Axpo Holding AG
1 October 2021 to 30 September 2022

Financial Report 2021/22

The Power of Markets

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Financial review

Axpo recorded adjusted EBIT of CHF 392 million in the 2021/22 financial year (1 October 2021 to 30 September 2022) (previous year: CHF 643 million) and a result for the period of CHF 594 million (previous year: CHF 607 million). The 2021/22 financial year was characterised by unprecedented energy market turmoil, with market price trends affecting results, balance sheet items and cash flows in very varied ways. Electricity and gas prices were at some points more than twenty times higher than in the previous year, with prices peaking at the end of August 2022. The unexpectedly reduced availability of nuclear power plants in Switzerland and France and the drought conditions in 2022 meant that the necessary replacement electricity had to be procured on the market at high prices. The significant year-on-year increase in electricity prices was also the event that triggered impairment tests for the power plant portfolio, leading to substantial impairment reversals. At Axpo, the highly unusual divergence between wholesale electricity prices in Switzerland and Germany – with prices rising much more sharply in Switzerland than in Germany – led to temporary shifts in income to subsequent years because of the accounting treatment of the financial instruments used to hedge Swiss electricity production. Capital market performance was very negative over the 12 months under review, which was reflected in the performance of the decommissioning and waste disposal funds (STENFO).

The 2021/22 financial year was dominated by liquidity and risk management. The highly volatile market environment had far-reaching implications for liquidity requirements and key risk indicators at Axpo, as it did for all market participants; we had to contend with liquidity requirements and risk that were many times higher for the same volume of electricity. Additional market risks were also consciously entered into as a way to reduce liquidity risks. Further information on risk management can be found in Note 4.5 “Risk management” of this Financial Report. The risk ratios have decreased significantly since the balance sheet date of 30 September 2022 due to the significantly lower volatility on the energy markets.

The increased electricity prices and high market volatility led to a massive rise in collateral payments in connection with the hedging strategy for our own electricity production. These necessary payments, which revert back once the corresponding transactions have been completed, led to a significant outflow of funds and thus to negative cash flows overall. Thanks to active capital and liquidity management, we were able to cover the unforeseen liquidity requirement using our own resources. However, the extreme market movements in late August and early September meant we could no longer assume that we would be able to obtain the necessary liquidity on the market quickly enough in every scenario. With this in mind and as a precautionary step, Axpo applied to the federal government at the start of September 2022 for a subordinated, unsecured credit line of CHF 4 billion, callable as required. This credit line had not been utilised by the time of publication of the 2021/22 results.

Axpo has so far benefited from the high energy prices to only a limited extent. This is due to its hedging strategy, under which electricity from its own power plants is sold up to three years in advance. However, the high prices will have a positive impact on results over the coming years.

CHF million	2021/22	2020/21	Change
Adjusted EBIT	392	643	– 251
Result for the period	594	607	– 13
Free cash flow	– 3 259	562	– 3 821
Equity	7 432	7 228	205
Net debt	– 3 644	– 223	– 3 420

Adjusted EBIT fell by CHF 251 million year on year to CHF 392 million (previous year: CHF 643 million). Reported EBIT was CHF 1,745 million (previous year: CHF 516 million). The negative performance of the financial markets was a key driver of the negative financial result and led to a reduction in the result for the period to CHF 594 million (previous year: CHF 607 million). Cash flow from operating activities fell from CHF 888 million in the previous year to CHF –3,117 million, due mainly to deposits of additional collateral used to hedge Swiss electricity production. Net investments totalled CHF 142 million (previous year: CHF 327 million), meaning that free cash flow fell from CHF 562 million to CHF –3,259 million. Equity increased by CHF 205 million year on year to CHF 7,432 million. As a result of the negative free cash flow, net debt increased from CHF 223 million as at 30 September 2021 to CHF 3,644 million as at 30 September 2022.

