ALPIQ

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Dear Reader,

Welcome to the spring issue of "Watt's the story?" and our latest analysis of the current market flows.

In this first edition of 2026, we ask Peter-Wim Gerssen, CFO of Alpiq, how Alpiq's new bond issuance supports its long-term strategy.

We also take a closer look at nuclear energy in Switzerland and the Gösgen nuclear power plant (KKG), in which Alpiq holds a 40 percent stake. After a prolonged and unplanned outage, KKG has now been back in operation for a few days. What did this extraordinary outage mean for our electricity supply, and how was the restart successfully completed? In our deep dive interview, we discuss these questions and the long-term operation of the plant with Alexander Puhrer, Head of the Nuclear Power Generation business unit at Alpiq and Managing Director of KKG.

But first, let's begin with an overview of developments on the energy markets over the past three months.

Market update

Before war became the all-consuming topic, the start of 2026 was primarily shaped by political and regulatory developments. In January, the EU Emissions Trading System (EU ETS) came under significant political pressure, with policymakers across several countries calling for reforms. These calls were mainly aimed at lowering energy bills for consumers, particularly households and energy-intensive industries, which remain under strain in many EU countries.

Italy went the furthest, calling for a suspension of the system. These calls were followed by an Italian energy decree, which was approved by Italy's cabinet on 18 February and is currently in the process of being enacted into law. The decree aims to lower power prices from 2027 onwards by requiring gas-fired power plants to sell electricity without fully incorporating CO2 costs and gas transport tariffs. Parts of the decree remain subject to state aid approval by the European Commission, so the final outcome is still unknown. Nevertheless, Italian forward power prices reacted strongly to the announcement and declined. As the Swiss power market is closely linked to Italy during the winter months, Swiss prices also moderated.

By requiring gas plants not to fully price in the CO2 costs, the decree effectively represents a proposal for a partial suspension of the EU ETS. CO2 prices, which had been on a sharp upwards trajectory since November last year, have since reversed course. At the time of writing, CO2 prices have fallen 28% from their mid-January peak. The official EU review is still at the proposal stage, with a formal review of the key rules by the European Commission expected only in the third quarter. The current price decline reflects the market's expectation that changes are likely.

All other developments have, of course, been dominated by the US/Israeli attack on Iran on 28 February. The attack led to a de facto shutdown of shipping traffic through the Strait of Hormuz, which remains severely restricted at the time of writing. Passage through the strait is vital for the supply of crude oil, refined products and liquified natural gas (LNG), but the shutdown is also a major disruption for the supply of ammonia, fertilisers and certain metals.

For crude oil, exports from the Middle East through the strait account for around 20% of global supply and about 40% of global exports. These flows have now largely ceased.

On the gas side, QatarEnergy suspended LNG production on 2 March following military attacks on its operating facilities and declared force majeure on 4 March. The shutdown has removed around 0.35 billion cubic metres (bcm) of daily supply, equivalent to approximately 19% of global supply. The immediate impact of this shutdown was particularly severe for South Asian buyers, who rely heavily on Qatari gas. However, the loss of these volumes has tightened the global market balance, leading to increased competition between Asia and Europe for alternative supplies, with the impact now being felt globally.

On 19 March, more extensive attacks on the Ras Laffan energy hub – notably on natural gas facilities – were reported. Two so-called "mega trains" from the LNG production facilities were damaged, with QatarEnergy indicating a repair time of three to five years. These two trains account for around 18 bcm of annual gas production, equivalent to almost 5% of total EU-27 gas consumption – highlighting the scale of the disruption.

While the resumption of gas (and oil) flows from the Middle East has so far depended mainly on free passage through the Strait of Hormuz, damage to energy infrastructure now threatens to prolong and deepen the disruption.

The duration of the shutdown will be decisive for its overall impact on the energy system and the global economy. If disruptions persist, significantly higher gas and oil prices can be expected. This would increase the risk of a global recession, with broader macroeconomic consequences such as higher inflation, rising interest rates and increased unemployment. Let's hope that such a scenario can be avoided.

