IWB ANNUAL REPORT

FINANCIAL REPORT 2023

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IWB

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ENVIRONMENT AND STRATEGY

In 2023, the Swiss Federal Council and the Parliament dealt with some important items of business around energy policy that will impact on IWB's operating activities. While much work continues to be done at the political and regulatory level, IWB moved further forward in developing its operating activities in the context of its Strategy 2021+. In the Canton of Basel-Stadt, the focus is on the transformation of heating; outside Basel-Stadt, IWB is establishing itself as a partner for renewable energy solutions for municipalities and customers.

ENVIRONMENT

After the turbulence on the energy markets and the threat of an energy shortage that shaped 2022, conditions in the energy sector normalized in 2023. Prices fell, but remained above the long-term average in 2023. An energy shortage failed to materialize. The winters of 2022/2023 and 2023/2024 were both mild, and gas storage facilities well filled. At the federal level, some important items of business around energy policy were taken forward in 2023: the Parliament adopted the Federal Act on a Secure Electricity Supply from Renewable Energy Sources. Bills aimed at accelerating the expansion of energy production facilities were also dealt with. The Federal Council adopted a draft mandate for negotiations with the European Union in December 2023 and commenced negotiations in March 2024. These negotiations are to include an electricity agreement. In the Canton of Basel-Stadt, IWB presented the gas decommissioning roadmap together with the Department for the Economy, Social Affairs and the Environment.

Switzerland: energy policy bills and electricity agreement

In June 2023, the Federal Council passed the acceleration bill to Parliament. In this bill, the Federal Council is proposing measures intended to accelerate approval procedures for renewable energy projects. For wind and solar power plants of national interest, there is to be a condensed cantonal planning approval procedure. This provides for a project to receive all approvals in a single procedure. By adopting the Federal Act on a Secure Electricity Supply from Renewable Energy Sources (Electricity Act) in the autumn 2023 session, Parliament cleared a major hurdle for a rapid and heavy expansion of renewable energy, the reinforcement of security of supply in Switzerland and climate neutrality by 2050. A referendum on the Electricity Act was called and will go to a popular vote in June 2024.

In December 2023, the Federal Council adopted a draft mandate for negotiations with the European Union. These are to include negotiations on an electricity agreement. The aim is for Swiss players to be able to participate in the European internal electricity market on an equal footing in future. The guidelines on the electricity agreement negotiations contain thirteen possible negotiation objectives for the electricity sector, including electricity market liberalization.

Canton of Basel-Stadt: expansion of district heating and decommissioning of the gas network

In September 2022, the Grand Council set 2037 as the target date for net zero with a view to meeting the Canton of Basel-Stadt's ambitious climate policy goals. In January 2023, it then decided that the use of natural gas to generate heat should be discontinued in the Canton of Basel-Stadt by 2037 and amended the IWB Act accordingly. In the reporting period, IWB pushed ahead with the planning so that it can meet the ambitious goal of decommissioning the gas network in the Canton of Basel-Stadt by 2037. In autumn 2023, IWB presented the gas decommissioning roadmap to the public together with the Department of Economy, Social and Environmental Affairs (WSU). IWB will take the gas distribution network in Basel-Stadt out of operation in stages in the period to 2037. The gas lines will generally be decommissioned at the end of their life so that any further investment in the network can be avoided. The initial stages of decommissioning will take place in 2026/2027; from 2028/2029 onwards, IWB will take around 1,000 gas connections off the network each year.

The decommissioning of the gas distribution network will be coordinated with the consolidation and expansion of district heating supplies. The procedure has been planned such that homeowners have sufficient lead time to convert their heating systems and to ensure that a district heating connection is available in good time in the district heating area.

STRATEGY AND OUTLOOK

Under its IWB 2021+ Strategy, IWB will offer its customers modern infrastructure, systematically implement decarbonization and leverage renewable energy for growth. In 2023, IWB took forward some important strategic projects.

Strategy
Through its corporate strategy, IWB is pursuing three strategic thrusts:

- **Providing modern infrastructure**
  IWB ensures that customers in the Basel region are supplied with electricity, heat, water, telecommunications and mobility. To this end, it maintains and modernizes smart and cost-efficient infrastructure.

- **Implementing decarbonization**
  In the Canton of Basel-Stadt, IWB is implementing the transition from fossil fuel to renewable heating and mobility together with its customers. At the same time, IWB remains a reliable partner to its customers in Northwest Switzerland and assists them in switching to renewable heating solutions.

- **Leveraging renewable energy for growth**
  IWB is leveraging its products and services for growth in Northwest Switzerland. In Switzerland, IWB trades in the widest possible range of integrated customer solutions and operates heating networks.

Outlook
Following a challenging 2022 dominated by the work to ensure security of supply, IWB has a positive outlook going forward. It is clear that the direction set under its Strategy 2021+ is still the right one. IWB will continue to ensure a high quality of supply, further developing the network infrastructure and expanding renewable heating supplies in Basel-Stadt. Increasingly, IWB is also positioning itself as a transition partner for municipalities and customers outside Basel-Stadt. The Company is developing new services around energy and site solutions for an efficient and ecological energy supply. To reinforce security of supply, IWB is developing projects for the expansion of renewable electricity supplies, particularly large photovoltaic installations.

IWB's core task is still to ensure that its customers are reliably supplied. In preparation for the energy shortage that failed to materialize in winter 2022/2023, IWB laid essential foundations to enable it to meet future challenges. As well as overcoming short- and medium-term challenges, IWB must also align its network infrastructure with structural and longer-term changes. The increase in decentralized, fluctuating energy being fed in from PV installations requires a smart electricity grid. In addition, IWB will further improve the maintenance and operation of all networks and implement the transformation of heating in the Canton of Basel-Stadt as planned. The focus here is on efficient implementation and ensuring a competitive and customer-focused offering.

The Federal Act on a Secure Electricity Supply from Renewable Energy Sources (Electricity Act) provides for a variety of measures for security of supply and lays essential foundations for a more rapid expansion of renewable energy. IWB sees opportunities associated with this and, among other things, wishes to achieve further growth in the PV installations segment. Together with its subsidiaries Planeco GmbH and Kunz-Solartech GmbH, IWB intends to benefit from the growth in solar. The introduction of local energy communities also offers IWB the opportunity to expand further in site solutions.

By further improving internal processes and using digital tools, the plan is to enhance customer interaction and further develop products and services according to customer requirements. The aim here is to increase the quality of products and services, cut costs and generate additional income. By implementing new, innovative business models, in vegetable carbon and hydrogen for example, IWB intends to continue positioning itself as a leading energy provider, while at the same time actively driving the energy transition.

IWB is also establishing itself as a transition partner outside Basel-Stadt.

FINANCIAL MANAGEMENT REPORT

Following last year's upheaval on the energy markets, the latter were noticeably calmer in the reporting period, although energy prices remained above the long-term average. In this persistently challenging environment, IWB generated an annual profit of CHF 128 million. The growth in operating income to a record CHF 1.3 billion more than offset the rise in operating expense to CHF 1.0 billion. The robust cash flow from operating activities enabled IWB to finance the investments of CHF 201 million in a reliable and sustainable energy and water supply and the expansion of the PV business entirely from its own funds.

OVERVIEW OF BUSINESS PERFORMANCE IN 2023

IWB generated a gratifying annual profit of CHF 128 million, of which CHF 127 million is attributable to the owner. Following the turbulence on the energy markets in the previous year, energy prices dropped sharply in the reporting period.

Operating income

Overall, IWB was able to increase operating income by 11 percent to CHF 1.3 billion in the current financial year (previous year: CHF 1.1 billion).

In addition to higher revenues from the supply of electricity in the free market and the growth in the PV business, the gas tariff increases put into effect towards the end of 2022 also had a positive impact on operating income. IWB smoothed out the sharp rises in gas procurement costs in 2022 to the benefit of its customers and passed them on after a time lag.

Electricity sales (– 6%) dropped due to customer attrition in the free market. Sales volumes of the thermal energy types gas (– 12%) and district heating including steam (– 1%) were lower due to the

IWB achieves a gratifying financial result in 2023.

Energy and potable water supplied
2019–2023

	Unit	2019	2020	2021	2022	**2023**	Compared with previous year
Energy and potable water supplied to IWB customers							
Electricity	GWh	1 051	1 061	1 079	1 236	1 161	– 6.1%
District heating	GWh	899	814	936	773	782	+1.2%
Gas	GWh	2 514	2 299	2 429	1 970	1 739	– 11.7%
Water	m m^3	21.0	21.3	19.5	19.8	19.6	– 1.0%
Other energy and potable water supplied							
Electricity supplied to third parties (trading)[1]	GWh	2 000	1 903	1 691	1 363	1 420	+4.2%
Electricity supplied to national payment systems[2]	GWh	531	557	462	407	442	+8.6%
Steam	GWh	133	126	133	113	96	– 14.9%
Gas supplied to IWB's own plants	GWh	622	564	714	495	499	+0.7%
Potable water supplied to other plants	m m^3	2.95	3.00	3.04	2.90	3.10	+6.9%

1 IWB electricity trading to balance production and sales.
2 Feed-in to national payment systems in Europe.

mild weather conditions, business customers switching from gas to alternative forms of energy and the population's cost-cutting efforts.

Operating expense
Energy procurement costs fell by 2 percent year on year to CHF 721 million (previous year: CHF 738 million). The decline in electricity procurement costs is due, firstly, to the lower prices in the reporting period. In addition, the higher volume produced by the Company itself in 2023 reduced procurement costs compared with the previous year. Due to the electricity shortage that had been feared, water was deliberately retained in the reservoirs in 2022, as a result of which the Company produced a lower volume itself and had to procure substitute electricity on the market. This decline in procurement costs was lessened by one-time items. Whereas the one-time effect of increasing a provision in connection with onerous energy procurement contracts pushed up procurement costs by CHF 4 million in the reporting period, the prior-year procurement costs were reduced by CHF 41 million.

The lower electricity procurement costs contrast with a year-on-year increase in gas procurement expense. The higher prices paid to procure gas are mainly the result of the precautions taken in connection with the natural gas shortage feared in winter 2022/2023, which were only passed on to IWB by the trans-regional procurement organization after a time lag. Due to its long-term procurement strategy, IWB was not able to benefit from the lower market prices in the reporting period until towards the end of the year.

Personnel expense increased by 11 percent to CHF 164 million in line with a higher headcount. This increase is mainly the result of the growth in the PV business, which, in addition to growing organically in the reporting period, was also bolstered by a company acquisition, and the additional personnel required due to the transformation of heating.

At CHF 151 million, other operating expense was 35 percent higher than in the previous year (CHF 112 million). The rise is attributable, firstly, to levies in connection with the electricity price controls introduced in France in the course of the previous year. Revenues from the sale of electricity that exceed the set price cap are siphoned off by the state and thus lead to higher levies. Secondly, the growth in the PV business results in a higher cost of materials than in 2022.

Depreciation, amortization and impairment
Depreciation and amortization expense increased by CHF 20 million year on year to EUR 102 million. Whilst the current year was negatively impacted by valuation allowances amounting to CHF 10 million, in the previous year IWB benefited from reversals of impairment losses abroad (CHF 9 million) as a result of high electricity market prices.

Result
The effects of the turbulence on the energy markets in 2022 were still visible in the current financial year. However, having generated an annual profit after minority interests of CHF 127 million (+119%), IWB can look back on a gratifying financial result.

CASH FLOWS AND FINANCIAL POSITION

Cash flows and investments
IWB was able to generate cash flow from operating activities of CHF 256 million in the reporting period (previous year: CHF 28 million). In addition to the improvement in the operating result, cash flow was also positively impacted by the reduction in working capital in the reporting period, during which IWB used the prepayments made in the previous year in connection with gas storage. As a result, the ratio of net cash from operating activities to EBITDA also increased, from 20 percent in the previous year to 112 percent in the reporting period. The cash flow generated from operating activities enabled gross

CHF **256** MILLION

Cash flow from operating activities allows IWB to invest heavily in security of supply and renewable energy production.

