense for convertible loans and loans decreased accordingly.

Other financial expenses included a value adjustment on financial assets of CHF 1.2 million in the reporting year.

12. Income taxes

In millions of CHF	2024	2023
Current income taxes	21.7	21.6
Change in deferred taxes	-2.0	-2.2
	19.7	19.4

An average rate of 15.9% (previous year: 16.3%) was used to calculate the current income taxes and, in 2024, deferred taxes were calculated based on an expected rate of 15.7% (previous year: 15.6%).

The effective average tax rate based on earnings before tax amounted to 16.0% (previous year: 16.3%).

13. Non-current assets

Summary of property, plant and equipment 2024

In millions of CHF	Advances and construction in progress	Substations	Lines	Properties and buildings	Other property plant and equipment	Total
Acquisition cost at 1.1.2024	281.5	2,273.8	2,929.3	255.8	58.3	5,798.7
Additions	237.4	9.5	22.4	1.9	9.9	281.1
Disposals	–	-2.7	-0.6	–	–	-3.3
Reclassification	-113.2	16.8	42.5	11.4	21.4	-21.1
Acquisition cost at 31.12.2024	405.7	2,297.4	2,993.6	269.1	89.6	6,055.4
Accumulated depreciation and amortisation at 1.1.2024	5.2	1,570.7	1,802.9	91.5	54.0	3,524.3

In millions of CHF	Advances and construction in progress	Substations	Lines	Properties and buildings	Other property plant and equipment	Total
Depreciation and amortisation	–	65.8	49.3	5.6	15.6	136.3
Impairment losses	–	–	–	–	–	–
Disposals	–	–2.3	–0.3	–	–	–2.6
Reclassification	–	–	–	–	–	–
Accumulated depreciation and amortisation at 31.12.2024	5.2	1,634.2	1,851.9	97.1	69.6	3,658.0
Net book value at 1.1.2024	276.3	703.1	1,126.4	164.3	4.3	2,274.4
Net book value at 31.12.2024	400.5	663.2	1,141.7	172.0	20.0	2,397.4

Summary of property, plant and equipment 2023

In millions of CHF	Advances and construction in progress	Substations	Lines	Properties and buildings	Other property plant and equipment	Total
Acquisition cost at 1.1.2023	246.9	2,283.9	2,943.6	255.0	55.7	5,785.0
Additions	29.2	1.8	4.4	0.1	2.0	37.5
Disposals	–	–15.0	–8.7	–0.2	–0.1	–24.0
Reclassification	5.4	3.1	–10.0	0.9	0.7	0.1
Acquisition cost at 31.12.2023	281.5	2,273.8	2,929.3	255.8	58.3	5,798.7
Accumulated depreciation and amortisation at 1.1.2023	5.2	1,518.3	1,764.3	84.8	49.2	3,421.8
Depreciation and amortisation	–	67.4	47.3	6.9	4.9	126.5
Impairment losses	–	–	–	–	–	–
Disposals	–	–15.0	–8.7	–0.2	–0.1	–24.0
Reclassification	–	–	–	–	–	–
Accumulated depreciation and amortisation at 31.12.2023	5.2	1,570.7	1,802.9	91.5	54.0	3,524.3
Net book value at 1.1.2023	241.7	765.6	1,179.3	170.2	6.5	2,363.2
Net book value at 31.12.2023	276.3	703.1	1,126.4	164.3	4.3	2,274.4

Gross investments in property, plant and equipment amounted to CHF 281.1 million (previous year: CHF 254.1 million). In the reporting year, no property, plant and equipment was financed by proceeds from the auctioning of grid congestion capacities for cross-border supplies (previous year: CHF 226.6 million). In the reporting year, assets totalling CHF 21.1 million were reclassified from intangible assets to property, plant and equipment (previous year: reclassification from intangible assets under development to construction in progress of CHF 0.1 million).

Property, plant and equipment of CHF 22.3 million (previous year: CHF 21.2 million) was purchased from related parties in 2024.

Summary of intangible assets 2024

In millions of CHF	Intangible assets under development			Usage rights			Software			Total intangible assets		
	Purchased	Self-constructed	Total	Purchased	Self-constructed	Total	Purchased	Self-constructed	Total	Purchased	Self-constructed	Total
Acquisition cost at 1.1.2024	2.7	1.0	3.7	191.4	–	191.4	140.9	63.0	203.9	335.0	64.0	399.0
Additions	16.7	4.8	21.5	–	–	–	11.8	3.1	14.9	28.5	7.9	36.4
Disposals	–	–	–	–	–	–	–	–	–	–	–	–
Reclassification	0.3	1.7	2.0	–	–	–	15.9	3.2	19.1	16.2	4.9	21.1
Acquisition cost at 31.12.2024	19.7	7.5	27.2	191.4	–	191.4	168.6	69.3	237.9	379.7	76.8	456.5
Accumulated depreciation and amortisation at 1.1.2024	–	–	–	101.2	–	101.2	131.8	59.4	191.2	233.0	59.4	292.4
Depreciation and amortisation	–	–	–	5.7	–	5.7	13.8	4.4	18.2	19.5	4.4	23.9
Impairment losses	–	–	–	–	–	–	–	–	–	–	–	–
Disposals	–	–	–	–	–	–	–	–	–	–	–	–
Reclassification	–	–	–	–	–	–	–	–	–	–	–	–
Accumulated depreciation and amortisation at 31.12.2024	–	–	–	106.9	–	106.9	145.6	63.8	209.4	252.5	63.8	316.3
Net book value at 1.1.2024	2.7	1.0	3.7	90.2	–	90.2	9.1	3.6	12.7	102.0	4.6	106.6
Net book value at 31.12.2024	19.7	7.5	27.2	84.5	–	84.5	23.0	5.5	28.5	127.2	13.0	140.2

Summary of intangible assets 2023

In millions of CHF	Intangible assets under development			Usage rights			Software			Total intangible assets		
	Purchased	Self-constructed	Total	Purchased	Self-constructed	Total	Purchased	Self-constructed	Total	Purchased	Self-constructed	Total
Acquisition cost at 1.1.2023	6.2	2.9	9.1	191.4	–	191.4	134.2	60.9	195.1	331.8	63.8	395.6
Additions	1.6	0.6	2.2	–	–	–	1.0	0.3	1.3	2.6	0.9	3.5
Disposals	–	–	–	–	–	–	–	–	–	–	–	–
Reclassification	–5.1	–2.5	–7.6	–	–	–	5.7	1.8	7.5	0.6	–0.7	–0.1
Acquisition cost at 31.12.2023	2.7	1.0	3.7	191.4	–	191.4	140.9	63.0	203.9	335.0	64.0	399.0
Accumulated depreciation and amortisation at 1.1.2023	–	–	–	95.4	–	95.4	121.8	55.6	177.4	217.2	55.6	272.8
Depreciation and amortisation	–	–	–	5.8	–	5.8	10.0	3.8	13.8	15.8	3.8	19.6
Impairment losses	–	–	–	–	–	–	–	–	–	–	–	–
Disposals	–	–	–	–	–	–	–	–	–	–	–	–
Reclassification	–	–	–	–	–	–	–	–	–	–	–	–
Accumulated depreciation and amortisation at 31.12.2023	–	–	–	101.2	–	101.2	131.8	59.4	191.2	233.0	59.4	292.4
Net book value at 1.1.2023	6.2	2.9	9.1	96.0	–	96.0	12.4	5.3	17.7	114.6	8.2	122.8
Net book value at 31.12.2023	2.7	1.0	3.7	90.2	–	90.2	9.1	3.6	12.7	102.0	4.6	106.6

Gross investments in intangible assets amounted to CHF 36.4 million (previous year: CHF 25.4 million). In the reporting year, no intangible assets were financed by proceeds from the auctioning of grid congestion capacities for cross-border supplies (previous year: CHF 21.9 million). In addition, intangible assets amounting to CHF 0.2 million (previous year: CHF 0.3 million) were purchased from related parties in 2024.

