

LETTER TO SHAREHOLDERS

BKW posts stable performance in the first half of the year

The BKW Group¹ looks back on a challenging first half-year. An unfavorable combination of environmental factors—low water levels coupled with light winds—coincided with unexpected geopolitical developments. While the Power Grid and Infrastructure & Buildings business segments delivered the expected stable results at the operating profit (EBIT) level compared with the previous year, earnings in the Energy Solutions business segment were temporarily impacted in particular by market disruptions resulting from the situation in the Middle East. A stronger second half of the year is expected for Infrastructure & Buildings and Energy Solutions, and Power Grid is likely to remain stable.



Dear Shareholders
Ladies and Gentlemen,

BKW closed the first half of 2026 with solid total operating income of CHF 2,182.5 million, down 3.1% from the previous year (first half of 2025: CHF 2,251.8 million). The steady positive performance of the Power Grid and Infrastructure & Buildings business segments was not enough to fully offset the temporary decline in earnings in the Energy Solutions business segment. Earnings

before interest, income taxes, depreciation and amortization (EBITDA) declined by 10.1% to CHF 387.9 million (first half of 2025: CHF 431.3 million), while earnings before interest and taxes (EBIT) fell by 15.1% to CHF 263.7 million (first half of 2025: CHF 310.7 million). Thanks to the strong performance of the Mühleberg Nuclear Power Plant's (KKM) decommissioning and waste disposal funds, net profit increased by 7.0% year-over-year to CHF 217.6 million (first half of 2025: CHF 203.3 million). Adjusted for this effect, the

¹ The BKW Group comprises BKW AG and its Group companies. For better readability, the Group will be referred to below as BKW. Where the text relates to BKW AG or BKW Energie AG, this is expressly mentioned.

operating net profit² came in at CHF 169.1 million, below the previous year's figure (first half of 2025: CHF 210.4 million).

Energy Solutions affected by market trends

In its Energy Solutions business segment, BKW brings together energy generation and marketing, as well as standardized and structured energy solutions for customers. Water production in the first half of the year was once again characterized by challenging hydrological conditions. Low water levels resulted in lower production than in the previous year. Wind power plants also remained at a low production level due to the continued weak wind conditions.

In addition, the electricity trading business in the Energy Solutions business segment was temporarily impacted by market disruptions resulting from the situation in the Middle East. At the same time, the business segment benefited from the fact that electricity volumes for the 2026 calendar year had already been hedged three years ago at high futures market prices. In addition, price fluctuations in grid-stabilizing system services and intraday trading (i.e., electricity prices for the current day) created additional revenue opportunities, particularly during the heat wave in June. Finally, the performance of the Leibstadt Nuclear Power Plant's decommissioning and waste disposal funds had a positive impact on earnings.

Against the backdrop of these partially offsetting effects, Energy Solutions generated total operating income of CHF 950.7 million, 4.2% below the previous year (first half of 2025: CHF 992.0 million). Due to the exceptional market conditions, EBITDA decreased by 21.2% to CHF 193.7 million (first half of 2025: CHF 245.7 million), and EBIT decreased by -24.2% to CHF 156.9 million (first half of 2025: CHF 207.0 million).

Power Grid posts stable results

The Power Grid business segment is responsible for the construction, operation and maintenance of BKW's own distribution grid. Total operating income for the first half of 2026 amounted to CHF 322.8 million, slightly higher than the previous year (first half of 2025: CHF 319.3 million). EBITDA increased by 2.3% to CHF 122.8 million (first half of 2025: CHF 120.0 million), while EBIT decreased by -1.9% to CHF 68.0 million (first half of 2025: CHF 69.3 million). Energy transmission in the first half of the year exceeded the previous year's figure. These higher transmission volumes had a positive impact on total operating income and EBIT. On the other hand, depreciation and amortization increased compared with the same period last year

due to continued high levels of investment in the network infrastructure.

Infrastructure & Buildings continues to improve profitability

The Infrastructure & Buildings business segment includes architectural and engineering services, building technology, and services for energy, water, and telecommunications networks. Total operating income declined by 2.6%, from CHF 957.5 million to CHF 932.8 million. The decline of CHF -24.6 million is attributable in particular to BKW's consistent focus on profitable growth. As a result, the business segment increased EBITDA by 5.8% to CHF 75.7 million (first half of 2025: CHF 71.6 million). EBIT grew by 12.8% to CHF 34.7 million (first half of 2025: CHF 30.8 million), while the EBIT margin increased by 0.5 percentage points to 3.7%. The strong order book, featuring high-margin projects in engineering and high-voltage line construction, contributed significantly to this increase in profitability. The service business in building technology was also further expanded. In contrast, market conditions in the photovoltaic business remain challenging.