Changes in cash flows, investments and balance sheet
2019–2023, CHF m

	2019	2020	2021	2022 (adjusted)	**2023**
Cash flow from operating activities	217.7	221.9	181.8	28.3	255.6
Cash flow from investing activities (net)	– 123.6	– 106.4	– 142.8	– 144.3	– 189.1
Free cash flow	94.1	115.5	39.0	– 116.0	66.5
Cash and cash equivalents	129.6	130.0	71.2	131.7	118.5
Total assets	2 551.4	2 558.0	2 594.3	2 829.3	2 802.9
Non-current assets	2 208.2	2 216.9	2 209.2	2 286.9	2 338.3

investments amounting to CHF 201 million in the reporting period to be financed entirely from the Company's own funds. In connection with the expansion of district heating supplies in Basel, CHF 49 million was invested in district heating production and the district heating network (previous year: CHF 44 million). An additional CHF 22 million was used in the reporting period in connection with the acquisition of shares in wind farms in France and an equity interest in the PV sector. The amount spent on modernizing the electricity (CHF 36 million), gas (CHF 12 million) and potable water network (CHF 26 million) was CHF 10 million higher than in the previous year due mainly to the renovation of the Volta substation. These investments are central to a reliable and secure supply of energy and potable water.

In addition to the profit distribution of CHF 20 million disbursed to the Canton of Basel-Stadt for financial year 2022, financial liabilities amounting to a net CHF 58 million were settled in the reporting period.

Balance sheet, financing and liquidity
IWB's total assets declined slightly year on year to stand at CHF 2.8 billion. This decline is due in particular to the lower fair value of derivative financial instruments, which was only partly offset by the higher balance of tangible fixed assets. The decline in short-term financial liabilities is the result of repayments on loans. Thanks to the profit generated in the reporting period, the capital base increased from 67 percent in the previous year to 71 percent. At year-end, IWB also held cash and cash equivalents amounting to CHF 119 million. In 2024, these will be used to finance planned investments and disburse the profit distribution to the Canton of Basel-Stadt.

ALLOCATION OF VALUE ADDEDAND APPROPRIATION OF NET PROFIT

Of the net value added of CHF 315.5 million, CHF 163.6 million (52%) went to employees. IWB's obligations to the Canton of Basel-Stadt amounted to CHF 52.0 million. This includes the profit distribution of CHF 36.4 million scheduled for financial year 2023, the licence fee remitted in the amount of CHF 11.0 million, loan interest of CHF 0.6 million and other public service obligations of CHF 4.0 million. The CHF 3.5 million increase in the provision for onerous energy procurement contracts from local combined heat and power plants makes up the majority of the other public service obligations (previous year: the provision was reduced by CHF 8.0 million). The amount of the profit distribution to the Canton of Basel-Stadt is decided by the Government Council in accordance with section 29 of the IWB Act. Allocating undistributed profit to the reserves bolsters the capital base and increases the scope for future investments.

TARIFFS

Electricity tariffs
For private customers, IWB announced a tariff increase of 7 percent on average as of January 2024, which by Swiss standards is a moderate increase. Costs were pushed higher by the portion for grid usage in particular and less so by the portion for electrical energy. In the case of grid usage, IWB passes on the rising costs of upstream grids and system services provided by Swissgrid. For the first time, the national winter power reserve set up by the Swiss federal government is also included,

71 %

IWB has a sound equity ratio of 71%.

Net value added and its allocation to stakeholders
2019–2023, CHF m

	2019	2020	2021	2022	**2023**
Net value added	294.5	266.5	287.4	216.1	315.5
Employees	123.7	133.9	141.3	148.1	163.6
Creditors (interest)	6.9	5.3	4.4	2.4	5.0
Public sector (taxes and levies)[1]	7.0	6.5	4.8	3.5	4.4
Owner (Canton)	44.0	47.1	52.0	24.5	52.0
Profit distribution[2]	35.0	33.7	42.3	20.3	36.4
Interest on loans	0.8	0.5	0.6	0.7	0.6
Licence fee paid to Basel-Stadt	11.6	11.0	11.0	11.0	11.0
Public service obligations[3]	– 3.4	1.9	– 1.9	– 7.5	4.0
Company (retained earnings)	112.9	73.8	84.9	37.6	90.5

1 The item comprises the licence fees paid to municipalities outside the Canton of Basel-Stadt.
2 The profit distribution is disbursed in the year following the financial year ended.
3 In 2021 and 2022, the item consisted mainly of the amount by which the provision for CHP plants was partially released.

System average interruption duration index – SAIDI [1]
2019–2023, minutes per year per customer

	2019	2020	2021	2022	**2023**
Electricity	4.55	5.72	9.68	6.16	6.58
District heating	6.53	9.55	11.71	9.43	1.11
Gas	0.12	0.03	0.02	0.06	0.03
Potable water	4.22	7.07	8.32	6.35	10.21

1 The system average interruption duration index (SAIDI) calculates the average duration of power supply interruptions per customer (point of measurement).

becoming the biggest driver of costs. In the case of its current electricity tariffs, energy supply and grid usage – components over which IWB has control – are slightly below the Swiss average overall. When comparing electricity tariffs, it is important to bear in mind that the Canton of Basel-Stadt levies an incentive tax that initially raises the electricity tariff, but is fully reimbursed to customers.

Potable water tariffs
For the first time since January 2020, IWB raised water tariffs by 7 percent on average with effect from 1 April 2024. The key factors behind the adjustment were higher operating and maintenance costs: more expensive materials procurement for potable water networks and potable water production, such as the price of activated carbon used in filtering, and investments in security of supply. The potable water tariffs for smaller households are slightly below and those for larger households slightly above the Swiss average.

District heating and gas tariffs
Tariffs for both district heating and gas remained the same in the reporting period. Gas tariffs are in line with the Swiss average; district heating tariffs for smaller households are average and those for larger installations slightly above average.

SECURITY OF SUPPLY

IWB is committed to ensuring the provision of electricity, district heating, gas and potable water without significant outages or restrictions. The regular maintenance and continuous renovation of the networks together with well-trained employees and an efficient on-call service unit are key to minimizing outages and keeping them as brief as possible. In 2023, interruption duration times were low across all IWB networks. In district heating supplies in 2023, they were lower than in previous years, as IWB carried out more leak location work, thereby preventing unplanned interruptions. In potable water supplies, unplanned interruptions rose slightly. This was due, firstly, to age-related wear and tear on isolation valves, which led to some relatively large-scale, unplanned shutdowns on sections of the network. Secondly, IWB also continued to expand leak location on the potable water network. As leaks are often repaired directly in the course of this work, unannounced interruptions to potable water supplies occur more frequently than they did in the past.

FINANCIAL OUTLOOK

The Government Council’s owner strategy requires IWB to make its operations financially sustainable so as to safeguard its profitability and maintain or increase its assets. The decarbonization of heating under way in the Canton of Basel-Stadt and the rest of IWB’s supply area and the necessary investments in a reliable supply of energy and water will require large investments going forward, just as the pressure on margins is becoming greater. In accordance with the 2023–2026 mandate, IWB intends to finance the majority of those investments itself to the extent that the costs can be covered through adequate tariffs and contributions.

As regards the required financing, decarbonization in particular harbours inherent conflicts between profitability-, ecology- and pricing-related objectives. Against this background, IWB will work on the strategic thrusts in a targeted manner, thereby ensuring that the existing business is further optimized and renewable energy is consistently leveraged for growth. This will generate a crucial portion of the resources necessary for the transformation.

Financial year 2024 will also be impacted by geopolitical tensions, the resulting effects on energy prices and the trend in both inflation and interest rates. Faced with these challenges, IWB is benefiting from its sound capital base and its positioning as a multi utility company.

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated income statement [GRI 2-6]
As at 31 December 2023 with prior-year comparative amounts, in CHF 000s

	Notes	2022 (adjusted[1])	**2023**
Net sales from goods and services		1 072 918	1 217 673
Own work capitalized		29 741	29 136
Other operating income		35 214	18 122
Operating income	3	**1 137 873**	**1 264 931**
Energy procurement expense	4	– 737 609	– 721 490
Personnel expense	5	– 148 067	– 163 625
Other operating expense	6	– 111 543	– 150 574
Operating expense		**– 997 219**	**– 1 035 689**
Operating result before depreciation and amortization (EBITDA)		**140 654**	**229 242**
Depreciation and impairment/reversal of impairment of tangible fixed assets	15	– 72 578	– 90 462
Amortization and impairment of intangible assets	16	– 9 808	– 11 836
Operating result (EBIT)		**58 268**	**126 944**
Financial expense	7	– 12 403	– 14 880
Financial income	7	11 110	9 533
Profit of associates	17	6 982	9 245
Result before taxes (EBT)		**63 957**	**130 842**
Income taxes	8	– 5 744	– 2 703
Profit for the financial year		**58 213**	**128 139**
Attributable to the owner		57 901	126 943
Attributable to minority interests		312	1 196

1 See note 1.

Consolidated balance sheet [GRI 2-6]
As at 31 December 2023 with prior-year comparative amounts, in CHF 000s

	Notes	2022 (adjusted[1])	2023
Current assets		**542 403**	**464 597**
Cash and cash equivalents	9	131 696	118 528
Short-term derivative financial instruments	10	58 196	4 445
Receivables from goods and services	11	169 725	188 665
Other short-term receivables	12	13 057	13 111
Inventories	13	40 457	52 329
Prepayments and accrued income	14	129 272	87 519
Non-current assets		**2 286 862**	**2 338 275**
Tangible fixed assets	15	1 878 142	1 927 104
Intangible assets	16	55 357	60 463
Financial assets	17	314 084	333 388
Long-term derivative financial instruments	10	16 032	224
Long-term prepayments, accrued income and other receivables	18	23 247	17 096
Total assets		**2 829 265**	**2 802 872**
Total liabilities		**932 631**	**806 657**
Current liabilities		**566 820**	**481 168**
Short-term financial liabilities	22	288 077	237 041
Short-term derivative financial instruments	10	58 196	4 445
Payables from goods and services		124 691	120 679
Other short-term liabilities	19	25 107	37 967
Short-term provisions	20	3 455	20 824
Accrued liabilities and deferred income	21	67 294	60 212
Non-current liabilities		**365 811**	**325 489**
Long-term financial liabilities	22	143 250	135 928
Long-term derivative financial instruments	10	16 032	224
Long-term accrued liabilities and deferred income	23	44 241	43 047
Long-term provisions	20	162 288	146 290
Total equity including minority interests		**1 896 634**	**1 996 215**
Equity attributable to the shareholder		**1 894 624**	**1 993 460**
Endowment capital		530 000	530 000
Retained earnings		1 306 723	1 336 517
Profit for the financial year		57 901	126 943
Minority interests		**2 010**	**2 755**
Total liabilities and equity		**2 829 265**	**2 802 872**

1 See note 1.

Consolidated cash flow statement [GRI 2-6]
As at 31 December 2023 with prior-year comparative amounts, in CHF 000s

	Notes	2022 (adjusted[1])	**2023**
Profit for the financial year including minority interests		58 213	128 139
Depreciation of tangible fixed assets	15	81 319	80 958
Amortization of intangible assets	16	9 069	11 333
Impairment	15, 16, 17	2 697	10 630
Reversal of impairment	15, 17	– 11 324	– 430
Share of profit of associates	17	– 6 982	– 9 245
Dividends from associates	17	6 827	8 283
Foreign currency adjustment on financial assets		– 931	– 369
Capitalized interest on financial assets/financial liabilities		0	74
Gain/loss on disposal of non-current assets		1 068	862
Gain/loss on disposal of consolidated entities		0	– 3 345
Recognition/release of provisions	20	– 36 052	4 773
Use of provisions	20	– 10 099	– 1 609
Change in receivables from goods and services		– 38 185	– 19 212
Change in inventories		– 24 767	– 6 694
Change in other receivables, prepayments and accrued income		– 38 281	41 597
Change in long-term prepayments and accrued income		7 577	207
Change in payables from goods and services		16 233	– 5 278
Change in other short-term liabilities, accrued liabilities and deferred income		11 042	16 136
Change in long-term accrued liabilities and deferred income		918	– 1 194
Cash flow from operating activities (operative cash flow)		**28 342**	**255 616**
Investments in tangible fixed assets	15	– 138 032	– 157 912
Disposals of tangible fixed assets	15	109	271
Investments in intangible assets	16	– 10 482	– 9 962
Investments in financial assets	17	– 3 775	– 21 235
Disposals of financial assets	17	7 898	6 956
Net cash flow from the acquisition of consolidated entities		0	– 11 062
Net cash flow from the disposal of consolidated entities		0	4 203
Net cash flow from the acquisition of minority interests		0	– 348
Cash flow from investing activities		**– 144 282**	**– 189 089**
Profit distributions to the owner		– 42 300	– 20 300
Profit distributions to minority interests		– 247	– 110
Issuance of financial liabilities		301 096	165 955
Repayment of financial liabilities		– 81 496	– 223 668
Cash flow from financing activities		**177 053**	**– 78 123**
Exchange differences		– 569	– 1 572
Change in cash and cash equivalents		**60 544**	**– 13 168**
Cash and cash equivalents at 1 January		71 152	131 696
Cash and cash equivalents at 31 December		131 696	118 528
Net change in cash and cash equivalents		**60 544**	**– 13 168**