14. Financial assets

In millions of CHF	31.12.2024	31.12.2023
Shareholdings	5.0	5.2
Other financial assets	—	0.9
	5.0	6.1

The decrease in financial assets is due to a value adjustment of CHF 1.2 million. By contrast, the conversion of shareholdings in foreign currencies resulted in an increase of CHF 0.1 million.

Swissgrid has the following shareholdings, which are recognised in the balance sheet as financial assets:

		Share capital in m.	Share in %
Joint Allocation Office (JAO)	A	0.125	4.0
TSCNET Services GmbH	B	0.040	6.25
Holding des Gestionnaires de Réseau de Transport d'Electricité SAS (HGRT)	C	52.119	5.0
Pronovo AG	D	0.100	100.0
ecmt AG	E	0.100	31.0
Equigy B.V.	F	0.050	20.0

Letters used for locations and currencies:

A = Luxembourg (Lux) | Currency EUR

B = Munich (D) | Currency EUR

C = Paris (F) | Currency EUR

D = Frick (CH) | Currency CHF

E = Winterthur (CH) | Currency CHF

F = Arnheim (NL) | Currency EUR

Swissgrid is not legally obliged to prepare consolidated financial statements. Either the control principle necessary to prepare a consolidated financial statement (Art. 963 of the Swiss Code of Obligations (CO)) is not met, or the subsidiaries do not have a material influence on Swissgrid's financial statements. In particular, Pronovo AG is regulated by the Swiss Federal Office of Energy (SFOE) and is explicitly excluded from any consolidation with Swissgrid based on Art. 64 (5) of the Energy Act (EnA).

The figures are unchanged from the previous year.

15. Volume- and tariff-related timing differences

In millions of CHF	Grid utilisation	General ancillary services/balance energy	Active power losses (individual ancillary services)	Reactive energy (individual ancillary services)	Power reserve	Total volume- and tariff-related timing differences	Thereof surpluses	Thereof deficits
Balance at 31.12.2022	156.0	368.1	150.1	18.5	55.0	747.7	–	747.7
Change in 2023	–37.2	170.9	77.2	–2.7	8.2	216.4	–	–
Change from the intermediary business in 2023	–	–	–	–	403.2	403.2	–	–
Balance at 31.12.2023	118.8	539.0	227.3	15.8	466.4	1,367.3	–	1,367.3
Change in 2024	–2.0	–438.7	–132.0	–2.1	–8.0	–582.8	–	–
Change from the intermediary business in 2024	–	–	–	–	–441.2	–441.2	–	–
Balance at 31.12.2024	116.8	100.3	95.3	13.7	17.2	343.3	–	343.3
Current portion	25.6	100.3	78.6	4.8	–	209.3	–	209.3

Negative figures represent surpluses, and positive figures deficits.

Further information on volume- and tariff-related timing differences (function, estimation uncertainties and current legal proceedings) can be found in [Notes 1](#), [2](#) and [3](#).

16. Balance sheet items held on a fiduciary basis

On the basis of a statutory mandate, Swissgrid coordinates the auctioning of bottleneck capacities for cross-border supplies and maintains accounting records and bank accounts on a fiduciary basis for this purpose.

Assets held on a fiduciary basis

In millions of CHF	31.12.2024	31.12.2023
Trade accounts receivable	29.9	15.3
Other receivables	0.7	1.5
Prepaid expenses and accrued income	18.0	5.3
Cash and cash equivalents	49.5	11.8
	98.1	33.9

Liabilities held on a fiduciary basis

In millions of CHF	31.12.2024	31.12.2023
Trade accounts payable	59.1	27.7
Accrued expenses and deferred income	39.0	6.2
	98.1	33.9

The revenues and the manner in which they are used are as follows:

Auctions

In millions of CHF	2024	2023
Share of revenue Switzerland	376.7	368.9
Congestion management clearing (incl. financial result)	–16.0	–17.2
Net proceeds	360.7	351.7
Used for reduction of the chargeable grid costs	–324.8	–123.1
Used for grid investments	–	–228.6
Undistributed income from auctions	35.9	–

Pursuant to ElCom's letter of approval dated 7 February 2023, income from auctions in 2024 amounting to CHF 324.8 million (previous year: CHF 351.7 million) was paid to Swissgrid.

17. Trade receivables

In millions of CHF	31.12.2024	31.12.2023
Trade receivables	414.1	222.3
Specific valuation allowances	–	–
	414.1	222.3

18. Other receivables

In millions of CHF	31.12.2024	31.12.2023
Security deposits on blocked bank accounts	0.5	1.2
Other	18.7	17.8
	19.2	19.0

Other receivables included the receivable for the 2024 enforcement costs for handling congestion management amounting to CHF 16.2 million (previous year: CHF 16.3 million).

19. Prepaid expenses and accrued income

In millions of CHF	31.12.2024	31.12.2023
Accrued revenue for supplies made	97.1	93.4
Other	15.6	18.5
	112.7	111.9

In particular, other prepaid expenses and accrued income include the discount on bond issues and financing and issue costs, which are amortised over the term of the financing instrument.

20. Financial liabilities

In millions of CHF	31.12.2024	31.12.2023
Bonds	1,915.0	1,915.0
Convertible loans	11.0	41.1
Loans	100.1	580.0
Total financial liabilities	2,026.1	2,536.1
Current portion	405.2	510.0

Bonds

Nominal amount in CHF	Interest rate	Term	Expiration at nominal value
350 million	1.625%	2013–2025	30.01.2025
150 million	0.000%	2021–2026	30.06.2026
200 million	1.900%	2023–2026	30.06.2026
175 million	1.100%	2022–2027	30.06.2027
150 million	0.000%	2020–2028	30.06.2028
150 million	0.625%	2015–2030	25.02.2030
150 million	0.200%	2020–2032	30.06.2032
110 million	0.050%	2021–2033	30.06.2033
125 million	0.150%	2020–2034	30.06.2034
130 million	0.125%	2020–2036	30.06.2036
100 million	0.200%	2021–2040	29.06.2040
125 million	0.050%	2019–2050	30.06.2050

The maturities of bonds are as follows:

In millions of CHF	Interest rate (bandwidth)	Year 1	Year 2–5	more than 5 years	
Balance at 31 December 2024					
Bonds	0.000–1.900%	350.0	675.0	890.0	1,915.0
Balance at 31 December 2023					
Bonds	0.000–1.900%	–	1,025.0	890.0	1,915.0

Convertible loans and loans

Convertible loans have a term of nine years and one-fifth of the loans become payable annually from year five. Moreover, these loans are also assigned a conversion right by Swissgrid in the event of occurrence of contractually defined events and an associated conversion obligation by the creditors. Creditors are compensated by a premium on the interest rate for the conversion right assigned to Swissgrid. Convertible loans are recognised in full in liabilities.

The interest conditions and maturities of convertible loans and loans are as follows:

In millions of CHF	Interest rate (bandwidth)	Year 1	Year 2–5	more than 5 years	Total
Balance at 31 December 2024					
Convertible loans	3.36–3.41%	5.2	5.8	–	11.0
Loans	0.00–2.40%	50.0	50.0	0.1	100.1
Balance at 31 December 2023					
Convertible loans	3.36–3.41%	30.0	11.0	–	41.0
Loans	0.00–2.40%	480.0	100.0	0.1	580.1

Convertible loans and loans are assessed at their nominal value.

Lines of credit

The committed lines of credit totalled CHF 600 million, and remained unclaimed as at 31 December 2024.