What has been the impact on European gas prices? Since the start of the year, the April contract for the Dutch TTF gas market has increased by 99%, while the front-year contract (2027) has risen by 71% (from €26/MWh to €44/MWh as of close of business on 26 March 2026). Following the damage at Ras Laffan, the 2028 contract has also begun to react, currently up 26%. Further out, the impact is still muted.

The impact on power prices has been less straightforward. In the short term, prices have increased alongside gas prices, albeit to a lesser extent. The April 2026 contract for Swiss baseload power has risen by 35% since the start of the year, while the front-year contract is up 14%. During the spring and summer months, power prices are less sensitive to gas price increases than in the past – largely due to the growing contribution of solar production. Further out, i.e. from 2028 onwards, forward power prices are lower compared to the start of the year, as the impact of declining CO2 prices outweighs higher gas prices.

Liquidity status

How Alpiq's bond issuance supports its long-term strategy

With its new bond issuance worth CHF 400 million and a maturity of 7 years for CHF 245 million and 12 years for CHF 155 million, Alpiq is reinforcing its long term financial foundation and expressing confidence in its strategic direction. The transaction strengthens financial flexibility, extends the company's maturity profile and underscores Alpiq's continued access to capital markets on attractive terms.

In this interview, Peter-Wim Gerssen, CFO of Alpiq and a member of the Executive Board, explains how the bond reflects the company's financial strength, why long-term financing is a deliberate strategic choice, and how disciplined capital management supports Alpiq's positioning in a transforming energy market.

Peter-Wim Gerssen, CFO of Alpiq

Peter-Wim, Alpiq has isued a new bond. Before we go into the details – why is this an important step for the company at this point in time?

This bond issuance is a deliberate and proactive step. We regularly review our capital structure to ensure Alpiq remains financially strong across market cycles. In the current environment, we identified a good opportunity to secure long-term funding and chose to act early rather than wait. By doing so, we strengthen our financial flexibility and extend our maturity profile. This is about disciplined financial management and long-term planning, not reacting to short-term market movements.

What does this bond issuance say about Alpiq's financial position and its access to capital today?

It highlights the strength of our balance sheet and our solid liquidity position. The successful placement also reflects the confidence that investors and banks have in Alpiq – in our business model, our strategy and our ability to generate resilient cash flows. Over time, we have established ourselves as a reliable issuer. This transaction confirms that Alpiq continues to be viewed as a credible and trustworthy partner in the capital markets.

You deliberately opted for a longer duration. Why was this an important element of the transaction?

Our assets and infrastructure investments are inherently long-term – and our financing should reflect that. A longer maturity gives us greater planning certainty and reduces refinancing risks over time. It also sends a clear signal: Alpiq is thinking long term and is confident in its future development and cash generation.

How does this bond fit into Alpiq's broader long-term strategy as an energy company?

Financing is not an end in itself – it enables our strategy. Our long-term strategy focuses on strengthening our core activities, investing in flexibility where we see sustainable value creation, and maintaining resilience in a changing energy landscape. This bond ensures that we have the financial stability and flexibility needed to pursue these priorities in a disciplined and forward-looking way.

The energy sector is undergoing profound transformation. What does this bond signal to

the capital markets about Alpiq's positioning in this environment?

The energy transition brings both opportunities and volatility. Our message is that Alpiq is well positioned to navigate this environment with resilience and financial discipline. We focus on flexible assets that are essential for security of supply and for enabling the energy transition. Our ability to secure long-term financing underlines our credibility as an energy company that understands the dynamics of the transition and manages them with a clear financial framework and a long-term horizon.

Deep-dive

"We support a technology-neutral approach, which is also important for the safe long-term operation of existing plants"

The Gösgen nuclear power plant (KKG) has been back in operation since 23 March 2026 following a prolonged and unplanned outage. In this interview, Alexander Puhrer, Head of the Nuclear Power Generation business unit at Alpiq and Managing Director of KKG, discusses the reasons behind the unplanned outage, the restart and the requirements for the plant's long-term operation.