1 See note 1.

Statement of changes in consolidated equity [GRI 2-6]
As at 31 December 2022 and 31 December 2023, in CHF 000s

	Endowment capital	Retained earnings	Accumulated exchange differences	**Total equity attributable to the shareholder**	Minority interests	**Total equity including minority interests**
Balance as at 1 January 2022	**530 000**	**1 370 722**	**– 15 871**	**1 884 851**	**1 960**	**1 886 811**
Profit for the financial year	0	57 901	0	57 901	312	58 213
Exchange differences	0	0	– 5 828	– 5 828	– 15	– 5 843
Profit distributions[1]	0	– 42 300	0	– 42 300	– 247	– 42 547
Balance as at 31 December 2022	**530 000**	**1 386 323**	**– 21 699**	**1 894 624**	**2 010**	**1 896 634**
Balance as at 1 January 2023	**530 000**	**1 386 323**	**– 21 699**	**1 894 624**	**2 010**	**1 896 634**
Change in the scope of consolidation	0	0	– 568	– 568	0	– 568
Profit for the financial year	0	126 943	0	126 943	1 196	128 139
Change in non-controlling interests	0	0	0	0	– 154	– 154
Exchange differences	0	0	– 7 239	– 7 239	– 187	– 7 426
Profit distributions[1]	0	– 20 300	0	– 20 300	– 110	– 20 410
Balance as at 31 December 2023	**530 000**	**1 492 966**	**– 29 506**	**1 993 460**	**2 755**	**1 996 215**

1 Profit distributions to minority interests relate to the IWB Renewable Power AG subgroup, where possible profit distributions are decided upon at the subsidiaries' general meeting.

A profit distribution for financial year 2023 is expected to be disbursed to the owner of IWB in the second quarter of 2024. The owner will decide on the amount once these consolidated financial statements have been audited by the statutory auditor. The Board of Directors of IWB is applying to the Government Council of the Canton of Basel-Stadt for a profit distribution of CHF 36.4 million.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

IWB Industrielle Werke Basel (the Company or IWB) and its subsidiaries (together the Group) operate primarily in the Greater Basel Area and in Northwest Switzerland. IWB is a multi utility company, supplying its customers with electricity, heat, water, telecommunications and mobility. IWB is an independent public entity that was spun out of the Basel-Stadt cantonal administration on 1 January 2010 and is wholly owned by the Canton of Basel-Stadt. It has endowment capital of CHF 530 million.

The 2023 consolidated financial statements were approved by the IWB Board of Directors for submission to the Government Council of the Canton of Basel-Stadt on 18 April 2024. The Government Council is expected to approve the consolidated financial statements and decide on the amount of the profit distribution at its meeting on 30 April 2024.

ACCOUNTING PRINCIPLES

These consolidated financial statements were prepared in accordance with the existing Swiss GAAP ARR (Accounting and Reporting Recommendations) and comply with Swiss GAAP ARR (ARR) as a whole. The consolidated financial statements present a true and fair view of the financial position, results of operations and cash flows and were prepared on a going concern basis. The figures are presented in Swiss francs (CHF), with the exception of the share capital of investments in foreign entities, which is stated in the local currency. Unless stated otherwise, all amounts were rounded up or down to the nearest thousand. This may lead to rounding differences between the notes and the other components of the consolidated financial statements.

The consolidated income statement and balance sheet disclosures comment on changes that are significant to the reporting.

CONSOLIDATION PRINCIPLES

Scope of consolidation
The consolidated financial statements are based on the annual financial statements of the companies in the IWB scope of consolidation prepared as at 31 December 2023 in accordance with uniform principles.

The scope of consolidation comprises the companies in which IWB is invested directly or indirectly and where it is able to control or exercise significant influence over the financial and operating activities. Investments are included in the scope of consolidation from the date of acquisition, which is the date on which IWB actually obtains control or significant influence. Companies sold during the year are removed from the scope of consolidation from the date of disposal or from the date on which control or significant influence is actually lost.

All other investments are recognized at cost as financial assets within non-current assets.

The scope of consolidation and the other investments are listed in note 27 along with the consolidation method used and additional information.

Group companies
In addition to the parent, IWB, Group companies are companies which IWB controls directly or indirectly. Their assets, liabilities, income and expenses are included in the consolidated financial statements in accordance with the principles of full consolidation. Joint ventures are proportionately consolidated. Acquisitions are accounted for using the purchase method. The net assets of companies acquired in the reporting period are revalued in accordance with uniform Group principles at the acquisition date. Any excess of the purchase price over the share of the net assets acquired is recognized as goodwill and amortized through profit or loss over a period of five years.

Non-controlling interests (minority interests) in the equity and the profit or loss for the financial year of a Group company are presented separately in equity and in the income statement.

In exceptional circumstances, the contractual arrangements provide for joint control (joint ventures). The balance sheet and income statement items of these investments are proportionately consolidated based on IWB's equity interest.

Investments in associates and partner plants [GRI 2-2]

Associates are investments where IWB is able to exercise significant influence over the financial and operating policy but which it does not control. It is presumed that IWB has significant influence if it holds 20 to 50 percent of the voting rights directly or indirectly. Associates are accounted for using the equity method.

The share of the net assets of an associate is determined at the acquisition date and recognized together with any goodwill as a financial asset in the Associates item. Following the acquisition, the value of the investment is adjusted for the share of the changes in the equity of the company held. The included goodwill is amortized through profit or loss over a period of five years.

Due to contractual arrangements, investments in large hydropower plants (partner plants) are controlled by IWB jointly with partners. Under the existing partner agreements, the shareholders in these partner plant companies are usually obliged to assume the annual costs attributable to their interest (including interest and, depending on the partner agreement, including repayments on borrowings). Investments in partner plants are accounted for using the equity method, as IWB is able to exercise significant influence over the investments, but does not have control. Balances and transactions with associates are presented separately in each case. As at 31 December 2023, the share of the assets of the partner plants attributable to IWB amounted to CHF 757 million and the share of the interest-bearing liabilities to CHF 507 million (previous year: CHF 760 million and CHF 501 million respectively).

Intragroup transactions

Intragroup receivables, liabilities and transactions, intercompany profits and interests in the equity of a Group company are eliminated on consolidation.

The energy produced by the partner plants is charged to shareholders at their share of the annual cost of production.

Reporting currency and currency translation

The consolidated financial statements are prepared in Swiss francs (CHF). The financial statements of the Group companies are prepared in the local currency. The foreign currency items contained in these single-entity financial statements are recognized at the rate at the transaction date (current rate) and taken to the income statement at the closing rate at year-end, meaning that the resulting exchange differences are included in profit or loss.

The financial statements of foreign Group companies in foreign currency are translated into the Group currency for inclusion in the consolidated financial statements as follows: current assets, non-current assets and liabilities are translated at year-end rates (closing rate), equity is translated at historical rates, and the income and cash flow statements are translated at the average rates for the year. The translation differences arising in the process are recognized directly in equity (accumulated exchange differences).

Exchange rates used
in CHF

	Income statement Average rates for the year		Balance sheet Year-end rates (closing rates)	
	2022	**2023**	2022	**2023**
EUR 1	1.00471	0.97230	0.98470	0.92600

Foreign currency effects on intragroup loans are recognized directly in equity until the repayment date unless, at the date when the loan is granted, the consolidated equity ratio of 40 percent set out in the IWB Act is exceeded at the subsidiary. These loans are used as long-term financing for project operating companies and have the characteristics of equity financing. Foreign currency effects on intragroup loans to subsidiaries with a higher ratio are recognized in the income statement.

ACCOUNTING POLICIES

Significant changes in accounting policies
There were no significant changes in the accounting policies in the reporting period.

Changes in the presentation of the annual financial statements
IWB regularly reviews the presentation of its annual financial statements in terms of transparency, accuracy and understandability. In the event of insignificant adjustments or corrections, the prior-year amounts are adjusted accordingly and briefly explained in the note.

Sales and revenue recognition
Sales include revenues from energy and water supplied to our customers and national grid operators, income from energy trading for the purpose of managing our own production portfolio and revenues from services, in particular waste treatment and telecommunications. Sales are recognized in the income statement at the delivery date or the date on which the services are provided, at the amount receivable less value-added tax. If a transaction has multiple discrete components, these are recognized and measured separately.

Sales from customers whose meters are not read monthly are accounted for on an accrual basis and part payments recognized outside profit or loss in the balance sheet. Sales are accounted for on an accrual basis by simulating the volumes expected to be sold to the individual customers based on past consumption patterns, current climatic trends over the simulation period and actual feed-in volumes and measuring them at the applicable tariffs.

Prepayments from customers for granting rights of use are stated as accrued liabilities and deferred income on receipt of the payment and recognized as sales on a straight-line basis over the term of the contract. The sales comprise a revenue portion and a financing component. The latter is recognized in profit or loss as financial expense over the term of the contract.

Energy transactions are recognized based on the underlying motive for the trade. Transactions for the purpose of actively managing the power plant portfolio or for the physical settlement of energy procurement and supply contracts are recognized in the income statement of the electricity segment, with a distinction made between “Own use” and “Extended trading activity” on the basis of defined criteria. Presentation in the income statement follows this logic:

- “Own use” comprises trading positions that are handed over for trading in order to implement the hedging strategy.
- “Extended trading activity” comprises all trading positions that arise as a result of hedging activity under the asset-backed trader strategy.
- “Own use” transactions are recognized on a gross basis, that is both in sales and in energy procurement expense, whereas extended transactions designated as hedging transactions for the purpose of active portfolio management are presented on a net basis.

Intermediary transactions, which are likewise geared to physical settlement, are also carried out for the purpose of extended production portfolio management. However, the underlying derivatives in those transactions qualify as a financial instrument under ARR 27, as they are not for hedging purposes. At the balance sheet date, they are recognized in the balance sheet at fair value on a gross basis. The underlying revenues and expenses are offset at transaction values and recognized in the income statement on a net basis.

Own work capitalized
Own work capitalized comprises the wage and salary expenses, indirect materials costs and indirect labour costs incurred in connection with construction and renovation work on supply systems and production facilities that is performed by the entity itself. These costs are capitalized and presented separately within operating income.

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand, postal and bank account balances and short-term investments with financial institutions with a remaining term of no more than three months. Cash and cash equivalents are stated at their nominal amounts.

The fund comprising cash and cash equivalents provides the basis for the presentation of the cash flow statement. Cash flow from operating activities is calculated using the indirect method.

Receivables from goods and services
Receivables are carried in the balance sheet at their nominal amounts. Appropriate value adjustments are recognized to cover existing risks and specific valuation allowances recognized for any individual risks identifiable. An allowance calculated on an ongoing basis and based on the total amount of accounts receivable (allowance for doubtful accounts) is recognized for general credit risk. Receivables older than 90 days are written down

by 20 percent, receivables older than 180 days by 35 percent and receivables older than 365 days by 70 percent.

Inventories
Inventories are stated at the lower of their average cost (acquisition cost) and the net selling price. The certificates of origin and emission certificates for electricity, gas and district heating measured using the first in, first out (FIFO) method are also presented as inventories.