21. Provisions

In millions of CHF	Dismantling	Procedural costs	Deferred taxes	Total provisions
Balance at 31 December 2022	1.5	0.4	33.9	35.8
Provisions raised	–	0.1	–	0.1
Provisions used	–	–	–	–
Reversals	–	0.1	2.2	2.3
Balance at 31 December 2023	1.5	0.4	31.7	33.6
Provisions raised	–	–	–	–
Provisions used	–	–	–	–
Reversals	–	–	2.0	2.0

In millions of CHF	Dismantling	Procedural costs	Deferred taxes	Total provisions
Balance at 31 December 2024	1.5	0.4	29.7	31.6
Current portion	—	0.1	—	0.1

Procedural costs

The provision amount includes the estimated compensation payable to parties and the court costs imposed on Swissgrid due to the administrative procedures in conducting proceedings.

22. Other liabilities

In millions of CHF	31.12.2024	31.12.2023
Value-added tax	27.0	10.8
Security deposits on blocked bank accounts	0.1	0.7
Other	0.2	2.0
	27.3	13.5

23. Accrued expenses and deferred income

In millions of CHF	31.12.2024	31.12.2023
Accrued expenses for supplies made	52.1	61.2
Personnel expenses and employee insurance scheme	18.9	15.4
Accrued interest and premium from issued bonds	13.7	19.0
Taxes	13.6	15.2
	98.3	110.8

24. Other off-balance sheet commitments

Long-term rental contracts

Long-term rental contracts with fixed terms exist with several parties. These result in the following obligations:

In millions of CHF	Year 1	Year 2–10	More than 10 years	Total
31.12.2024	6.9	40.0	55.7	102.6
31.12.2023	6.3	40.8	59.4	106.5

The long-term rental obligations primarily include the rental commitments for Swissgrid's head office in Aarau.

Off-balance-sheet lease commitments

Swissgrid has the following off-balance-sheet lease commitments for vehicles and office equipment:

In millions of CHF	Year 1	Year 2–5	Total
31.12.2024	1.0	2.8	3.8
31.12.2023	1.2	0.9	2.1

25. Derivative financial instruments

Swissgrid made use of derivative financial instruments to partially hedge against market price risk from future procurement costs for active power losses. The nominal amount of these instruments was EUR 116.1 million or CHF 109.3 million (previous year: EUR 208.5 million or CHF 193.1 million). As at 31 December 2024, the positive replacement values stood at EUR 3.3 million or CHF 3.1 million (previous year: EUR 0.1 million or CHF 0.1 million) and the negative replacement values amounted to EUR 15.9 million or CHF 15.0 million (previous year: EUR 97.0 million or CHF 89.8 million), resulting in net negative replacement values of EUR 12.6 million or CHF 11.9 million (previous year: EUR 96.9 million or CHF 89.7 million).

26. Employee pension plan

Economic benefit / economic obligation and retirement benefit plan expenses

In millions of CHF	Shortfall/surplus funding	Economic share of the organisation	Change compared with previous year/ affecting income in FY	Accrued amounts	Pension benefit expenses within personnel expenses
	31.12.2024	31.12.2024	31.12.2023		2024 2023
Pension plans with overfunding	6.2	–	–	–	13.6 13.6 12.2
Total	6.2	–	–	–	13.6 13.6 12.2

Swissgrid is affiliated to a collective plan by the pension fund PKE Vorsorgestiftung Energie. Therefore, an economic benefit or economic obligation cannot be determined on the basis of the individual affiliation contract. The coverage ratio of the collective plan was 120.7% as at 31 December 2024 (previous year: 113.9%). The actuarial calculations are based on a technical interest rate of 2.0% (previous year: 2.0%) and on the technical basis of the Occupational Pensions Act (OPA) 2020 (previous year: OPA 2020).

27. Transactions with related parties

Transactions with related parties in millions of CHF	2024	2023
Total operating activities		
Net turnover	679.3	495.8
thereof grid utilisation	317.8	326.1
thereof general ancillary services/balance energy	219.8	87.0
thereof active power losses	125.7	63.2
thereof reactive energy	16.0	19.5
Other operating income	0.1	0.1
Procurement costs and operating expenses		
Procurement costs	383.6	460.7
thereof grid utilisation	34.6	14.8
thereof general ancillary services/balance energy	298.9	405.6
thereof active power losses	44.2	31.4
thereof reactive energy	5.9	8.9
Cost of materials and third-party supplies	13.6	13.2
Other operating expenses	5.9	4.4
Financial result		
Financial expenses	–	0.7

In the power reserve segment, revenue from related parties totalled CHF 119.9 million (previous year: CHF 0 million) and costs to related parties stood at CHF 25.8 million (previous year: CHF 94.5 million).

Unsettled balances at balance sheet date with related parties in millions of CHF	31.12.2024	31.12.2023
Assets		
Trade receivables	150.5	95.4
Prepaid expenses and accrued income	25.2	15.9
Financial assets	–	0.9
Liabilities		
Convertible loans and loans	0.5	21.6
Trade accounts payable	68.6	60.4
Accrued expenses and deferred income	8.3	6.3

The conditions relating to related parties are described in [Note 1](#).

As in the previous year, there were no transactions with members of the Board of Directors or the Executive Board in the reporting year, with the exception of ordinary remuneration.

28. Government grants

In the reporting year, Swissgrid received government grants related to assets totalling CHF 6.2 million for the modernisation and maintenance of the grid, which were offset against the asset (no government grants were received in the previous year).

29. Events after the balance sheet date

There are no events after the balance sheet date that would require disclosure or recognition in the 2024 financial statements.

On 14 April 2025, the Board of Directors of Swissgrid Ltd approved the 2024 financial statements for submission to the General Assembly and for publication.

Financial statements Swiss GAAP FER

Report of the Independent Auditor



Report of the independent auditor

to the General Meeting of Swissgrid AG, Aarau

Report on the audit of the financial statements Swiss GAAP FER

Opinion

We have audited the financial statements of Swissgrid AG (the Company), which comprise the income statement for the year ended 31 December 2024, the balance sheet as at 31 December 2024, the cash flow statement and the statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2024 and of its financial performance and its cash flows for the year then ended in accordance with Swiss GAAP FER.

Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the 'Independent Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Our audit approach



Overview

Overall materiality: CHF 31.1 million

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which the Company operates.

As key audit matters the following areas of focus have been identified:

- Appropriateness of the calculation of the result from regulated business (EBIT and volume- and tariff-related timing differences)
- Completeness and existence of net turnover and procurement costs

Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative

considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

Overall materiality	CHF 31.1 million
Benchmark applied	Total "assets"
Rationale for the materiality benchmark applied	We chose total "assets" as the benchmark for determining materiality, as we believe that this is the figure that best reflects the company's purpose of ensuring the efficient operation of the transmission grid.

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Key audit matters

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

Appropriateness of the calculation of the result from regulated business (EBIT and volume- and tariff-related timing differences)

Key audit matter	How our audit addressed the key audit matter
In the 2024 financial year, Swissgrid reported earnings before interest and taxes (EBIT) of CHF 139.1 million (previous year: CHF 138.2 million), the components of which are governed in the company's regulated business area by the provisions of the Federal Electricity Supply Act (ESA) and the Ordinance on the Establishment of an Electricity Reserve for the Winter (WRResO), as well as requirements of the Federal Department of the Environment, Transport, Energy and Communications (DETEC). The change in volume- and tariff-related timing differences totalled CHF -582.8 million (previous year: CHF +216.4 million). Further information on the regulated business, EBIT and volume- and tariff-related volume- and tariff-related timing differences can be found in the notes to the Swiss GAAP FER financial statements in "1. Accounting principles", "2. Estimation uncertainty", "3. Legal proceedings", "4. Segment reporting" and "15. Volume- and tariff-related timing differences". Earnings before interest and taxes (EBIT) from ESA activities are legally defined for the chargeable costs in Article 15 of the ESA and for the interest on volume- and tariff-related timing differences arising from the 2024 financial year onwards in Article 18a of the Electricity Supply Ordinance (ESO).	With regard to the calculation of EBIT and volume- and tariff-related timing differences, we obtained an in-depth understanding of the company's accounting policies, assumptions and estimates, processes and methods and, in particular, performed the following audit procedures: • Checking whether the parameters used in the calculation of the earnings from the regulated business, such as WACC, correspond to the rate specified by DETEC. • Mathematical recalculation and plausibility check of the calculation of the volume- and tariff-related timing differences. • Assessing and testing the key controls provided for the calculation. • Verifying compliance with the relevant legal, regulatory and judicial requirements. We discussed the results of the audit procedures performed with the Finance and Audit Committee.