Investments to implement the "Solutions 2030" Strategy

BKW made significant progress in implementing its "Solutions 2030" strategy during the reporting period. This strategy aims to further develop BKW's position as a diversified infrastructure operator and service provider. Total investments in the first half of the year amounted to CHF 209.7 million (first half of 2025: CHF 226.7 million).

Of these investments, CHF 65.5 million went to the Energy Solutions business segment. In the Italian region of Puglia, the Cerignola wind farm is now fully operational after a construction period of just twelve months. With a capacity of 125 megawatts and an annual output of over 310 gigawatt-hours, it is now one of the largest wind farms in BKW's portfolio. The project marks a milestone in the implementation of the "Solutions 2030" strategy, through which BKW aims, among other things, to increase its production portfolio to 4.7 gigawatts of capacity and expand the share of renewable energy production.

In May, BKW signed an agreement in principle with Swissgrid regarding grid connection capacity of 400 megawatts for the planned large-scale battery plant in Mühleberg. With this capacity and the planned storage capacity of 800 megawatt-hours, the battery storage project is one of the largest in Switzerland. BKW plans to build the facility on the

² The operating net profit is the net profit adjusted for the performance of the decommissioning and waste disposal funds of KKM (including tax effects). To calculate operating net income, the reported net profit for 2026 of CHF 217.6 million (2025: CHF 203.3 million) was adjusted for the remeasurement gain/loss on STENFO of CHF 60.6 million (2025: CHF -9.0 million) and the corresponding tax effect of CHF -12.1 million (2025: CHF +1.9 million). Operating net income was thus CHF 169.1 million (2025: CHF 210.4 million).

site of the Mühleberg nuclear power plant. The connection is made directly to Swissgrid's transmission grid. Another important milestone is the start of construction on Grimsel 4 with our partner company, Kraftwerke Oberhasli AG. The new pumped-storage plant between Lake Grimsel and Lake Räterichsboden significantly increases the flexibility of the entire Grimsel facility and optimizes the water supply between the two reservoirs.

In addition, BKW has expanded its business activities in France and, with the acquisition of the French energy supplier Volterres SAS in the first half of the year, has become a major provider of energy services. Volterres has built up an attractive portfolio in recent years. The company sources renewable energy from more than 100 solar, wind, and hydroelectric power plants and supplies more than two terawatt-hours of electricity per year to its customers.

In the first half of the year, the majority of investments – CHF 87.5 million – went toward the distribution grid. These investments are needed to adapt the grid infrastructure to the needs of the new energy landscape, which features a growing number of decentralized generation facilities, increasingly fluctuating electricity generation from renewables, and changing consumption patterns. This is also evident in BKW's service area. As of the end of June 2026, approximately 35,500 renewable power generation systems with a total capacity of about 1.2 gigawatts were connected to BKW's distribution grid. In addition, BKW further accelerated the rollout of smart meters during the first six months of the year. As of the end of June 2026, 211,000 smart meters had already been installed in BKW's service area. For comparison: As of the end of 2025, the figure stood at around 135,000.

In the Infrastructure & Buildings business segment, investments totaled CHF 44.9 million, most of which went toward organic growth.

BKW sent a strong signal regarding the financing of infrastructure investments: At the end of March, it issued a CHF 200 million green bond on the Swiss capital market, thereby strengthening the financing of investments in the electricity distribution grid through green bonds.

Changes to the board of directors and executive committee

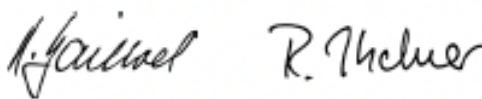
There were also personnel changes on the board of directors and executive committee: Dr. Martin Keller was elected to the board of directors at the general meeting in April to succeed Kurt Schär. Margarita Aleksieva succeeded Dr. Philipp Hänggi as Executive Vice President – Energy Production business area and was appointed to the BKW Executive Committee.

Outlook for the second half of 2026

BKW expects a stronger second half of the year for Infrastructure & Buildings and Energy Solutions, and Power Grid is likely to remain stable. BKW expects EBIT for 2026 to be at the lower end of the target range of CHF 650 million to CHF 750 million announced at the beginning of the year.

A big thank you goes out to our customers, suppliers, and partners for their trust and cooperation. We would like to thank our shareholders for their continued trust and our employees for their tremendous dedication during these dynamic and challenging times.

Kind regards,



Roger Baillod
Chairman of the Board of
Directors

Robert Itschner
CEO