A value adjustment calculated on the basis of economic criteria is recognized for the risks of loss and obsolescence, in particular taking into account the rate of turnover of individual groups of goods.

A global valuation allowance amounting to half of the carrying amount and taking into account probability of use is recognized for the production facilities' inventories of spare parts.

Derivative financial instruments
Derivative financial instruments are used to hedge interest rate and currency risk on expected cash flows that are highly probable to occur. In accordance with ARR 27, they are disclosed in the notes to the financial statements and not recognized in the balance sheet.

Forward contracts in energy trading that are used for the purpose of actively managing the production portfolio and for the physical settlement of energy procurement and supply contracts are not recognized in the balance sheet. They are disclosed in the notes to the financial statements, as they are used to hedge future cash flows that are highly likely to occur.

Intermediary transactions involving forward contracts in energy trading that are used for the purpose of extended production portfolio management and physically settled qualify as financial instruments under ARR 27, as they are not for hedging purposes; at the reporting date, they are measured and recognized in the balance sheet. Their positive and negative fair values are in each case presented on a gross basis under derivative financial instruments (assets and liabilities).

Tangible fixed assets
Tangible fixed assets are recognized if they are clearly identifiable and their costs can be reliably determined. In addition, they must yield measurable benefits for the entity over several years. Tangible fixed assets are recognized at cost if this exceeds the threshold for recognition, less accumulated depreciation and impairment.

Tangible fixed assets are depreciated on a straight-line basis, i.e. the cost is allocated in equal amounts to the years of the useful lives typical in the industry, although a different useful life may be used if this can be justified. The useful life and the existence of indications of impairment are reviewed annually. Land is only written down in the event of a sustained decline in value.

If the entity has an obligation to dismantle assets, the present value of the estimated dismantling costs is recognized in the cost of the asset.

Useful life

Asset category	Years
Land	Only if impaired
Buildings	50–80
Distribution facilities	25–80
Technical installations, distribution facilities	5–50
Production facilities	10–50
Operating equipment and motor vehicles	3–15

Installed meters
Meters are initially measured at cost and written down on a straight-line basis over their useful life until derecognized for scrapping. Meters are presented as equipment and facilities under tangible fixed assets within non-current assets (see note 1).

Intangible assets
Intangible assets mainly comprise transmission rights and rights of use, software and goodwill arising on acquisitions. Intangible assets are recognized if they are clearly identifiable and their costs can be reliably determined. They must yield measurable benefits for the entity over several years. Intangible assets are stated at cost less any necessary amortization, which is applied on a straight-line basis over the useful life of the asset. The useful life and the existence of indications of impairment are reviewed annually.

Useful life

Asset category	Years
Goodwill	5
Transmission rights and rights of use	25–60
Software	5
Other	5

Financial assets
In addition to loans and deferred tax assets, financial assets also include investments that are not fully or proportionately consolidated. Depending on the interest held and whether it is possible to exercise influence, these investments are accounted for using the equity method or recognized at cost less any necessary write-downs (see scope of consolidation).

Loans are recognized at their nominal amounts less any necessary write-downs.

Impairment and reversal of impairment of non-current assets
At each balance sheet date, assets are assessed to establish whether there are indications of impairment, in which case the current recoverable amount of the asset is determined and compared against its carrying amount (impairment test). If the carrying amount exceeds the recoverable amount, an impairment loss is recognized in the income statement. Recoverable amount is the higher of net selling price and value in use. Value in use is calculated on the basis of the expected future economic inflows using a discount rate appropriate to the risk. This rate is determined using a recognized method and takes into account risk factors associated with the individual asset. Goodwill is tested for impairment at the level of the smallest group of assets to which it can be allocated.

Reversals of impairment losses are recognized if there is a sustained and significant improvement in the assumptions taken into account in determining and recognizing the impairment losses.

Accruals and deferrals
Under accrual basis accounting, assets and liabilities are presented correctly as at the balance sheet date, and income and expenses are recognized in the income statement in the period in which they arise.

Liabilities
All liabilities are recognized at their nominal amounts.

Provisions
Provisions are recognized for constructive and legal obligations arising from past events and for expected risks and losses from existing agreements. Their amount is based on the estimate made by management in connection with the economic risk and reflects the expected future cash outflow at the balance sheet date. The provisions are reviewed on a regular basis and adjusted taking into account current developments.

If the time value of money is material, the expected cash flows are discounted in order to determine the amount of the provision. Interest rates that reflect current market assessments of the time value of money and the risks specific to the liability are used for discounting.

Deferred taxes
Deferred tax assets and liabilities are determined using the balance sheet liability method. They take into account future effects on income taxes using the tax rate expected to apply to the taxable entity when the asset is realized/liability settled or, if that is not known, the tax rate at the balance sheet date.

A deferred tax asset for tax loss carryforwards is only recognized to the extent that future profits are expected during the period before expiry against which the loss carryforwards can be offset.

Deferred tax assets are presented under financial assets and deferred tax liabilities under long-term provisions.

Pension benefit obligations
All employees of the public entity IWB are affiliated to the Pension Fund of the Canton of Basel-Stadt (PKBS). The pension plans are financed through employer and employee contributions. Employees of the other Swiss Group companies are insured with various collective pension foundations operating under the Federal Act on Occupational Old Age, Survivors' and Invalidity Pension Provision. The investments abroad do not employ any staff.

The economic effects of the pension plans on IWB are in each case assessed at the balance sheet date. Any economic benefit arising from a surplus is recognized if it is permitted and intended to use this to reduce the Group's future pension expense. An economic obligation is recognized if the requirements for recognizing a provision are met.

Related parties
The Canton of Basel-Stadt, including the PKBS and the other cantonal operations, the associates and the members of management and the Board of Directors are related parties.

Contingent liabilities
Possible or existing liabilities for which a cash outflow is considered improbable are not recognized in the balance sheet, but are disclosed in the notes as contingent liabilities.

Earnings per ownership right
The endowment capital of CHF 530 million is not subdivided into individual ownership rights or shares. Profit for the financial year is therefore the earnings per ownership right required to be presented under Swiss GAAP ARR 31. There are no dilutive effects.

1 RESTATEMENT OF THE ANNUAL FINANCIAL STATEMENTS

Installed meters
Installed meters were previously recognized as long-term inventories within non-current assets and the related depreciation expense was allocated accordingly to other operating expense. As these meters are used to provide services (to supply energy and water), they are required to be recognized as tangible fixed assets in accordance with ARR 18. As a result, the depreciation expense is presented in the income statement under depreciation and impairment of tangible fixed assets. This adjustment ensures clearer classification and presentation in the balance sheet and the income statement, as similar items are therefore combined.

Derivative financial instruments
In accordance with the accounting principles applied, forward contracts in energy trading that result from physically settled intermediary transactions are presented in the balance sheet as “Derivative financial instruments” at their fair values on a gross basis. The values were previously presented in full under current assets or current liabilities. The fair values of contracts with a delivery date more than twelve months after the balance sheet date are now disclosed as non-current assets or non-current liabilities.

The prior-year figures were adjusted accordingly to ensure comparability. These changes had no effect on reported profit for the financial year or equity.

The adjustments had the following effects on the income statement, the balance sheet and the cash flow statement:

Consolidated income statement (condensed)
2022 adjusted, in CHF 000s

	2022 reported	Adjustment	**2022 adjusted**
Operating income	**1 137 873**	**0**	**1 137 873**
Energy procurement expense	– 737 609		– 737 609
Personnel expense	– 148 067		– 148 067
Other operating expense	– 114 594	3 051	– 111 543
Operating expense	**– 1 000 270**	**3 051**	**– 997 219**
Operating result before depreciation and amortization (EBITDA)	**137 603**	**3 051**	**140 654**
Depreciation and impairment/reversal of impairment of tangible fixed assets	– 69 527	– 3 051	– 72 578
Amortization and impairment of intangible assets	– 9 808		– 9 808
Operating result (EBIT)	**58 268**	**0**	**58 268**
Result before taxes (EBT)	**63 957**	**0**	**63 957**
Profit for the financial year	**58 213**	**0**	**58 213**
Attributable to the owner	57 901		57 901
Attributable to minority interests	312		312

Consolidated balance sheet (condensed)
As at 31 December 2022 adjusted, in CHF 000s

	2022 reported	Adjustment	**2022 adjusted**
Current assets	**558 435**	**– 16 032**	**542 403**
Cash and cash equivalents	131 696		131 696
Short-term derivative financial instruments	74 228	– 16 032	58 196
Receivables from goods and services	169 725		169 725
Other short-term receivables	13 057		13 057
Inventories	40 457		40 457
Prepayments and accrued income	129 272		129 272
Non-current assets	**2 270 830**	**16 032**	**2 286 862**
Tangible fixed assets	1 862 677	15 465	1 878 142
Intangible assets	55 357		55 357
Financial assets	314 084		314 084
Long-term inventories	15 465	– 15 465	n.a.
Long-term derivative financial instruments	n.a.	16 032	16 032
Long-term prepayments, accrued income and other receivables	23 247		23 247
Total assets	**2 829 265**	**0**	**2 829 265**
Total liabilities	**932 631**	**0**	**932 631**
Current liabilities	**582 852**	**– 16 032**	**566 820**
Short-term financial liabilities	288 077		288 077
Short-term derivative financial instruments	74 228	– 16 032	58 196
Payables from goods and services	124 691		124 691
Other short-term liabilities	25 107		25 107
Short-term provisions	3 455		3 455
Accrued liabilities and deferred income	67 294		67 294
Non-current liabilities	**349 779**	**16 032**	**365 811**
Long-term financial liabilities	143 250		143 250
Long-term derivative financial instruments	n.a.	16 032	16 032
Long-term accrued liabilities and deferred income	44 241		44 241
Long-term provisions	162 288		162 288
Total equity including minority interests	**1 896 634**	**0**	**1 896 634**
Total liabilities and equity	**2 829 265**	**0**	**2 829 265**

Consolidated cash flow statement (condensed)
2022 adjusted, in CHF 000s

	2022 reported	Adjustment	**2022 adjusted**
Cash flow from operating activities (operative cash flow)	**26 085**	**2 257**	**28 342**
Cash flow from investing activities	**– 142 025**	**– 2 257**	**– 144 282**
Cash flow from financing activities	**177 053**	**0**	**177 053**
Exchange differences	– 569		– 569
Change in cash and cash equivalents	**60 544**	**0**	**60 544**

2 CHANGES IN THE SCOPE OF CONSOLIDATION

In the reporting period, IWB acquired a 100 percent equity interest in Kunz-Solartech GmbH, which specializes in solar panel construction and operates in the Mittelland region. IWB also acquired all shares in a wind farm in France and increased its equity interest in a biogas treatment plant in Germany by 25.1 percent (previously 74.9 percent). IWB therefore owns all shares in the company. In France, IWB sold its equity interest in the wind farm Maisnières SAS with effect from 16 October 2023 (previously 100 percent), as a result of which only the net income recognized up until that date is included in the consolidated financial statements.

Changes in the scope of consolidation
2023

Investment/country	Transaction type	Interest acquired or disposed of	Post-transaction interest	Transaction date
Kunz-Solartech GmbH, Switzerland	Acquisition	+100%	100%	1 June 2023
Parc Eolien de Rageade I SARL, France	Acquisition	+100%	100%	1 Nov. 2023
ASVK Zweite Energie GmbH & Co. KG, Germany	Increase in equity investment	+25.1%	100%	1 May 2023
Maisnières SAS, France	Disposal	– 100%	0%	16 Oct. 2023

Assets and liabilities acquired and assumed in acquisitions or transferred in disposals are presented in the further notes as changes in the scope of consolidation. Net assets acquired are recognized at their current fair value.