The respective calculation is described in the “EBIT regulated under ESA” accounting principles.

Volume- and tariff-related timing differences arise due to volume and price variances between actual expenses and income as well as on the tariff-based sales and procurement side. The tariffs are determined on the basis of planned costs. These volume- and tariff-related timing differences are recognised in the balance sheet as ‘surpluses or deficits’ and reversed in future tariff periods in the income statement as “changes in volume- and tariff-related timing differences”.

The risk that the calculation of EBIT and the volume- and tariff-related timing differences are not determined as intended is a key audit matter, as this has a significant impact on the calculation of tariffs and the company’s result.

Completeness and existence of net turnover and procurement costs

Key audit matter	How our audit addressed the key audit matter
In the 2024 financial year, Swissgrid reported net turnover of CHF 1,825.1 million (previous year: CHF 1,219.2 million) and procurement costs of CHF 684.5 million (previous year: CHF 899.9 million). Further information on net turnover and procurement costs can be found in the notes to the Swiss GAAP FER financial statements in “1. Accounting principles”, “4. Segment reporting” and “5. Net turnover and procurement costs according to ESA/WResO”. Revenue is recognised in the income statement when the service is provided. For the activities defined in the ESA, the measurement of performance is mainly based on energy volumes measured directly on the transmission grid or registered by downstream grid levels. For individual sales and procurement items, the first billing values are available no earlier than six weeks after the service has been provided, meaning that accruals, estimates and assumptions based on historical and statistical data are required to recognise sales and procurement costs. Net turnover and procurement costs are key figures in financial reporting and are therefore the focus of internal and external stakeholders. We consider the completeness and existence of net turnover and procurement costs to be a key audit matter due to their volume and the estimates and assumptions required to determine them.	We obtained an in-depth understanding of the company’s accounting policies, assumptions and estimates, processes and methods with regard to revenue recognition and the recognition of procurement costs and, in particular, performed the following audit procedures: • IT-supported verification of the data consistency of the basic data used for revenue accrual and thus verification of the completeness of the invoiced net turnover and the procurement costs. • Checking the correct transfer of data between the various systems. • Testing the effectiveness of the key controls in the process of revenue accruals and procurement costs as at the balance sheet date. • Performing random checks of the existence of the transaction. • Plausibility check of changes in procurement items. We discussed the results of the audit procedures performed with the Finance and Audit Committee.

Other matter

The financial statements for the year ended 31 December 2023 were audited by another independent auditor who expressed an unmodified opinion on those financial statements on 15 April 2024.

Other information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board of Directors' responsibilities for the financial statements

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

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

Independent Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

PricewaterhouseCoopers AG

Thomas Wallmer
Licensed audit expert

Pascal Wintermantel
Licensed audit expert

Zürich, 14 April 2025

Statutory financial statements

Income statement

In millions of CHF	Notes	2024	2023
Net turnover	3	1,825.1	1,219.2
Other operating income	4	18.7	19.9
Change in volume- and tariff-related timing differences		-580.8	218.6
Capitalised self-constructed assets		29.2	22.5
Total operating income		1,292.2	1,480.2
Procurement costs	3	684.5	899.9
Gross profit		607.7	580.3
Cost of materials and third-party supplies	5	120.1	123.8
Personnel expenses	6	145.4	131.1
Other operating expenses	7	40.2	38.9
Earnings before interest, income taxes, depreciation and amortisation		302.0	286.5
Depreciation on property, plant and equipment		127.5	115.8
Amortisation on intangible assets		40.7	36.3
Earnings before interest and income taxes (EBIT)		133.8	134.4
Financial income		3.6	2.0
Financial expenses		19.2	20.8
Profit for the year before taxes		118.2	115.6
Income taxes		21.7	21.6
Profit for the year		96.5	94.0

Statutory financial statements

Balance sheet

Assets

In millions of CHF	Notes	31.12.2024	31.12.2023
Cash and cash equivalents		354.8	111.1
Trade accounts receivable	<u>8</u>	414.1	222.3
Other receivables	<u>9</u>	19.2	19.0
Inventory		2.5	0.9
Prepaid expenses and accrued income	<u>10</u>	112.7	111.9
Short-term deficits arising from volume-and tariff-related timing differences		209.3	723.7
Assets held on a fiduciary basis	<u>11</u>	98.1	33.9
Current assets		1,210.7	1,222.8
Financial assets		–	0.9
Shareholdings	<u>12</u>	5.0	5.2
Property, plant and equipment	<u>13</u>	2,264.5	2,131.9
Intangible assets	<u>14</u>	256.8	240.0
Long-term deficits arising from volume-and tariff-related timing differences		104.3	611.9
Non-current assets		2,630.6	2,989.9
Assets		3,841.3	4,212.7

Equity and liabilities

In millions of CHF	Notes	31.12.2024	31.12.2023
Trade accounts payable	<u>15</u>	179.3	172.8
Current financial liabilities	<u>18</u>	405.2	510.0
Other liabilities	<u>16</u>	27.3	13.5
Accrued expenses and deferred income	<u>17</u>	98.3	110.8
Current provisions	<u>19</u>	0.1	0.1
Liabilities held on a fiduciary basis	<u>11</u>	98.1	33.9
Current liabilities		808.3	841.1
Non-current financial liabilities	<u>18</u>	1,620.9	2,026.1
Non-current provisions	<u>19</u>	1.8	1.8
Non-current liabilities		1,622.7	2,027.9

In millions of CHF	Notes	31.12.2024	31.12.2023
Liabilities		2,431.0	2,869.0
Share capital	20	334.5	334.5
Legal capital reserves		430.1	430.1
Reserves from capital contributions		430.1	430.1
Legal retained earnings		1.6	1.6
General legal reserves		1.6	1.6
Available earnings		644.1	577.5
Results carried forward		547.5	483.5
Profit for the year		96.5	94.0
Equity		1,410.3	1,343.7
Equity and liabilities		3,841.3	4,212.7

Statutory financial statements

Cash flow statement

In millions of CHF excluding balance sheet items held on fiduciary basis	Notes	2024	2023
Profit for the year		96.5	94.0
Financial expenses		19.2	20.8
Financial income		–3.6	–2.0
Current income taxes		21.7	21.6
Depreciation and amortisation		168.2	152.1
Change in inventory		–1.6	0.2
Change in trade accounts receivable		–191.8	12.3
Change in other receivables		–0.2	40.2
Change in prepaid expenses and accrued income		–0.8	16.7
Change in volume- and tariff-related timing differences		1,022.0	–621.8
Change in trade accounts payable		6.5	–220.6
Change in other current liabilities		13.8	12.8
Change in accrued expenses and deferred income		–3.5	–12.2
Interest received		2.0	0.6
Income taxes paid		–22.7	–20.6
Cash flow from operating activities		1,125.7	–505.9
Gross investments in property, plant and equipment		–287.3	–254.1
Congestion proceeds received for grid investments		–	216.6
Government grants		6.2	–
Net investments in property, plant and equipment		–281.1	–37.5
Gross investments in intangible assets		–36.4	–25.4
Congestion proceeds received for grid investments		–	21.9
Net investments in intangible assets		–36.4	–3.5
Dividends received		0.7	0.5
Cash flow from investing activities		–316.8	–40.5
Change in current financial liabilities		–510.0	248.9
Change in non-current financial liabilities		–	100.0
Issuing of bonds		–	200.0
Interest paid		–25.6	–16.5
Dividends paid		–30.0	–48.2
Cash flow from financing activities		–565.6	484.2

In millions of CHF excluding balance sheet items held on fiduciary basis	Notes	2024	2023
Foreign currency translation effect on cash and cash equivalents		0.4	0.5
Change in cash and cash equivalents		243.7	−61.7
Composition			
Cash and cash equivalents at beginning of period		111.1	172.8
Cash and cash equivalents at end of period		354.8	111.1
Change in cash and cash equivalents		243.7	−61.7

Statutory financial statements

Notes

1. Accounting principles

General

The financial statements for Swissgrid Ltd, Aarau, have been prepared in accordance with the Swiss Law on Accounting and Financial Reporting (Title 32 of the Swiss Code of Obligations). The valuation principles applied are described below.