CHF million	2021/22 adjusted	Performance STENFO	Hedges Swiss production (accounting mismatch)	Impairment reversal	2021/22 reported	2020/21 adjusted	Performance STENFO	Hedges Swiss production (accounting mismatch)	Impairment	Compensation Swissgrid	2020/21 reported	Change, adjusted
Total income	12 016	0	1 470	0	10 546	6 120	0	143	0	– 79	6 056	5 896
Expenses for energy procurement, grid usage and goods purchased	– 9 731	327	0	– 454	– 9 604	– 3 776	– 168	0	0	0	– 3 608	– 5 955
Operating expenses	– 1 623	0	0	0	– 1 623	– 1 397	0	0	0	0	– 1 397	– 226
Share of result of partner plants and other associates	103	0	0	0	103	74	0	0	0	0	74	29
EBITDA	**764**	**327**	**1 470**	**– 454**	**– 579**	**1 021**	**– 168**	**143**	**0**	**– 79**	**1 126**	**– 257**
Depreciation, amortisation and impairment losses/reversals	– 373	0	0	– 2 697	2 324	– 378	0	0	232	0	– 610	6
EBIT	**392**	**327**	**1 470**	**– 3 150**	**1 745**	**643**	**– 168**	**143**	**232**	**– 79**	**516**	**– 251**

The results for the 2021/22 financial year were influenced by the following three one-off effects, which are therefore stripped out of the reported operating performance (adjusted EBIT):

- The decommissioning and waste disposal funds generated a return of –13.6% in 2021/22 (previous year: +12.4%), reducing EBIT by CHF 327 million and the financial result by CHF 410 million.
- Due to the lack of liquidity on the Swiss market, Swiss production is largely hedged in Germany and France. The price differences between Switzerland and Germany were multiplied several times over in the year under review. This led to temporary shifts in income of CHF 1,470 million to subsequent years because of the accounting treatment of the financial instruments used for hedging.
- The rising electricity prices meant that impairment tests needed to be carried out on the company's own power plants. Since electricity prices increased sharply not just in the short term but in the medium term too, impairment reversals totalling CHF 3,150 million were recorded in the 2021/22 financial year.

These one-off effects had an impact of CHF 1,353 million on the reported EBIT of CHF 1,745 million (previous year: one-off effects of CHF –127 million). The following sections contain a commentary on the adjusted results.

The Axpo Group's total income of CHF 12,016 million was CHF 5,896 million higher than in the previous year (CHF 6,120 million). This increase was largely attributable to higher energy prices in the end-customer business in Italy and higher income from energy derivatives trading by Trading & Sales. However, energy procurement expenses in the end-customer business in Italy were also higher. Production from nuclear power plants fell by 1% or 0.2 TWh year on year due to the reduced availability of French nuclear power plants. Swiss hydropower power plants produced 8.2 TWh of electricity, a decrease of 1.6 TWh or 17% compared with the previous year, due to the persistent drought conditions in 2022. Despite further expansion of wind and solar energy, electricity production was down 1.7 TWh or 2% year on year in 2021/22. This was because wind conditions were worse than in the previous year. The unexpected disruptions to production and supply at the Swiss hydropower plants, the Leibstadt nuclear power plant and the French nuclear power plants had to be made up for by buying electricity on the market. This replacement procurement at prevailing market prices led to a negative impact of CHF 789 million on the operating result compared with the previous year. Various wind farms and solar plants were sold in the reporting year, generating total gains of CHF 151 million. The increase in other operating income was mainly attributable to gains of CHF 313 million from operational currency hedging.

Expenses for energy procurement, grid usage and goods increased by CHF 5,955 million year on year to CHF 9,731 million. This was due in particular to the price-related increase in the cost of procuring electricity and gas for the end-customer business outlined above. Expenses for materials and third-party supplies increased from CHF 240 million in the previous year to CHF 270 million due to higher maintenance expenses. Personnel expenses rose by CHF 41 million year on year to CHF 833 million (previous year: CHF 792 million). The headcount increased by 599 full-time equivalents in the reporting period, with the growth businesses of renewable energy, origination and building technology in particular seeing workforce expansion and hence higher personnel expenses. Other operating expenses increased by CHF 154 million year on year to CHF 519 million due to higher IT expenses of CHF 43 million and higher impairments on trade receivables of CHF 112 million.