Impact of the acquisitions
in CHF 000s

	Notes	**Recognized amounts**
Cash and cash equivalents		312
Receivables, prepayments and accrued income		1 414
Inventories and work in progress		5 178
Tangible fixed assets	15	1 905
Financial assets	17	60
Financial liabilities	22	– 1 183
Other liabilities, provisions, accrued liabilities and deferred income	19, 20, 21	– 3 765
Total net assets acquired		**3 921**
Purchase price		– 11 374
Share of goodwill	16	7 453
Purchase price		– 11 374
Cash and cash equivalents acquired		312
Net cash outflow		– 11 062

Impact of the sale
in CHF 000s

	Notes	Recognized amounts
Cash and cash equivalents		– 4 512
Receivables, prepayments and accrued income		– 701
Tangible fixed assets	15	– 4 225
Other liabilities, provisions, accrued liabilities and deferred income	19, 20, 21	4 636
Total net assets acquired		**– 4 802**
Sale price		8 715
Recycling of accumulated exchange differences		– 568
Gain/loss on disposal		– 3 345
Sale price		8 715
Cash and cash equivalents disposed of		– 4 512
Net cash inflow		4 203

3 SEGMENTS

Income statement
As at 31 December 2022, in CHF 000s

	Electricity	Heat	Water	Telecommunications	Waste treatment	Other	**Total**
Operating income	604 209	392 028	45 712	17 078	31 355	47 491	**1 137 873**
Operating result (EBIT)	67 013	– 2 243	6 261	– 1 783	190	– 11 170	**58 268**

Income statement
As at 31 December 2023, in CHF 000s

	Electricity	Heat	Water	Telecommunications	Waste treatment	Other	**Total**
Operating income	673 011	420 274	45 916	16 676	33 209	75 845	**1 264 931**
Operating result (EBIT)	149 016	– 18 098	1 894	2 275	1 129	– 9 272	**126 944**

At CHF 1,264.9 million in the reporting period, operating income was 11 percent up on the previous year (CHF 1,137.9 million), a rise primarily attributable to the Electricity, Heat and Other segments. In the Electricity segment, operating income increased due especially to higher sale prices for the supply of electricity in the free market and higher revenues from direct marketing in France. Whilst the higher operating income in the Heat segment is mainly attributable to the gas tariff increase put into effect towards the end of 2022, the growth in the Other segment is the result of the expansion of the PV business.

The operating result (EBIT) rose sharply year on year, from CHF 58.3 million to CHF 126.9 million. The rise is due mainly to the improvement in the result in the Electricity segment. In addition to higher operating income, this sharp rise in the segment result was driven by lower electricity procurement costs in particular.

The Heat segment posted a negative result of minus CHF 18.1 million in the reporting period. The increase in procurement costs in the reporting period was only partly offset by higher operating income. The higher prices paid to procure gas are mainly the result of the precautions taken in connection with the natural gas shortage feared in winter 2022/2023, which were only passed on to IWB by the trans-regional procurement organization after a time lag. Due to its long-term procurement strategy, IWB was not able to benefit from the lower market prices in the reporting period until towards the end of the year. In 2023, the result in the Heat segment was also adversely affected by the write-down of a heat recovery installation.

Operating income by geographical market
As at 31 December 2023 with prior-year comparative amounts, in CHF 000s

	2022	2023
Switzerland	1 077 465	1 201 141
France	17 258	47 681
Germany	30 417	11 425
Italy	12 733	4 684
Total operating income	**1 137 873**	**1 264 931**

Revenues from goods and services in Switzerland are mostly generated in Northwest Switzerland, particularly in the Canton of Basel-Stadt. Irrespective of the buyer, waste treatment services are regarded as having been provided in Switzerland. Sales on European power exchanges and transactions with Swiss and foreign trading partners are also allocated to Switzerland if the energy was intended for the Swiss electricity market. Transactions where the energy was intended for a foreign electricity market are presented in the appropriate country.

Sales in France and Germany originate in particular from feed-in by local production facilities for new renewables and from sales on the electricity market there. The rise in France is due predominantly to higher direct marketing prices for electricity from wind power, boosted by a higher production volume as a result of better wind conditions. The decline in Germany is the result of lower market prices and a fall in sales from trading operations. Sales in Italy originate solely from activities on the electricity market there.

4 ENERGY PROCUREMENT EXPENSE

Energy procurement expense
As at 31 December 2023 with prior-year comparative amounts, in CHF 000s

	2022	2023
Energy procurement from third parties	347 884	263 183
Energy procurement from partner plants	74 413	82 387
Energy procurement from other associates	283 385	293 026
Expense for energy transportation and levies	56 254	60 542
Other energy production expense	16 571	18 838
Total energy procurement expense before provision	**778 507**	**717 976**
Change in provision for onerous energy procurement contracts	– 40 898	3 514
Total energy procurement expense	**737 609**	**721 490**

Energy procurement costs fell by 2 percent to CHF 721.5 million in the reporting period (previous year: CHF 737.6 million).

Energy procurement from third parties mainly includes expenses for electricity purchased in trading operations. The 24 percent fall to CHF 263.2 million is due, firstly, to lower price levels in the reporting period. Secondly, prior-year procurement expense was negatively impacted by the lower volume produced by the Company itself from hydropower. Due to the electricity shortage that had been feared, water was deliberately retained in the reservoirs, as a result of which the Company produced a lower volume itself and had to procure substitute electricity on the market.

Costs for energy procurement from partner plants increased to CHF 82.4 million (+11 percent year on year). In addition to an increase in the energy expenses of the partner plants themselves, the costs of the Nant de Drance pumped storage power plant were for the first time included for the full reporting period in 2023. As this plant was commissioned in summer 2022, these costs were only incurred pro rata in the previous year.

Energy procurement from other associates rose by 3 percent compared with the previous year due to higher gas procurement costs. The higher prices paid to procure gas are mainly the result of the precautions taken in connection with the natural gas shortage feared in winter 2022/2023, which were only passed on to IWB by the trans-regional procurement organization after a time lag. Due to its long-term procurement strategy, IWB was not able to benefit from the lower market prices in the reporting period until towards the end of the year.

The change in the provision for onerous energy procurement contracts came to CHF 3.5 million in 2023 (previous year: CHF – 40.9 million). The expense relates to the increase in provisions for onerous energy procurement contracts for operators of combined heat and power plants (see note 20).

5 PERSONNEL EXPENSE AND DISCLOSURES ON PENSION PLANS

Personnel expense
As at 31 December 2023 with prior-year comparative amounts, in CHF 000s

	2022	**2023**
Wages and salaries	115 011	127 968
Social security contributions	6 959	7 345
Employee benefit contributions	18 983	20 677
Temporary staff	3 340	3 077
Other personnel expense	3 774	4 558
Total personnel expense	**148 067**	**163 625**

Wage and salary expense rose year on year from CHF 115.0 million to EUR 128.0 million. This change is due primarily to a higher headcount and is mainly the result of the growth in the PV business, which in the reporting period was bolstered by a company acquisition, and the additional personnel required due to the transformation of heating. In line with wage and salary costs, social security contributions and employee benefit contributions also increased.

Disclosures on pension plans in accordance with ARR 16
As a result of IWB being spun out of the cantonal administration in 2010, there has been an affiliation agreement in effect between the Pension Fund of the Canton of Basel-Stadt (PKBS) and IWB since 1 January 2010. On 1 January 2016, the Pension Fund was converted from a defined benefit to a defined contribution fund. At that time, IWB made all changes as specified for state employees of the Canton of Basel-Stadt. The IWB employee benefits scheme will continue to be run under the Swiss "part capitalization" system (80 percent) until a funding ratio of at least 116.0 percent is reached. Employees will make contributions of 1.6 percent until 2024 to bolster the funding ratio. For the same purpose, IWB as employer will make a contribution of 5 percent via a cost of living adjustment fund.

At the time that this report went to press, there were no final financial statements available from the PKBS for the IWB employee benefits scheme. According to the preliminary figures, the funding ratio was 104.9 percent as at 31 December 2023 (previous year: 101.6 percent; see note 25).

There were no employer contribution reserves as at 31 December 2023 (previous year: none).

Economic benefit/economic obligation and pension benefit expense
As at 31 December 2023 with prior-year comparative amounts, in CHF 000s

	Economic share of the entity		Change in the reporting period	Contributions related to the period	Pension benefit expense in personnel expense	
	2022	**2023**		**2023**	2022	**2023**
Pension plans without surplus/deficit	0	0	0	20 637	18 983	20 637
Pension plans with deficit	0	0	0	40	0	40
Total personnel expense	**0**	**0**	**0**	**20 677**	**18 983**	**20 677**

6 OTHER OPERATING EXPENSE

Other operating expense
As at 31 December 2023 with prior-year comparative amounts, in CHF 000s

	2022 (adjusted)	**2023**
Maintenance and supplies	66 449	88 146
Rent	3 348	3 704
Insurance, fees and levies	7 254	27 113
Administrative expense	4 353	4 042
Consulting	4 870	5 443
IT expense	13 407	13 439
Communications and marketing	5 538	6 573
Travel and entertainment expense	1 299	1 569
Miscellaneous operating expense	5 025	545
Total other operating expense	**111 543**	**150 574**

The rise in other operating expense from CHF 111.5 million to CHF 150.6 million is mainly attributable to two effects.

Whilst the increase in maintenance and supplies is due to the expansion of the PV business and the higher cost of materials incurred as a result, the rise in levies relates to electricity price controls in France. Revenues from the sale of electricity that exceed the set price caps are siphoned off by the state and thus lead to higher levies.

The decrease in miscellaneous operating expense is attributable to changes made in the previous year to the terms of repayment on a loan repayable subject to conditions and the higher amortization payments expected as a result (see note 18).

7 FINANCIAL RESULT

Financial result
As at 31 December 2023 with prior-year comparative amounts, in CHF 000s

	2022	**2023**
Interest income	752	1 374
Income from investments	452	588
Foreign exchange gains	4 998	3 263
Other financial income	4 908	4 308
Total financial income	**11 110**	**9 533**
Interest expense	4 270	6 702
Interest on provisions and long-term accruals and deferrals	2 108	1 211
Foreign exchange losses	4 759	6 466
Other financial expense	1 266	501
Total financial expense	**12 403**	**14 880**
Total financial result	**– 1 293**	**– 5 347**
Of which net foreign exchange gain/loss	**239**	**– 3 203**

Due to the rise in general interest rate levels and the further depreciation of the euro against the Swiss franc, the Company posted higher interest expense and a fall to a net foreign exchange loss in the reporting period. Other financial income mainly includes income from interest on long-term prepayments and accrued income.

8 TAXES

Taxes
As at 31 December 2023 with prior-year comparative amounts, in CHF 000s

	2022	**2023**
Current income taxes	1 645	2 712
Change in deferred taxes	4 099	– 9
Total taxes	**5 744**	**2 703**

Under section 17 of the IWB Act, IWB is exempt from all cantonal and municipal taxes in the Canton of Basel-Stadt. In all other cantons, IWB is subject to tax in the normal manner. The other IWB Group companies are taxed in accordance with the tax laws in effect locally. The weighted average tax rate, based on the pre-tax profit of all Group companies, is 5.9 percent for the reporting period (previous year: 9.2 percent). Due to tax-exempt income and effects from past years, the effective tax rate is 2.1 percent in the reporting period (previous year: 2.6 percent) and therefore well below the weighted average tax rate.

For the French Group companies, deferred taxes were calculated using a weighted average tax rate of 25.0 percent (previous year: 25.0 percent). For the German Group companies, this tax rate was unchanged at 30.0 percent.

Deferred tax assets and liabilities are disclosed separately in financial assets (see note 17) and provisions (see note 20). As at 31 December 2023, deferred tax assets for loss carryforwards from foreign companies amounted to CHF 0.8 million (previous year: CHF 1.0 million).

9 CASH AND CASH EQUIVALENTS

Cash and cash equivalents
As at 31 December 2023 with prior-year comparative amounts, in CHF 000s

	2022	2023
Cash	32	29
Postal giro/bank accounts	54 895	52 829
Bank account with the Canton of Basel-Stadt	76 769	55 670
Fixed-term deposits	0	10 000
Total cash and cash equivalents	**131 696**	**118 528**

The fixed-term deposits presented under cash and cash equivalents had a remaining term of less than 30 days as at 31 December 2023.