Conversion of foreign currency items

The accounting records are maintained in the local currency (Swiss francs, CHF). All short-term monetary assets and liabilities recognised in foreign currencies are converted at the exchange rate as of the balance sheet date. Transactions in foreign currencies are converted at the exchange rate on the day the transaction took place. Foreign exchange gains and losses resulting from transactions in foreign currencies are recognised in the income statement and are presented in the same item as the underlying transaction.

Cash flow statement

«Cash and cash equivalents» form the basis for the presentation of the cash flow statement. The cash flow from operating activities is calculated using the indirect method.

Revenue recognition

The revenue and procurement items result from the activities defined in the Electricity Supply Act (ESA) and include services for the non-discriminatory, reliable and efficient operation of the transmission grid, in particular ancillary services and balance and congestion management.

Revenue is recognised in the income statement upon performance of Swissgrid's obligations. For ESA activities, the measurement of performance is mainly based on energy volumes measured directly on the transmission grid or reported by downstream grid levels. For certain revenue and procurement items, initial billing values are available six weeks after delivery at the earliest, thereby rendering accruals based on historical and statistical data, as well as on estimates, necessary for the revenue recognition of these items.

The activities defined in the Ordinance on the Establishment of a Hydropower Reserve (WResO) are intermediary transactions in accordance with the accounting regulations, which is why only the value of the services provided by the company itself is reported in the power reserve segment.

Activities according to ESA/WResO

Volume- and tariff-related timing differences (surpluses and deficits)

According to Art. 14 of the Electricity Supply Act (ESA), grid usage costs must be allocated to users on a user-pays basis. The tariffs for a financial year are determined based on planned costs. Due to price and volume deviations, actual expenses and income vary from the tariff calculation on both the revenue and procurement side. This results in surpluses or deficits, i.e. the tariff revenues from a financial year are higher or lower than the actual expenses incurred during the same period. These volume- and tariff-related timing differences are transferred to the balance sheet and taken into account in cost and revenue calculations for future tariff periods. The expected reduction in volume- and tariff-related timing differences within twelve months of the balance sheet date is recognised as short-term surpluses or deficits in the balance sheet.

EBIT regulated under ESA

Earnings before interest and taxes (EBIT) from ESA activities are defined in Article 15 of the Electricity Supply Act (ESA) for chargeable costs, and are now defined in Article 18a of the Electricity Supply Ordinance (ESO) for interest on volume- and tariff-related timing differences arising from the 2024 financial year onwards. EBIT corresponds to the interest on invested operating assets (IOA) at the weighted average cost of capital rate for the current reporting year ($= WACC_{t+0}$), the interest on the volume- and tariff-related timing differences arising from the 2024 financial year onwards at the borrowing cost rate $_{t+2}$ included in $WACC_{t+2}$ and taxes. In accordance with ElCom directive 03/2024, volume- and tariff-related timing differences up to and including the end of the 2023 financial year remain subject to interest at $WACC_{t+2}$ until they have been fully eliminated, which also has an impact on EBIT.

Invested operating assets consist of net current assets calculated on a monthly basis, as well as the property, plant and equipment and intangible assets as at the end of the financial year. The weighted average cost of capital rate is based on the current international practice of the capital cost concept with reference to the Capital Asset Pricing Model (CAPM). Besides considering the findings of financial market theory, the regulatory framework conditions in Switzerland and the current situation in the money and capital market are also taken into account. The weighted average cost of capital rate for 2024 ($WACC_{t+0}$) determined by the authorities on the basis of this calculation method is 4.13%, and the borrowing cost rate $_{t+0}$ included in $WACC_{t+0}$ is 2.25%. The weighted average cost of capital rate for 2026 ($WACC_{t+2}$) applicable for the 2024 financial year is 3.43%, and the borrowing cost rate $_{t+2}$ included in $WACC_{t+2}$ is 2.0%.

EBIT according to WResO

From the 2024 financial year, the chargeable costs for the power reserve are calculated in the same way as ESA activities in accordance with Article 15 ESA. However, interest on the assets required for the power reserve is calculated according to the borrowing cost rate $_{t+0}$ included in $WACC_{t+0}$. In accordance with Article 18a ESO, interest on the volume- and tariff-related timing differences arising since 1 January 2024 is calculated at the borrowing cost rate $_{t+2}$. As previously, no interest is calculated on the volume- and tariff-related timing differences up to and including the end of the 2023 financial year until they have been fully eliminated. EBIT according to WResO is calculated from the interest on the assets required and the volume- and tariff-related timing differences arising since 1 January 2024.

Chargeability of operating and capital costs

ElCom has the right to verify ex post the chargeability of Swissgrid's operating and capital costs for tariff-setting purposes. In case of an ex post cost adjustment, an appeal can be lodged with the Federal Administrative Court with an ultimate possibility of appeal to the Federal Supreme Court. A cost adjustment impacting Swissgrid's operating result is applied whenever no appeal is lodged, or whenever an appeal's prospects for success are judged to be less than 50% on the basis of a reappraisal, or whenever a legally binding ruling is issued.

Property, plant and equipment

Property, plant and equipment are recognised at the cost of acquisition or production less accumulated amortisation and any impairment losses. Significant spare parts which are likely to be used for a longer period and whose use only takes place in connection with a non-current asset item are recognised in non-current assets and depreciated over the remaining useful life of the relevant asset.

Depreciation/amortisation is calculated using the straight-line method on the basis of the estimated useful technical and economic service life. The service life is within the following ranges:

- Lines: 15 to 60 years

- Substations: 10 to 35 years
- Buildings and expansions: 5 to 50 years
- Other property, plant and equipment: 3 to 8 years
- Construction in progress and properties: only applicable in the case of an impairment loss

Intangible assets

Intangible assets are recognised at the cost of acquisition or production less accumulated amortisation and any impairment losses. Depreciation/amortisation is calculated using the straight-line method on the basis of the estimated useful technical and economic service life.

The service life is within the following ranges:

- Rights of use: contract term
- Software: 3 to 5 years
- Intangible assets under development: only applicable in the case of an impairment loss

The merger losses (goodwill) resulting from the mergers on 3 January 2013 and 5 January 2015 are also recognised in this item. Goodwill is depreciated on a straight-line basis over 20 years and is reviewed annually for impairments. The rights of use include easements and rights of use to mixed-use assets that were compensated once before 1 June 2019.

Impairment losses

The value of property, plant and equipment and intangible assets is reviewed annually. If there is an indication of an impairment loss, the book value is reduced to the realisable value and an impairment loss is charged to the results of the period.

Construction in progress/intangible assets under development

Construction in progress and intangible assets under development are non-current assets that are not yet completed or not yet operational. All items of property, plant and equipment and intangible assets, including self-constructed assets, are classified as non-current assets. As of each balance sheet date, a review is performed to determine whether any construction in progress or intangible assets under development have to be impaired. These are recognised as impairment losses in the year of completion. Ordinary depreciation or amortisation of these assets begins once they are completed or are ready for operation.