Scheduled depreciation and amortisation fell from CHF 378 million in the previous year to CHF 373 million in 2021/22. The annual impairment test carried out for power plants and energy procurement contracts resulted in a non-cash impairment reversal of CHF 3,150 million (previous year: impairment losses of CHF 232 million). The impairment reversals are due to the current high electricity prices, which are expected to remain elevated over the medium term. The net impairment reversals on assets, mainly property, plant and equipment and intangible assets, of CHF 2,697 million mean that as at 30 September 2022 the majority of the power plants are recognised at their amortised carrying amount. As a result of remeasurement, provisions for onerous energy procurement contracts were reduced by CHF 454 million to just CHF 46 million as at the balance sheet date (previous year: CHF 576 million).

Adjusted earnings before interest and tax (EBIT) for the 2021/22 financial year were CHF 392 million (previous year: CHF 643 million). The reason behind the CHF 251 million year-on-year fall in adjusted EBIT was that the contribution to earnings from Trading & Sales – which was again significantly higher than in the previous year – and the contribution from the sale of wind farms and solar plants were not enough to offset the negative impact of the reduced availability of power plants. Taking one-off effects into account, reported EBIT for 2021/22 was CHF 1,745 million (previous year: CHF 516 million).

The financial result fell markedly year on year to CHF –1,038 million (previous year: CHF 235 million). The negative STENFO return resulted in non-cash fund expenses of CHF 410 million in 2021/22 (previous year: fund income of CHF 338 million). The euro's depreciation against the Swiss franc also led to currency losses on monetary balance sheet items of CHF 447 million (previous year: currency gains of CHF 11 million). Income taxes decreased to CHF 113 million (previous year: CHF 144 million), which corresponds to an income tax rate of 16%. The Group recorded a slightly lower result for the period of CHF 594 million for the 2021/22 financial year as a whole (previous year: CHF 607 million).

Generation & Distribution

CHF million	2021/22	2020/21	Change
Total income	530	2 473	– 1 944
Operating expenses	– 2 514	– 1 883	– 631
Share of result of partner plants and other associates	86	58	28
Depreciation, amortisation and impairment losses/reversals	2 393	– 532	2 926
EBIT	**494**	**115**	**379**
One-off effects	– 626	239	– 865
Adjusted EBIT	**– 132**	**354**	**– 486**

Adjusted EBIT – in other words excluding the higher/lower STENFO return, the impairment reversals on power plants and the temporary shifts in income from hedging electricity production – fell by CHF 486 million year on year to CHF –132 million. In the reporting year, several wind and solar parks were sold, which contributed a total of CHF 151 million to the result. By contrast, the replacement procurement of electricity on the market to compensate for the weather-related decrease in production from hydropower plants, primarily in the second half of the year, the extended overhaul-related shutdown of the Leibstadt nuclear power plant and the reduced availability of French nuclear power plants had a negative impact of CHF 697 million on the segment's EBIT compared with the previous year and led to lower total income. The Generation & Distribution segment reported EBIT of CHF 494 million for the reporting year (previous year: CHF 115 million).

Trading & Sales

CHF million	2021/22	2020/21	Change
Gross margin asset-backed trading	1 313	353	960
Gross margin origination	885	518	367
Gross margin proprietary trading	89	86	3
Gross margin	**2 287**	**957**	**1 330**
Operating expenses	– 513	– 426	– 87
EBIT performance view	**1 774**	**531**	**1 243**
Hedging effects / other reconciliation items	– 597	– 272	– 325
EBIT	**1 177**	**259**	**918**

Trading & Sales once again significantly exceeded or increased the good operating results it achieved both in the previous year and in the first half of the 2021/22 financial year. Its EBIT performance view, excluding shifts in income due to accounting-related hedging effects (accounting mismatches), was more than trebled year on year to CHF 1,774 million. The main contributors were asset-backed trading and origination business. The contribution to earnings from proprietary trading was on a par with the previous year. The operating result also includes realised and unrealised losses related to the missing gas deliveries from Russia. As in the previous year, shifts in income due to hedging effects led to lower reported EBIT of CHF 1,177 million, although this was up CHF 918 million year on year.