10 DERIVATIVE FINANCIAL INSTRUMENTS (ASSETS AND LIABILITIES)

Derivative financial instruments
As at 31 December 2022, in CHF 000s

	Fair values		
	Positive	Negative	Purpose
Interest rate swaps	126	– 11	Hedge
Forward exchange contracts	55	– 36	Hedge
Forward contracts in energy trading	166 135	– 369 856	Hedge
Not recognized in balance sheet	**166 316**	**– 369 903**	
Forward contracts in energy trading	74 228	– 74 228	Financial instrument
Recognized in balance sheet	**74 228**	**– 74 228**	
Total derivative financial instruments	**240 544**	**– 444 131**	

Derivative financial instruments
As at 31 December 2023, in CHF 000s

	Fair values		
	Positive	Negative	Purpose
Interest rate swaps	28	– 6	Hedge
Forward exchange contracts	0	0	Hedge
Forward contracts in energy trading	45 650	– 100 174	Hedge
Not recognized in balance sheet	**45 678**	**– 100 180**	
Forward contracts in energy trading	4 669	– 4 669	Financial instrument
Recognized in balance sheet	**4 669**	**– 4 669**	
Total derivative financial instruments	**50 347**	**– 104 849**	

As at 31 December 2023, IWB had interest rate swaps to hedge the interest rate risk on bank loans falling due between 2024 and 2031.

IWB uses forward contracts to hedge open positions in energy trading that arise in the context of active management. Positive fair values represent the theoretical profit had the open contracts been closed out at 31 December. Negative fair values represent the theoretical loss had they been closed out at 31 December. As these contracts are used to hedge future cash flows, their fair values are not recognized in the balance sheet.

The decrease in both the positive and the negative fair values of forward contracts in energy trading not recognized in the balance sheet is attributable mostly to the realization of the quantities traded in previous years for front year 2023 and the fall in market prices. Set against the fair values is the value of the hedged positions (net electricity production), which is not presented here.

Forward contracts in energy trading that result from physically settled intermediary transactions qualify as financial instruments under ARR 27, as they are not for hedging purposes; at the reporting date, they are measured and recognized in the balance sheet. Their positive and negative fair values are presented on a gross basis under derivative financial instruments as an asset and a liability according to their maturity (see note 1). Two offsetting transactions are in each case entered into with two different counterparties. These transactions do not therefore affect IWB's net position. The decline in positive and negative fair values from forward contracts recognized in the balance sheet is attributable both to the fall in market prices and to a lower volume.

11 RECEIVABLES FROM GOODS AND SERVICES

Receivables from goods and services
As at 31 December 2023 with prior-year comparative amounts, in CHF 000s

	2022	**2023**
Receivables from goods and services	171 472	190 181
Allowance for doubtful accounts	– 1 747	– 1 516
Total receivables from goods and services	**169 725**	**188 665**

12 OTHER SHORT-TERM RECEIVABLES

Other short-term receivables
As at 31 December 2023 with prior-year comparative amounts, in CHF 000s

	2022	**2023**
Input tax receivables	5 478	1 222
Miscellaneous other short-term receivables	7 579	11 889
Total other short-term receivables	**13 057**	**13 111**

13 INVENTORIES

Inventories
As at 31 December 2023 with prior-year comparative amounts, in CHF 000s

	2022	**2023**
Materials	25 243	29 914
Heating materials and fuel	15 384	18 135
Certificates	8 414	13 046
Work in progress	1 805	3 116
Value adjustment	– 10 389	– 11 882
Total inventories	**40 457**	**52 329**

The increase in inventories is due especially to purchases of CO_2 certificates for district heating production in line with IWB's long-term procurement strategy. Inventories of materials and work in progress increased due, among other factors, to the acquisition of a company that specializes in solar panel construction (see note 2).

14 PREPAYMENTS AND ACCRUED INCOME

Prepayments and accrued income
As at 31 December 2023 with prior-year comparative amounts, in CHF 000s

	2022	**2023**
Accrued net sales from goods and services	50 187	39 092
Annual costs of partner plants	403	2 057
Other prepayments and accrued income	78 682	46 370
Total prepayments and accrued income	**129 272**	**87 519**

In the previous year, other prepayments and accrued income included a prepayment made to a trans-regional procurement organization through which IWB purchases gas. This prepayment had been used in full as at the end of the reporting period. Other prepayments and accrued income also include the anticipated CO_2 tax refund and accruals for loan tranches repayable subject to conditions that have not yet been received for expansion projects such as the expansion of the district heating network and the public charging infrastructure for electric vehicles.

15 TANGIBLE FIXED ASSETS

Statement of changes in tangible fixed assets
As at 31 December 2022 (adjusted), in CHF 000s

	Undeveloped property	Land and buildings	Equipment and facilities	Assets under construction	Other tangible fixed assets	**Total tangible fixed assets**
Net carrying amounts as at 1 January 2022	**659**	**171 512**	**1 490 247**	**139 601**	**5 983**	**1 808 002**
Cost						
Balance as at 1 January 2022	**659**	**232 436**	**2 363 227**	**139 601**	**21 861**	**2 757 784**
Additions	0	854	53 951	97 733	1 129	153 667
Disposals	0	0	– 4 205	0	– 936	– 5 141
Reclassifications	0	1 609	48 369	– 52 376	409	– 1 989
Exchange differences	0	0	– 14 741	– 4	0	– 14 745
Balance as at 31 December 2022	**659**	**234 899**	**2 446 601**	**184 954**	**22 463**	**2 889 576**
Accumulated depreciation and impairment						
Balance as at 1 January 2022	**0**	**– 60 924**	**– 872 980**	**0**	**– 15 878**	**– 949 782**
Depreciation	0	– 6 440	– 73 145	0	– 1 734	– 81 319
Impairment	0	0	– 717	0	0	– 717
Reversal of impairment	0	0	9 458			9 458
Disposals	0	0	3 066	0	904	3 970
Exchange differences	0	0	6 956	0	0	6 956
Balance as at 31 December 2022	**0**	**– 67 364**	**– 927 362**	**0**	**– 16 708**	**– 1 011 434**
Net carrying amounts as at 31 December 2022	**659**	**167 535**	**1 519 239**	**184 954**	**5 755**	**1 878 142**

Statement of changes in tangible fixed assets
As at 31 December 2023, in CHF 000s

	Undeveloped property	Land and buildings	Equipment and facilities	Assets under construction	Other tangible fixed assets	**Total tangible fixed assets**
Net carrying amounts as at 1 January 2023	**659**	**167 535**	**1 519 239**	**184 954**	**5 755**	**1 878 142**
Cost						
Balance as at 1 January 2023	**659**	**234 899**	**2 446 601**	**184 954**	**22 463**	**2 889 576**
Change in the scope of consolidation	0	0	– 11 616	– 5	158	– 11 463
Additions	0	1 579	63 163	82 002	4 865	151 609
Disposals	0	0	– 4 547	0	– 1 087	– 5 634
Reclassifications	0	1 159	70 046	– 71 961	756	0
Exchange differences	0	0	– 17 417	– 19	0	– 17 436
Balance as at 31 December 2023	**659**	**237 637**	**2 546 230**	**194 971**	**27 155**	**3 006 652**
Accumulated depreciation and impairment						
Balance as at 1 January 2023	**0**	**– 67 364**	**– 927 362**	**0**	**– 16 708**	**– 1 011 434**
Change in the scope of consolidation	0	0	9 143	0	0	9 143
Depreciation	0	– 6 539	– 72 571	0	– 1 848	– 80 958
Impairment	0	0	– 9 504	0	0	– 9 504
Disposals	0	0	3 414	0	1 087	4 501
Exchange differences	0	0	8 704	0	0	8 704
Balance as at 31 December 2023	**0**	**– 73 903**	**– 988 176**	0	**– 17 469**	**– 1 079 548**
Net carrying amounts as at 31 December 2023	**659**	**163 734**	**1 558 054**	**194 971**	**9 686**	**1 927 104**

The net carrying amounts of the equipment and facilities break down as follows:

Net carrying amounts of equipment and facilities
As at 31 December 2023 with prior-year comparative amounts, in CHF 000s

	2022 (adjusted)	**2023**
Installed meters	15 465	16 235
Supply grid	1 063 438	1 114 336
Machinery, equipment and facilities	440 336	427 483
Total net carrying amounts of equipment and facilities	**1 519 239**	**1 558 054**

Installed meters are now presented under equipment and facilities (see note 1).

Impairment and reversal of impairment of equipment and facilities

Impairment losses recognized in the reporting period mainly include a CHF 5.5 million write-down on a defective heat recovery installation. In the previous year, the higher electricity prices anticipated over the short and medium term enabled the reversal of impairment losses of CHF 9.5 million on foreign production facilities for new renewables.

Pledged assets break down as follows:

Pledged assets
As at 31 December 2023 with prior-year comparative amounts, in CHF 000s

	2022	2023
Pledged assets	46 227	40 628
Of which in favour of the entity’s own obligations	31 879	25 578
Total pledged assets	**46 227**	**40 628**

The pledged assets show the production facilities abroad that have been pledged to secure loan liabilities. The decrease is due in particular to the ongoing depreciation of the assets and the repayment of the loans. The weaker closing rate of the euro compared with the previous year also contributed to the decrease. As in the previous year, there were no significant operating lease liabilities at the end of the reporting period.

16 INTANGIBLE ASSETS

Statement of changes in intangible assets
As at 31 December 2022, in CHF 000s

	Goodwill	Intangible assets arising from development	Transmission rights/licences	Software	**Total intangible assets**
Net carrying amounts as at 1 January 2022	**3 406**	**10 811**	**20 166**	**17 478**	**51 861**
Cost					
Balance as at 1 January 2022	**33 887**	**10 811**	**62 722**	**71 708**	**179 128**
Additions	0	7 252	846	3 286	11 384
Disposals	0	0	0	– 20	– 20
Reclassifications	0	– 7 767	1 989	7 767	1 989
Exchange differences	– 1 294	0	– 175	0	– 1 469
Balance as at 31 December 2022	**32 593**	**10 296**	**65 382**	**82 741**	**191 012**
Accumulated amortization and impairment					
Balance as at 1 January 2022	**– 30 481**	**0**	**– 42 556**	**– 54 230**	**– 127 267**
Amortization	– 953	0	– 886	– 7 230	– 9 069
Impairment	0	0	– 712	– 27	– 739
Disposals	0	0	0	12	12
Exchange differences	1 293	0	115	0	1 408
Balance as at 31 December 2022	**– 30 141**	**0**	**– 44 039**	**– 61 475**	**– 135 655**
Net carrying amounts as at 31 December 2022	**2 452**	**10 296**	**21 343**	**21 266**	**55 357**

Statement of changes in intangible assets
As at 31 December 2023, in CHF 000s

	Goodwill	Intangible assets arising from development	Transmission rights/licences	Software	**Total intangible assets**
Net carrying amounts as at 1 January 2023	**2 452**	**10 296**	**21 343**	**21 266**	**55 357**
Cost					
Balance as at 1 January 2023	**32 593**	**10 296**	**65 382**	**82 741**	**191 012**
Change in the scope of consolidation	5 478	0	0	0	5 478
Additions	190	5 565	717	3 146	9 618
Disposals	0	0	0	– 819	– 819
Reclassifications	0	– 5 346	351	4 995	0
Exchange differences	– 1 556	0	– 213	0	– 1 769
Balance as at 31 December 2023	**36 705**	**10 515**	**66 237**	**90 063**	**203 520**
Accumulated amortization and impairment					
Balance as at 1 January 2023	**– 30 141**	**0**	**– 44 039**	**– 61 475**	**– 135 655**
Change in the scope of consolidation	1 975	0	0	0	1 975
Amortization	– 1 796	0	– 976	– 8 561	– 11 333
Impairment	0	0	– 503	0	– 503
Disposals	0	0	0	819	819
Exchange differences	1 484	0	156	0	1 640
Balance as at 31 December 2023	**– 28 478**	**0**	**– 45 362**	**– 69 217**	**– 143 057**
Net carrying amounts as at 31 December 2023	**8 227**	**10 515**	**20 875**	**20 846**	**60 463**

In addition to acquired assets, intangible assets also include assets generated internally in connection with the enhancement of the IT systems.

Like those in previous years, the company acquisitions in the reporting period gave rise to goodwill; this is being amortized over a period of five years, with the charge recognized pro rata in the year of the acquisition.

Impairment of transmission rights and rights of use

Impairment losses on transmission rights and rights of use relate to long-term rights of use acquired in connection with the FTTH project.