Financial assets

Financial assets are measured at acquisition costs less any impairment losses. Employer contribution reserves without conditional renounced use are also recognised in financial assets.

Shareholdings

Shareholdings are measured at acquisition costs less any impairment losses. These include shareholdings with a capital share of over 20%, but which do not have a significant impact on the financial statements, as well as shareholdings with a capital share of less than 20% that do have a significant impact.

Inventory

Inventory includes waste material for maintaining the grid systems. Inventory is measured at the lower of acquisition cost or market price.

Accounts receivable

Accounts receivable are reported at their nominal value less any impairment losses required for business reasons.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, cash at banks and deposits at banks maturing in 90 days or less. They are recognised at their nominal value.

Bonds

Bonds issued on the capital market are recognised at their nominal value. Deviations from the nominal value in the case of below- or above-par issues are recognised as accruals and deferrals and are reversed on a straight-line basis over the term of the bond.

Liabilities

Liabilities are recognised at their nominal value.

Provisions

Provisions are recognised if there is a probable obligation based on an event that took place prior to the balance sheet date, the amount and/or due date of which is uncertain but capable of being estimated.

Contingent liabilities

Contingent liabilities are measured as of the balance sheet date. A provision is reported if a cash outflow without a usable countervalue is probable and assessable. Otherwise, contingent liabilities are disclosed in the notes to the financial statements.

Interest on borrowed capital

Interest on borrowed capital is recognised as an expense in the period in which it arises.

Income taxes

Current income taxes are calculated based on the taxable results on an accrual basis.

Derivative financial instruments

Swissgrid may use derivative financial instruments to hedge against currency and market price risks. If the conditions are met, Swissgrid will apply hedge accounting to hedge expected future cash flows. The instruments used for this purpose will be disclosed in the notes to the financial statements until the underlying transaction is realised.

2. Estimation uncertainty

Financial-statement reporting requires estimates and assumptions to be made that may have a significant impact on Swissgrid's financial statements. With respect to assets and liabilities recognised in the balance sheet, accruals and deferrals (prepaid expenses and accrued income/accrued expenses and deferred income) and volume- and tariff-related timing differences in particular are based on various assumptions and estimates that may necessitate significant adjustments. This is due to specific volumes not being available for certain revenue and procurement items when the financial statements are prepared, as well as regulatory uncertainties. The volume- and tariff-related timing differences are also influenced by estimates in the allocation of operating expenses to the segments.

More information is given in the sections on «Revenue recognition» and «Activities according to ESA/WResO»

in [Note 1](#), as well as in [Note 25](#).

3. Net turnover and procurement costs

Net turnover

For the 2024 financial year, net turnover across all segments amounted to CHF 1,825.1 million. This represents an increase of CHF 605.9 million in relation to the previous year's figure of CHF 1,219.2 million. The rise is mainly attributable to the CHF 417.8 million and CHF 156.2 million increase in net turnover in the general ancillary services and active power loss segments respectively. Both segments recorded higher tariff income and were allocated higher pro rata auction income to cover the chargeable costs of the transmission system. The increase in tariff income is due to the regulatory requirement to reduce the deficit from previous years. In addition to higher tariff income and auction income, higher revenue from balance group balancing energy in the general ancillary services segment also led to a rise in net turnover.

Procurement costs

At CHF 684.5 million, procurement costs were CHF 215.4 million lower than the previous year's figure of CHF 899.9 million. This decrease is due to a reduction in costs of CHF 186.1 million and CHF 48.3 million respectively in the general ancillary services and active power loss segments. The reduction in the general ancillary services segment is attributable to lower costs for control power provision. The decrease in the active power loss segment is due to lower procurement costs for the energy required to compensate for active power losses. By contrast, higher national redispatch costs in the grid usage segment led to an increase of CHF 29.1 million in procurement costs. Costs in the reactive energy segment remained at the previous year's level.

More detailed comments on the individual segments, including the effects on the volume- and tariff-related timing differences, can be found in [Note 4](#) to the financial statements in accordance with Swiss GAAP FER.

4. Other operating income

In millions of CHF	2024	2023
Congestion management clearing	16.2	16.3
Other	2.5	3.6
	18.7	19.9

5. Materials and third-party supplies

In millions of CHF	2024	2023
Grid maintenance	23.9	25.1
Grid system control	0.5	0.4
Other services in the grid area	19.4	23.5
Expenses for projects, advisory and non-cash benefits	58.0	56.9
Hardware/software maintenance	18.3	17.9
	120.1	123.8

Other grid-related services consist of remuneration for easements, including easement management services

performed by third parties and operating expenses for mixed-use plants.

6. Personnel expenses

In millions of CHF	2024	2023
Salaries, bonuses, allowances	116.9	105.5
Employee insurance	23.3	20.8
Other personnel expenses	5.2	4.8
	145.4	131.1

Other personnel expenses include, in particular, the costs of training and further education, recruitment, lump-sum expenses, as well as contributions to external catering for employees.

The average number of full-time equivalents exceeded 250 in the reporting period, as was the case in the previous year.

7. Other operating expenses

In millions of CHF	2024	2023
Rental and occupancy costs	11.9	10.1
Ground rents	4.7	4.2
Rental costs for communication equipment/telecommunication expenses	2.3	3.4
Board of Directors' fees and expenses incl. social costs	0.9	0.8
Actual expenses for travel and subsistence for employees and third parties	2.5	2.4
Fees, dues and licences	4.9	4.8
Insurance	2.5	2.4
Other administrative costs	10.5	10.8
	40.2	38.9

Other administrative costs included borrowing costs of CHF 6.2 million (previous year: CHF 6.1 million), which were incurred in connection with the additional tasks transferred to Swissgrid by the federal government in the power reserve segment and represent chargeable costs in accordance with Art. 22 WResO.

Board of Directors' fees and expenses represent fixed gross remuneration including the deduction of any employee contributions to the employee pension plan. The remuneration paid to the Chairman of the Board of Directors amounted to CHF 250,000, including lump-sum expenses (previous year: CHF 250,000). The remaining members of the Board of Directors received remuneration of between CHF 57,500 and CHF 77,500 pro rata temporis for 2023, including lump-sum expenses (previous year: between CHF 57,500 and

CHF 77,500).

Further information on the members of the Board of Directors can be found in the Corporate Governance Report.

8. Trade receivables

As at 31 December 2024, trade receivables included CHF 107.2 million (previous year: CHF 57.2 million) in relation to companies with a direct or indirect shareholding in Swissgrid.

9. Other receivables

Other receivables included the receivable for the 2024 enforcement costs for handling congestion management amounting to CHF 16.2 million (previous year: CHF 16.3 million).

10. Prepaid expenses and accrued income

In millions of CHF	31.12.2024	31.12.2023
Accrued revenue for supplies made	97.1	93.4
Other	15.6	18.5
	112.7	111.9

In particular, other prepaid expenses and accrued income include the discount on bond issues and financing and issue costs, which are amortised over the term of the financing instrument.

11. Balance sheet items held on a fiduciary basis

Pursuant to a letter of approval dated 7 February 2023, income from auctions in 2024 amounting to CHF 324.8 million (previous year: CHF 351.7 million) was paid to Swissgrid. At CHF 98.1 million, the balance sheet item was CHF 64.2 million above the previous year's figure of CHF 33.9 million. The increase is due to the higher level of outstanding trade accounts receivable, trade accounts payable and cash and cash equivalents as at 31 December 2024.