Alexander Puhrer,
Head of Nuclear Power Generation at Alpiq

Alexander, KKG was reconnected to the grid a few days ago following a 10-month shutdown – 9 months of which were unplanned. What were the reasons for the shutdown and what measures have been taken since?

First of all, I would like to extend my sincere thanks to all my colleagues who contributed to the restart of KKG. This shutdown represents an extraordinary and very challenging event for KKG and its shareholders, and it is thanks to the great motivation and expertise of the staff

that the nuclear power plant is now back on line, supplying electricity to the Swiss grid.

Regarding the incident: KKG identified a potential design weakness that could lead to an overload of the feedwater system piping. This finding means that, in a very rare accident scenario involving a pipe rupture in the non-nuclear part of the plant, further damage to the system could occur. Consequently, the regulatory authority ENSI, the Swiss Federal Nuclear Safety Inspectorate, required extensive safety-related evidence to demonstrate that KKG meets the safety requirements. In addition to providing this evidence, KKG decided to implement further modernisation and upgrading measures in the feedwater system. In particular, the undamped check valves were replaced with damped check valves. This modernisation work has now been completed and the required safety verification has been provided.

What were the financial consequences of this prolonged, unplanned outage?

Alpiq is the largest shareholder of Kernkraftwerk Gösgen-Däniken AG, with a 40 per cent stake. The prolonged production outage amounts to more than CHF 500 million for all shareholders. Alpiq's share is around CHF 200 million. This, of course, has a significant impact on our results.

What did Alpiq do to compensate the missing electricity production?

As a partner plant, KKG supplies its shareholders with electricity on a pro-rata basis, which they incorporate into their portfolio and market. Alpiq had to procure the missing volume of electricity on the market at current conditions in order to fulfil its contractual obligations towards its customers. A positive factor was the high availability of nuclear power plants in France – particularly during the winter. This was crucial for Switzerland, as it enabled additional energy imports. After all, KKG accounts for around 13% of Switzerland's annual electricity production – and this has been missing from the electricity mix for the past 10 months. This case also highlights the value of European integration for Switzerland's security of supply. Our Asset Trading division is networked across Europe, and this cross-border integration was crucial in minimising the impact of the prolonged outage. Having regulated access to the European electricity market – for example, through an electricity agreement with the EU – is not only economically sensible but essential for security of supply. Only as part of an integrated market can we operate our plants efficiently and effectively bridge supply gaps.

Has the prolonged outage affected plans for the long-term operation of KKG? More broadly, what is needed to keep existing plants online for as long as possible?

Given the challenges facing the electricity supply, particularly in winter, the long-term operation of existing nuclear power plants is of great value and a high priority. Significant investments are required to ensure safe long-term operation, and these must be weighed against political, regulatory and economic risks. KKG has been in long-term operation for five years and has produced electricity reliably and with virtually no disruptions in recent years. The current plan for KKG is based on an operating life of 60 years. An analysis is currently underway to determine what would be required for potential long-term operation beyond 60 years. One thing we already know: from a technical and safety perspective, operation beyond 60 years is possible. We are now examining what this would entail from an economic and regulatory perspective. To ensure long-term operation, appropriate risk-mitigating framework conditions would need to be established, amongst other things.

How does the current debate on lifting the ban on the construction of new nuclear power plants relate to long-term operation, and what is Alpiq's position on this?

Alpiq supports the approach of keeping all climate-neutral options open to ensure long-term security of supply. This includes lifting the ban on the construction of new nuclear power plants. We therefore advocate technological openness and thus the Federal Council's indirect counter-proposal to the so-called 'Blackout Initiative'. An open approach to technology is also important for the safe long-term operation of existing plants, given the need to secure skilled labour, expertise and supply chains. For Alpiq, the question of building new plants does not arise in the current environment and under the current regulatory framework.

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That rounds off this issue of "Watt's the story". We look forward to sharing further news and insights at the end of June. Stay tuned!

Until then, we wish you a pleasant spring and, soon, a happy Easter break!

Best regards,
Your Investor Relations Team @Alpiq

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