17 FINANCIAL ASSETS

Statement of changes in financial assets
As at 31 December 2022, in CHF 000s

	Associates	Investments, recognized at cost	**Total investments**	Other financial assets	Deferred tax assets	**Total financial assets**
Balance as at 1 January 2022	**262 161**	**8 059**	**270 220**	**50 281**	**6 978**	**327 479**
Additions	5 810	1 637	7 447	936	2	8 385
Disposals	– 6 069	– 144	– 6 213	– 12 292	– 3 034	– 21 539
Share of profit or loss	6 982	0	6 982	0	0	6 982
Impairment	0	0	0	– 1 241	0	– 1 241
Dividends received	– 6 827	0	– 6 827	0	0	– 6 827
Reversal of impairment	0	0	0	447	1 419	1 866
Exchange differences	– 391	– 8	– 399	– 327	– 295	– 1 021
Balance as at 31 December 2022	**261 666**	**9 544**	**271 210**	**37 804**	**5 070**	**314 084**

Statement of changes in financial assets
As at 31 December 2023, in CHF 000s

	Associates	Investments, recognized at cost	**Total investments**	Other financial assets	Deferred tax assets	**Total financial assets**
Balance as at 1 January 2023	**261 666**	**9 544**	**271 210**	**37 804**	**5 070**	**314 084**
Change in the scope of consolidation	0	0	0	49	11	60
Additions	7 240	3 178	10 418	16 837	319	27 574
Disposals	– 68	0	– 68	– 6 888	– 428	– 7 384
Share of profit or loss	9 245	0	9 245	0	0	9 245
Impairment	0	0	0	– 319	– 304	– 623
Dividends received	– 8 283	0	– 8 283	0	0	– 8 283
Reversal of impairment	0	0	0	369	61	430
Exchange differences	– 874	– 10	– 884	– 545	– 286	– 1 715
Balance as at 31 December 2023	**268 926**	**12 712**	**281 638**	**47 307**	**4 443**	**333 388**

The addition to associates stems from the acquisition of an equity interest in a French wind farm.

Other financial assets include loan receivables from associates and investments at cost, loan receivables from contracting business, debt service reserves that have been pledged to secure loan liabilities abroad and, since the reporting period, a fixed-term deposit. The additions in the reporting period are due especially to new loans to associates and the aforementioned fixed-term deposit. The disposals of other financial assets mainly include customers' amortization payments for contract facilities and the reduction in debt service reserves due to bank loans being replaced with intragroup loans.

18 LONG-TERM PREPAYMENTS, ACCURED INCOME AND OTHER RECEIVABLES

Long-term prepayments, accrued income and other receivables
As at 31 December 2023 with prior-year comparative amounts, in CHF 000s

	2022	**2023**
Difference between budgeted and actual grid costs[1]	p. m.	p. m.
Difference between budgeted and actual cost of energy production[1]	p. m.	p. m.
Other prepayments and accrued income	17 247	17 096
Other receivables	6 000	0
Total long-term prepayments, accrued income and other receivables	**23 247**	**17 096**

1 Reported pro memoria (p. m.).

The two items showing the difference between budgeted and actual grid costs and the budgeted and actual cost of energy production contain regulatory costs for the electricity grid and energy production costs not yet charged to tariff customers.

In the case of both the electricity grid and energy, the balance of those receivables in the financial accounts was fully written down at year-end (previous year: also fully written down). As in the previous year, IWB does not believe that the sales trends expected in the future will be sufficient for these receivables to be recoverable.

Other prepayments and accrued income consist mostly of an accrual relating to the expected partial forgiveness of a loan that is repayable subject to conditions. To finance the FTTH network, the Canton of Basel-Stadt has granted an investment contribution in the form of a loan of CHF 22.0 million (plus interest) that is repayable subject to conditions. This loan repayable subject to conditions will be amortized over the period from 2021 to 2040, depending on the profit generated by the investments made (see note 23). The accrual of CHF 12.8 million reported as at the end of the reporting period (previous year: CHF 13.5 million) equates to the portion of the loan repayable subject to conditions which, according to current estimates, does not have to be amortized and will be forgiven. The loan and the future forgiveness expected on the loan tranches is presented on a gross basis within financial liabilities (see note 22) and in this line item.

The other receivables reported in the previous year contained a long-term credit at a partner plant as a result of a capital reduction in 2022. In the reporting period, this credit was replaced with a loan to that partner plant and is now presented under other financial assets.

19 OTHER SHORT-TERM LIABILITIES

Other short-term liabilities
As at 31 December 2023 with prior-year comparative amounts, in CHF 000s

	2022	**2023**
Tax liabilities	958	862
Levies on sales abroad	439	15 472
Miscellaneous other short-term liabilities	23 710	21 633
Total other short-term liabilities	**25 107**	**37 967**

Levies on sales abroad comprise the amounts levied for the first time in 2022 in connection with electricity price controls in France. Revenues from the sale of electricity that exceed the set price caps are siphoned off by the state and thus lead to corresponding levies.

20 PROVISIONS

Provisions
As at 31 December 2022, in CHF 000s

	Carrying amount as at 1 January 2022	Recognition	Use	Release	Exchange differences	**Carrying amount as at 31 December 2022**	Of which short-term	Of which long-term
Refurbishment	2 800	0	0	– 2 800	0	0	0	0
Dismantling	36 361	735	0	0	– 322	36 774	442	36 332
Contracting	9 333	314	– 520	– 3 857	0	5 270	1 370	3 900
Onerous energy procurement contracts	148 973	0	– 8 020	– 32 878	0	108 075	0	108 075
Deferred tax liabilities	9 906	3 011	0	– 525	– 514	11 878	0	11 878
Other provisions	5 220	355	– 1 559	– 270	0	3 746	1 643	2 103
Total provisions	**212 593**	**4 415**	**– 10 099**	**– 40 330**	**– 835**	**165 743**	**3 455**	**162 288**

Provisions
As at 31 December 2023, in CHF 000s

	Carrying amount as at 1 January 2023	Change in the scope of consolidation	Recognition	Use	Release	Exchange differences	**Carrying amount as at 31 December 2023**	Of which short-term	Of which long-term
Dismantling	36 774	– 312	1 217	– 28	– 47	– 409	37 195	2 964	34 231
Contracting	5 270	0	0	– 1 088	– 19	0	4 163	1 030	3 133
Onerous energy procurement contracts	108 075	0	3 514	0	0	0	111 589	13 520	98 069
Deferred tax liabilities	11 878	– 1 138	645	– 132	– 672	– 646	9 935	0	9 935
Other provisions	3 746	37	834	– 361	– 24	0	4 232	3 310	922
Total provisions	**165 743**	**– 1 413**	**6 210**	**– 1 609**	**– 762**	**– 1 055**	**167 114**	**20 824**	**146 290**

Provisions cover the liabilities known as at the balance sheet date that qualify as a provision. Short-term provisions include those amounts which are expected to be used within the next twelve months. The significant provisions are described below:

Provisions for refurbishment
The provision for the costs of decontamination measures under legislation governing the clean-up of contaminated sites was released in the previous year.

Provisions for dismantling obligations
It is expected that the waste incineration facility will have to be replaced by a new facility in the mid-2030s. The expected dismantling costs are estimated to be CHF 30.0 million (previous year: CHF 30.0 million). The discount rate applied is 1.8 percent (previous year: 3.0 percent). Further provisions exist for the obligations of foreign Group companies to dismantle wind energy production facilities at the end of the project term. There are also other, smaller dismantling obligations in IWB's supply area.

Provision for contracting risk
Over the contractual term of the contract facilities, IWB bears risks arising from the maintenance and operation of the facilities. In the case of some large facilities, there are additional contractual obligations related to structural measures. Provisions are recognized to cover these risks.

Provision for onerous energy procurement contracts
This item comprises all types of purchase obligation arising from onerous energy procurement contracts. As at 31 December 2023, provisions were required for the following types of energy procurement contract:

Energy procurement contracts: large hydropower plants
Under the existing partner agreements from the investments in large hydropower plants in Switzerland, IWB is obliged to assume its share of the plants' annual costs. At the same time, IWB is entitled to procure an amount of the energy produced in proportion to its interest. Provisions for onerous energy procurement contracts are recognized for procurement obligations at annual costs above the sale prices expected to be obtainable. When measuring these contracts, management makes assumptions about trends in energy prices and the EUR/CHF exchange rate, budget data on the share of the annual costs, the partner plants' production volumes and the relevant discount rates. Due to the long time horizon, these contracts are measured using various price scenarios with a similar probability of occurrence with regard to the expected long-term trend in energy prices and the regulatory framework.

As a result of the annual reassessment, the provisions remained unchanged as at the end of the reporting period.

Energy procurement contracts: CHP plant operators
IWB is obliged to purchase the electricity produced by the operators of combined heat and power (CHP) plants in the Canton of Basel-Stadt. Until 2017, it did so at the feed-in tariffs set by the Government Council of the Canton of Basel-Stadt in 1995 in order to promote distributed energy production. Although the Federal Energy Act, fully revised in the context of the 2050 Energy Strategy, still obliges IWB to purchase the electricity it is offered from CHP plants, payment must only be made at the market price for similar energy. In order to ensure grandfathering for the operators of existing CHP plants in the Canton of Basel-Stadt in light of the legal changes in 2017, the Government Council in its capacity as owner of IWB decided that, after 2017, IWB must continue to pay for energy from CHP plants built in connection with the earlier subsidy at the existing tariffs above market prices. Due to the lower electricity prices expected over the short and medium term, the provision was increased by CHF 3.5 million in the reporting period (previous year: the provision was released in the amount of CHF 8.0 million).

Other provisions
This item comprises all other provisions for IWB's legal or constructive obligations. As at 31 December 2023, it primarily included the expected costs from the obligation to maintain and operate the Basel-1 well from the geothermal project and carry out the related seismic monitoring in the period to 2026 as well as the expected costs from obligations to IWB customers.

21 ACCRUED LIABILITIES AND DEFERRED INCOME

Accrued liabilities and deferred income
As at 31 December 2023 with prior-year comparative amounts, in CHF 000s

	2022	**2023**
Licence fee paid to the Canton of Basel-Stadt	11 000	11 000
Holiday, flexitime and overtime	6 267	6 172
Annual costs of partner plants	3 482	1 911
Other accrued liabilities and deferred income	46 545	41 129
Total accrued liabilities and deferred income	**67 294**	**60 212**

Other accrued liabilities and deferred income consist mainly of accruals for expenses incurred and investments made in the reporting period for which no invoices have yet been received.

22 FINANCIAL LIABILITIES

Short-term financial liabilities
As at 31 December 2022, in CHF 000s

	Total	Of which in CHF	Of which in EUR
To Canton of Basel-Stadt	133 897	133 897	0
To banks[1]	154 180	150 000	4 180
Total short-term financial liabilities	**288 077**	**283 897**	**4 180**
Interest rate as %	0.63%	0.59%	3.31%

1 Of these, CHF 4.2 million are secured by liens.

Short-term financial liabilities
As at 31 December 2023, in CHF 000s

	Total	Of which in CHF	Of which in EUR
To Canton of Basel-Stadt	103 237	103 237	0
To banks[2]	133 804	129 393	4 413
Total short-term financial liabilities	**237 041**	**232 629**	**4 413**
Interest rate as %	1.99%	1.96%	3.35%

2 Of these, CHF 4.3 million are secured by liens.

Long-term financial liabilities
As at 31 December 2022, in CHF 000s

	Remaining terms of 2 to 5 years	Remaining terms of more than 5 years	**Total**	Of which in CHF	Of which in EUR
To Canton of Basel-Stadt	13 977	99 823	113 800	113 800	0
To banks[3]	18 659	10 791	29 450	1750	27 700
Total long-term financial liabilities	**32 636**	**110 614**	**143 250**	**115 550**	**27 700**
Interest rate as %	2.31%	0.76%		0.60%	3.24%

3 Of these, CHF 27.7 million are secured by liens.

Long-term financial liabilities
As at 31 December 2023, in CHF 000s

	Remaining terms of 2 to 5 years	Remaining terms of more than 5 years	**Total**	Of which in CHF	Of which in EUR
To Canton of Basel-Stadt	12 477	99 391	111 868	111 868	0
To banks[4]	17 018	7 042	24 060	2 000	22 060
Total long-term financial liabilities	**29 495**	**106 433**	**135 928**	**113 868**	**22 060**
Interest rate as %	2.49%	0.74%		0.71%	3.24%

4 Of these, CHF 21.3 million are secured by liens.

Financial liabilities decreased from CHF 431.3 million to CHF 373.0 million in the reporting period. The fall is due especially to repayments on loans, which were made possible by the robust cash flow from operating activities.