12. Shareholdings

		Share capital in m.	Share in %
Joint Allocation Office (JAO)	A	0.125	4.0
TSCNET Services GmbH	B	0.040	6.25
Holding des Gestionnaires de Réseau de Transport d'Electricité SAS (HGRT)	C	52.119	5.0
Pronovo AG	D	0.100	100.0

		Share capital in m.	Share in %
ecmt AG	E	0.100	31.0
Equigy B.V.	F	0.050	20.0

Letters used for locations and currencies:

A = Luxembourg (Lux) | Currency EUR

B = Munich (D) | Currency EUR

C = Paris (F) | Currency EUR

D = Frick (CH) | Currency CHF

E = Winterthur (CH) | Currency CHF

F = Arnheim (NL) | Currency EUR

Swissgrid is not legally obliged to prepare consolidated financial statements. Either the control principle necessary to prepare a consolidated financial statement (Art. 963 of the Swiss Code of Obligations (CO)) is not met, or the subsidiaries do not have a material influence on Swissgrid's financial statements. In particular, Pronovo AG is regulated by the Swiss Federal Office of Energy (SFOE) and is explicitly excluded from any consolidation with Swissgrid based on Art. 64 (5) of the Energy Act (EnA).

The figures are unchanged from the previous year.

13. Property, plant and equipment

The book values of the individual categories are as follows:

In millions of CHF	31.12.2024	31.12.2023
Construction in progress	400.5	276.3
Substations	613.4	647.0
Lines	1,067.3	1,048.8
Properties and buildings	163.3	155.5
Other property, plant and equipment	20.0	4.3
	2,264.5	2,131.9

14. Intangible assets

The book values of the individual categories are as follows:

In millions of CHF	31.12.2024	31.12.2023
Intangible assets under development	27.2	3.7
Usage rights	57.9	62.5
Software	28.5	12.7
Merger losses (goodwill)	143.2	161.1
	256.8	240.0

15. Trade accounts payable

As at 31 December 2024, trade accounts payable included CHF 70.9 million (previous year: CHF 65.6 million) in relation to companies with a direct or indirect shareholding in Swissgrid. No liabilities existed in relation to the external auditor as at 31 December 2024 (previous year: CHF 0.1 million).

16. Other liabilities

In millions of CHF	31.12.2024	31.12.2023
Value-added tax	27.0	10.8
Security deposits on blocked bank accounts	0.1	0.7
Other	0.2	2.0
	27.3	13.5

17. Accrued expenses and deferred income

In millions of CHF	31.12.2024	31.12.2023
Accrued expenses for supplies made	52.1	61.2
Personnel expenses and employee insurance scheme	18.9	15.4
Accrued interest and premium from issued bonds	13.7	19.0
Taxes	13.6	15.2
	98.3	110.8

18. Financial liabilities

In millions of CHF	31.12.2024	31.12.2023
Bonds	1,915.0	1,915.0
Convertible loans	11.0	41.1
Loans	100.1	580.0
Total financial liabilities	2,026.1	2,536.1
Current portion	405.2	510.0

Bonds

Nominal amount in CHF	Interest rate	Term	Expiration at nominal value
350 million	1.625%	2013–2025	30.01.2025
150 million	0.000%	2021–2026	30.06.2026
200 million	1.900%	2023–2026	30.06.2026
175 million	1.100%	2022–2027	30.06.2027

Nominal amount in CHF	Interest rate	Term	Expiration at nominal value
150 million	0.000%	2020–2028	30.06.2028
150 million	0.625%	2015–2030	25.02.2030
150 million	0.200%	2020–2032	30.06.2032
110 million	0.050%	2021–2033	30.06.2033
125 million	0.150%	2020–2034	30.06.2034
130 million	0.125%	2020–2036	30.06.2036
100 million	0.200%	2021–2040	29.06.2040
125 million	0.050%	2019–2050	30.06.2050

The maturities of bonds are as follows:

In millions of CHF	Interest rate (bandwidth)	Year 1	Year 2–5	more than 5 years	
Balance at 31 December 2024					
Bonds	0.000–1.900%	350.0	675.0	890.0	1,915.0
Balance at 31 December 2023					
Bonds	0.000–1.900%	–	1,025.0	890.0	1,915.0

Convertible loans and loans

Convertible loans have a term of nine years and one-fifth of the loans become payable annually from year five. Moreover, loans are also assigned a conversion right by Swissgrid in the event of occurrence of contractually defined events and an associated conversion obligation by the creditors. Creditors are compensated by a premium on the interest rate for the conversion right assigned to Swissgrid. Convertible loans are recognised in full in liabilities.

The interest conditions and maturities of convertible loans and loans are as follows:

In millions of CHF	Interest rate (bandwidth)	Year 1	Year 2–5	more than 5 years	Total
Balance at 31 December 2024					
Convertible loans	3.36–3.41%	5.2	5.8	–	11.0
Loans	0.00–2.40%	50.0	50.0	0.1	100.1
Balance at 31 December 2023					
Convertible loans	3.36–3.41%	30.0	11.0	–	41.0
Loans	0.00–2.40%	480.0	100.0	0.1	580.1

Convertible loans and loans are assessed at their nominal value.

As at 31 December 2024, convertible loans of CHF 10.8 million (previous year: CHF 40.1 million) existed towards companies with a direct or indirect shareholding in Swissgrid.

19. Provisions

In millions of CHF	31.12.2024	31.12.2023
Dismantling	1.5	1.5
Procedural costs	0.4	0.4
Total provisions	1.9	1.9
Current portion	0.1	0.1

Procedural costs

The provision amount includes the estimated compensation payable to parties and the court costs imposed on Swissgrid due to the administrative procedures in conducting proceedings.

20. Share capital and reserves from capital contributions

The share capital consists of 334,495,151 (previous year: 334,495,151) fully paid-up registered shares with a par value of CHF 1 per share.

21. Intermediary business

This segment handles the orders regulated by the Winter Reserve Ordinance (WResO) for the use of the hydropower reserve and reserve power plants, pooled emergency power groups and combined heat and power plants (CHP plants). In accordance with the accounting regulations, these activities are intermediary transactions, which is why only the value of the services provided by the company itself (operating and capital costs) and the associated net turnover are reported in the power reserve segment.

The expenses resulting from the intermediary business amounted to CHF 186.5 million in the reporting year (previous year: CHF 403.2 million). In addition, tariff income of CHF 645.2 million was received for the first time in 2024.

22. Derivative financial instruments

Swissgrid made use of derivative financial instruments to partially hedge against market price risk from future procurement costs for active power losses. The nominal amount of these instruments was EUR 116.1 million or CHF 109.3 million (previous year: EUR 208.5 million or CHF 193.1 million). As at 31 December 2024, the positive replacement values stood at EUR 3.3 million or CHF 3.1 million (previous year: EUR 0.1 million or CHF 0.1 million) and the negative replacement values amounted to EUR 15.9 million or CHF 15.0 million (previous year: EUR 97.0 million or CHF 89.8 million), resulting in net negative replacement values of EUR 12.6 million or CHF 11.9 million (previous year: EUR 96.9 million or CHF 89.7 million).

23. Other off-balance sheet commitments

Off-balance-sheet lease commitments

Swissgrid has the following off-balance-sheet lease commitments for vehicles and office equipment:

In millions of CHF	Year 1	Year 2–5	Total
31.12.2024	1.0	2.8	3.8
31.12.2023	1.2	0.9	2.1

Long-term rental contracts

Long-term rental contracts with fixed terms exist with several parties. These result in the following obligations:

In millions of CHF	Year 1	Year 2–10	More than 10 years	Total
31.12.2024	6.9	40.0	55.7	102.6
31.12.2023	6.3	40.8	59.4	106.5

The long-term rental obligations primarily include the rental commitments for Swissgrid's head office in Aarau.

24. Legal proceedings

Swissgrid's legal mandate and business activities expose the company to costs that can be passed on to the lower grid levels and end consumers in the form of tariff revenues if ElCom deems the costs to be chargeable. ElCom has the right to verify ex post the chargeability of Swissgrid's costs for tariff-setting purposes.

At present, ElCom has not initiated any proceedings to examine Swissgrid's chargeable costs. Swissgrid's Board of Directors and Executive Board believe that all costs were incurred within the framework of Swissgrid's legal mandate and should therefore qualify as chargeable. Based on this assessment, Swissgrid has treated all operating and capital costs as chargeable and consequently recognised them in full in the volume- and tariff-related timing differences. If, contrary to Swissgrid's assessment, the costs claimed are ruled to be non-chargeable, this would be reflected in future financial statements.

Third-party proceedings

The financial impact of third-party proceedings in which Swissgrid is involved are included in Swissgrid's financial statements if the Swiss GAAP FER criteria for recognition have been met. However, they have no direct impact on Swissgrid's results as they are included in the volume- and tariff-related timing differences.

25. Audit fees

In the 2024 financial year, the fees for auditing services amounted to CHF 198,900 (previous year: CHF 214,000) and CHF 34,000 (previous year: CHF 146,200) for other services.

26. Government grants

In the reporting year, Swissgrid received government grants related to assets totalling CHF 6.2 million for the modernisation and maintenance of the grid, which were offset against the asset (no government grants were received in the previous year).

27. Events after the balance sheet date

There are no events after the balance sheet date that would require disclosure or recognition in the 2024 financial statements.

On 14 April 2025, the Board of Directors of Swissgrid Ltd approved the 2024 financial statements for submission to the General Assembly and for publication.

Statutory financial statements

Proposed appropriation of retained earnings

The Board of Directors proposes to the General Assembly that the retained earnings be appropriated as follows:

CHF	2024	2023
Balance carried forward from the previous year	547,525,118.61	483,537,900.53
Profit for the year	96,529,871.40	93,993,597.53
Retained earnings	644,054,990.01	577,531,498.06
Appropriation to the general legal reserves	—	—
Dividend payment	51,883,626.84	30,006,379.45
Balance to be carried forward	592,171,363.17	547,525,118.61
Total appropriation	644,054,990.01	577,531,498.06

Since legal capital reserves and legal retained earnings have reached 50% of the share capital, no more funds will be allocated to these accounts.

Aarau, 14 April 2025

On behalf of the Board of Directors:

Adrian Bult, Chairman

Statutory financial statements

Report of the Statutory Auditor



Report of the statutory auditor to the General Meeting of Swissgrid AG, Aarau

Report on the audit of the statutory financial statements

Opinion

We have audited the financial statements of Swissgrid AG (the Company), which comprise the income statement for the year ended 31 December 2024, the balance sheet as at 31 December 2024 and the cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements comply with Swiss law and the Company's articles of incorporation.

Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Our audit approach



Overview

Overall materiality: CHF 31.1 million

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which the Company operates.

As key audit matters the following areas of focus have been identified:

- Appropriateness of the calculation of the result from regulated business (EBIT and volume- and tariff-related timing differences)
- Completeness and existence of net turnover and procurement costs

Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

Overall materiality	CHF 31.1 milion
Benchmark applied	Total "assets"
Rationale for the materiality benchmark applied	We chose total "assets" as the benchmark for determining materiality, as we believe that this is the figure that best reflects the company's purpose of ensuring the efficient operation of the transmission grid.

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Key audit matters

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

Appropriateness of the calculation of the result from regulated business (EBIT and volume- and tariff-related timing differences)

Key audit matter	How our audit addressed the key audit matter
In the 2024 financial year, Swissgrid reported earnings before interest and taxes (EBIT) of CHF 133.8 million (previous year: CHF 134.4 million), the components of which are governed in the company's regulated business area by the provisions of the Federal Electricity Supply Act (ESA) and the Ordinance on the Establishment of an Electricity Reserve for the Winter (WResO), as well as requirements of the Federal Department of the Environment, Transport, Energy and Communications (DETEC). The change in volume- and tariff-related timing differences totalled CHF -580.8 million (previous year: CHF +218.6 million). Further information on the regulated business, EBIT and the volume- and tariff-related volume- and tariff-related timing differences can be found in the notes to the statutory financial statements in "1. Accounting principles", "2. Estimation uncertainty" and "24. Legal proceedings". Earnings before interest and taxes (EBIT) from ESA activities are legally defined for the chargeable costs in Article 15 of the ESA and for the interest on volume- and tariff-related timing differences arising from the 2024 financial year onwards in Article 18a of the Electricity Supply Ordinance (ESO). The corresponding calculation is described in the accounting principles "EBIT regulated under ESA". Volume- and tariff-related timing differences arise due to volume and price variances between actual	With regard to the calculation of EBIT and volume- and tariff-related timing differences, we obtained an in-depth understanding of the company's accounting policies, assumptions and estimates, processes and methods and, in particular, performed the following audit procedures: • Checking whether the parameters used in the calculation of the earnings from the regulated business, such as WACC, correspond to the rate specified by DETEC. • Mathematical recalculation and plausibility check of the calculation of the volume- and tariff-related timing differences. • Assessing and testing the key controls provided for the calculation. • Verifying compliance with the relevant legal, regulatory and judicial requirements. We discussed the results of the audit procedures performed with the Finance and Audit Committee.

expenses and income as well as on the tariff-based sales and procurement side. The tariffs are determined on the basis of planned costs. These volume- and tariff-related timing differences are recognised in the balance sheet as “surpluses or deficits” and reversed in future tariff periods in the income statement as “changes in volume- and tariff-related timing differences”.

The risk that the calculation of EBIT and the volume- and tariff-related timing differences are not determined as intended is a key audit matter, as this has a significant impact on the calculation of tariffs and the company's result.

Completeness and existence of net turnover and procurement costs

Key audit matter	How our audit addressed the key audit matter
In the 2024 financial year, Swissgrid reported net turnover of CHF 1,825.1 million (previous year: CHF 1,219.2 million) and procurement costs of CHF 684.5 million (previous year: CHF 899.9 million). Further information on net turnover and procurement costs can be found in the notes to the statutory financial statements in “1. Accounting principles” and “3. Net turnover and procurement costs”. Revenue is recognised in the income statement when the service is provided. For the activities defined in the ESA, the measurement of performance is mainly based on energy volumes measured directly on the transmission grid or registered by downstream grid levels. For individual sales and procurement items, the first billing values are available no earlier than six weeks after the service has been provided, meaning that accruals, estimates and assumptions based on historical and statistical data are required to recognise sales and procurement costs Net turnover and procurement costs are key figures in financial reporting and are therefore the focus of internal and external stakeholders. We consider the completeness and existence of net turnover and procurement costs to be a key audit matter due to their volume and the estimates and assumptions required to determine them.	We obtained an in-depth understanding of the company's accounting policies, assumptions and estimates, processes and methods with regard to revenue recognition and the recognition of procurement costs and, in particular, performed the following audit procedures: • IT-supported verification of the data consistency of the basic data used for revenue accrual and thus verification of the completeness of the invoiced net turnover and the procurement costs. • Checking the correct transfer of data between the various systems. • Testing the effectiveness of the key controls in the process of revenue accruals and procurement costs as at the balance sheet date. • Performing random checks of the existence of the transaction. • Plausibility check of changes in procurement items. We discussed the results of the audit procedures performed with the Finance and Audit Committee.

Other matter

The financial statements for the year ended 31 December 2023 were audited by another statutory auditor who expressed an unmodified opinion on those financial statements on 15 April 2024.

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board of Directors' responsibilities for the financial statements

The Board of Directors is responsible for the preparation of financial statements in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit

matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

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

Based on our audit according to article 728a para. 1 item 2 CO, we confirm that the Board of Directors' proposal complies with Swiss law and the Company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers AG

Thomas Wallmer
Licensed audit expert
Auditor in charge

Pascal Wintermantel
Licensed audit expert

Zürich, 14 April 2025

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