Under section 18 of the IWB Act, the Canton of Basel-Stadt provides IWB with debt capital from the financial assets, on which interest has to be paid at standard market rates. This also includes an investment contribution in the form of a CHF 20.1 million loan to finance the FTTH project that is repayable subject to conditions (see note 18).

As in the previous year, long-term financial liabilities to banks consist mainly of the loan liabilities of the foreign production companies.

23 LONG-TERM ACCRUED LIABILITIES AND DEFERRED INCOME

Long-term accrued liabilities and deferred income
As at 31 December 2023 with prior-year comparative amounts, in CHF 000s

	2022	**2023**
Other differences between budgeted and actual costs	30 379	26 596
Other accrued liabilities and deferred income	13 862	16 451
Total long-term accrued liabilities and deferred income	**44 241**	**43 047**

Other differences between budgeted and actual costs contain liabilities to tariff customers in relation to services provided by IWB: from waste treatment, district heating, the solar power exchange, the licence fee, and public lighting and clocks. These liabilities arose as a result of past income in excess of costs and will be factored into future tariffs for these services, reducing tariffs to the benefit of IWB's customers.

Other accrued liabilities and deferred income primarily include prepayments from customers for long-term rights of use.

24 TRANSACTIONS AND OUTSTANDING BALANCES WITH RELATED PARTIES

Transactions with related parties
As at 31 December 2023 with prior-year comparative amounts, in CHF 000s

	Canton of Basel-Stadt		Associates	
	2022	**2023**	2022	**2023**
Net sales from goods and services	62 420	100 861	272	1 977
Other operating income	4 850	3 922	3 371	4 150
Interest income	0	0	267	483
Income	**67 270**	**104 783**	**3 910**	**6 610**
Energy procurement expense	11 007	11 000	357 797	375 414
Other operating expense	12 389	7 035	386	545
Interest expense	673	591	0	0
Expenses	**24 069**	**18 626**	**358 183**	**375 959**

Outstanding balances with related parties
As at 31 December 2023 with prior-year comparative amounts, in CHF 000s

	Canton of Basel-Stadt		Associates	
	2022	**2023**	2022	**2023**
Cash and cash equivalents	76 769	55 670	0	0
Loans	0	0	12 805	17 506
Receivables from goods and services	11 279	19 952	762	2 302
Other receivables (short- and long-term)	25	15	6 832	72
Prepayments and accrued income (short- and long-term)	20 920	30 219	45 108	3 460
Total assets	**108 993**	**105 856**	**65 507**	**23 340**
Payables from goods and services	23 869	26 232	44 335	42 127
Other short-term liabilities	31	42	0	0
Accrued liabilities and deferred income (short- and long-term)	11 638	11 407	4 919	2 192
Financial liabilities (short- and long-term)	247 697	215 105	0	0
Total liabilities	**283 235**	**252 786**	**49 254**	**44 319**

25 CONTINGENT LIABILITIES

Guarantees
As at the balance sheet date, there were long-term liabilities under guarantees in favour of third parties in the amount of CHF 26.1 million (previous year: CHF 27.9 million).

Geo2riehen
In connection with the Riehen geothermal project “geo2riehen” for the delivery of climate-friendly district heating, IWB has a contingent liability equal to the project size (CHF 5.4 million). As at the balance sheet date, however, there were no indications that the success of the project is at risk.

Obligation to purchase remaining shares
As at the balance sheet date, there was a contingent liability of approximately CHF 7.0 million to minority interests (obligation to purchase remaining shares in the event that minority interest shareholders exercise an option).

Joint and several liability
In the case of investments in Swiss simple partnerships, IWB is jointly and severally liable (see note 27).

Pending legal actions
As at the balance sheet date, there were no significant actions against any of the IWB Group companies.

Pension fund
As at the balance sheet date, the PKBS preliminary financial statements showed a funding ratio of 104.9 percent for the IWB employee benefits scheme (previous year: 101.6 percent). There was therefore no contingent liability as at the balance sheet date (previous year: CHF 0), as the funding ratio was greater than 100 percent.

The Canton of Basel-Stadt grants a subsidiary state guarantee for the following benefits, provided that the funding ratio is not less than 80 percent:
a) retirement, risk and withdrawal benefits;
b) withdrawal benefits of a withdrawing group of beneficiaries in partial liquidation;
c) actuarial shortfalls incurred by the remaining group of beneficiaries as a result of a partial liquidation.

26 EVENTS AFTER THE BALANCE SHEET DATE

There were no known events after the balance sheet date that would have had a significant effect on the financial statements.

27 INVESTMENTS

Investments
As at 31 December 2023

	Registered office	Purpose	Share capital in 000s	Currency	Interest held as %	Reporting date
Group companies						
GreenH2 AG	Birsfelden	E	1 000	CHF	60.0%	31.12.
IWB Net AG	Basel	G	100	CHF	100.0%	31.12.
Kunz-Solartech GmbH	Brittnau	S	30	CHF	100.0%	31.12.
Planeco GmbH	Arlesheim	S	20	CHF	60.0%	31.12.
Wärmeverbund Lehenmatt Birs AG[1]	Basel	E	3 100	CHF	50.0%	31.12.
Wärmeverbund Riehen AG[1]	Riehen	E	30 000	CHF	50.0%	31.12.
IWB Renewable Power AG	Basel	S	14 100	CHF	100.0%	31.12.
IWB Energie Schweiz AG	Basel	E	300	CHF	100.0%	31.12.
IWB Energie Deutschland GmbH	Freiburg (D)	S	25	EUR	100.0%	31.12.
IWB Deutschland Verwaltungs GmbH	Freiburg (D)	S	25	EUR	100.0%	31.12.
ASVK Zweite Energie GmbH & Co. KG	Freiburg (D)	E	–	EUR	100.0%	31.12.
ASVK Vierte Energie GmbH & Co. KG	Freiburg (D)	E	–	EUR	62.0%	31.12.
Märkische Windkraft 83 GmbH & Co. KG	Berlin (D)	E	–	EUR	100.0%	31.12.
Windenergie Calau GmbH & Co. KG	Meissen (D)	E	–	EUR	100.0%	31.12.
Windpark Hamwiede GmbH & Co. KG	Bremen (D)	E	–	EUR	100.0%	31.12.
IWB Energie France SAS	Saint Louis (F)	S	6 600	EUR	100.0%	31.12.
Energie du Delta SNC	Saint Louis (F)	E	38	EUR	100.0%	31.12.
Ferme Eolienne de Méautis-Auvers SNC	Saint Louis (F)	E	10	EUR	100.0%	31.12.
Ferme Eolienne de Saucourt SAS	Saint Louis (F)	E	37	EUR	100.0%	31.12.
Nouvelles Energies Dynamiques SARL	Saint Louis (F)	E	21	EUR	100.0%	31.12.
Parc Eolien de Rageade I SARL	Strasbourg (F)	E	10	EUR	100.0%	31.12.
Samfi 5 SARL	Saint Louis (F)	E	260	EUR	100.0%	31.12.
SEPE Le Bois du Haut SARL	Saint Louis (F)	E	8	EUR	100.0%	31.12.
SEPE Le Garimetz SARL	Saint Louis (F)	E	8	EUR	100.0%	31.12.
SEPE Le Vert Galant SARL	Saint Louis (F)	E	8	EUR	100.0%	31.12.
SEPE Les Cinq Hêtres SARL	Saint Louis (F)	E	8	EUR	100.0%	31.12.
SEPE Les Champs aux Chats SARL	Saint Louis (F)	E	8	EUR	100.0%	31.12.
URBA 42 SAS	Saint Louis (F)	E	1	EUR	100.0%	31.12.
Associates						
Agro Energie Schwyz AG	Schwyz	E	66 503	CHF	20.2%	30.06.
Biopower Nordwestschweiz AG	Liestal	E	9 000	CHF	33.3%	31.12.
Blenio Kraftwerke AG[2, 3]	Blenio	E	60 000	CHF	12.0%	30.09.
Electra-Massa AG[2, 3]	Naters	E	20 000	CHF	14.0%	31.12.
Electricité de la Lienne SA[2]	Sion	E	6 000	CHF	33.3%	30.09.
Energie Ausserschwyz AG	Galgenen	E	20 572	CHF	12.6%	31.12.
Eole 45 SAS	Pithiviers (F)	E	36	EUR	49.0%	31.12.
Ferme Eolienne du Ducandeau SAS	Saint Louis (F)	E	0	EUR	49.0%	31.12.
Gasverbund Mittelland AG	Arlesheim	E	6 140	CHF	36.6%	30.09.
Grande Dixence AG[2, 3]	Sion	E	300 000	CHF	13.3%	31.12.
Hardwasser AG	Pratteln	E	5 000	CHF	40.0%	31.12.
Holzkraftwerk Basel AG	Basel	E	12 000	CHF	49.0%	31.12.

Continued on the next page

	Registered office	Purpose	Share capital in 000s	Currency	Interest held as %	Reporting date
Juvent SA[2]	Saint-Imier	E	6 000	CHF	25.0%	31.12.
Kraftwerk Birsfelden AG[2, 3]	Birsfelden	E	15 000	CHF	50.0%	31.12.
Kraftwerke Hinterrhein AG[2, 3]	Thusis	E	100 000	CHF	2.5%	30.09.
Kraftwerke Oberhasli AG[2, 3]	Innertkirchen	E	120 000	CHF	16.7%	31.12.
Maggia Kraftwerke AG[2, 3]	Locarno	E	100 000	CHF	12.5%	30.09.
Muttsee AlpinSolar AG	Glarus Süd	E	1 600	CHF	49.0%	30.09.
Nant de Drance SA[2, 3]	Finhaut	E	350 000	CHF	15.0%	31.12.
Swisspower Green Gas AG	Bern	E	275	CHF	13.6%	31.12.
Urban Sympheny AG	Winterthur	S	191	CHF	33.7%	31.12.
Windpark Grosse Schanze GmbH & Co. OHG[4]	Potsdam (D)	S	–	EUR	71.4%	31.12.

Company's registered office: F = France, D = Germany
Purpose of the company: S = services, E = energy supply
1 The company is proportionately consolidated in proportion to the interest held, as IWB controls the company jointly with other parties.
2 Under existing partner agreements, IWB is obliged to pay the annual costs attributable to its equity interest (including interest and, depending on the partner plant agreement, including repayments on borrowings).
3 Irrespective of their interest, partner plants are accounted for using the equity method.
4 This company (the company responsible for the implementation of the Grosse Schanze wind farm) is not controlled by IWB despite the majority of the capital being held, as a qualified majority of the votes is contractually required in order to obtain control. The company is therefore treated as an associate.

Other companies
As at 31 December 2023

	Registered office	Purpose	Share capital in 000s	Currency	Interest held as %	Reporting date
Financial assets						
Baugenossenschaft wohnen&mehr	Basel	S	–	CHF	Not applicable	31.12.
Cargo sous terrain AG	Basel	S	845	CHF	0.6%	31.12.
ebs Wasserstoff AG	Schwyz	E	300	CHF	15.0%	31.12.
ALEX simple partnership[1]	Bern	S	–	CHF	33.3%	–
Netz Jura Nord simple partnership[1]	Münchenstein	G	–	CHF	33.3%	–
Geo-Energie Suisse AG	Zurich	S	2 270	CHF	15.4%	31.12.
Swissgrid AG	Aarau	G	334 495	CHF	1.2%	31.12.
Swisspower AG	Bern	S	460	CHF	4.3%	31.12.

Purpose of the company: S = services, G = grid operation, E = energy supply
1 The partnership agreements regarding the simple partnerships establish joint and several liability.

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