CKW

CHF million	2021/22	2020/21	Change
Total income	1 186	916	270
Operating expenses	– 1 146	– 680	– 466
Share of result of partner plants and other associates	14	10	4
Depreciation, amortisation and impairment losses/reversals	– 49	– 71	22
EBIT	**5**	**175**	**– 169**
One-off effects	88	– 67	156
Adjusted EBIT	**93**	**107**	**– 14**

CKW reported adjusted EBIT of CHF 93 million, down CHF 14 million year on year. The extended overhaul-related shutdown of the Leibstadt nuclear power plant and the reduced availability of French nuclear power plants had a negative impact of CHF 92 million on the segment's adjusted EBIT compared with the previous year. By contrast, there were positive contributions to earnings due to higher electricity prices and a higher contribution to earnings from the management of the power plants. The reported EBIT of CHF 5 million (previous year: CHF 175 million) includes one-off effects totalling CHF –88 million (previous year: CHF 67 million) relating to the higher/lower STENFO return, the impairment reversals on power plants and the temporary shifts in income from hedging electricity production.

Cash flow statement

CHF million	2021/22	2020/21	Change
Cash flow from operating activities	– 3 117	888	– 4 006
Net investment in non-current assets	– 142	– 327	185
Free cash flow	**– 3 259**	**562**	**– 3 821**
Cash flow from investing activities	2 197	– 210	2 407
Cash flow from financing activities	3 199	– 385	3 584
Cash and cash equivalents as at 30.9.	3 907	1 818	2 089

Cash flow from operating activities decreased by CHF 4,006 million year on year to CHF –3,117 million (previous year: CHF 888 million). The high energy prices led to substantial cash outflows of CHF 7,337 million for variation margin, initial margin and CSA payments. By itself, the collateral for the variation margin futures used to hedge Swiss production over the next three years resulted in a cash outflow of CHF 5,243 million in the 2021/22 financial year. Gross investments were slightly higher year on year, rising by CHF 6 million in the 2021/22 financial year to CHF 488 million, with investments in wind and solar energy in particular increasing from CHF 249 million to CHF 261 million. This was offset by higher divestments of CHF 324 million and payments of CHF 22 million received from the decommissioning and waste disposal funds, resulting in net investments of CHF 142 million (previous year: CHF 327 million). As a result of the significantly lower operating cash flow and despite the fall in net investments, free cash flow decreased to CHF –3,259 million (previous year: CHF 562 million). Active capital and liquidity management over the last 12 months are reflected in the cash flow from financing activities, which generated a cash inflow of CHF 3,199 million in the reporting year (previous year: repayments of CHF 385 million). Cash and cash equivalents therefore increased by CHF 2,089 million in the reporting period to CHF 3,907 million as at 30 September 2022 (previous year: CHF 1,818 million).

Balance sheet

CHF million	2021/22	2020/21	Change
Non-current assets	29 880	19 167	10 713
Current assets	49 856	25 509	24 347
Total assets	**79 736**	**44 676**	**35 060**
Equity	7 432	7 228	205
Non-current liabilities	32 275	15 216	17 058
Current liabilities	40 029	22 232	17 797
Total liabilities and equity	**79 736**	**44 676**	**35 060**
Net debt	**– 3 644**	**– 223**	**– 3 420**

Energy prices continued to rise sharply in the reporting year, resulting in further marked expansion of the balance sheet. The Group had total assets of CHF 79.7 billion as at 30 September 2022 (previous year: CHF 44.7 billion). As at the end of August 2022, when energy prices reached their highest level yet, Axpo's total assets had risen to more than CHF 100 billion, before falling significantly again by the end of the financial year, in line with energy prices. The rise in energy prices led both the positive and negative replacement values of derivative financial instruments to more than double year on year. The expansion of the balance sheet was in part attributable to Axpo's hedging strategy, which involves selling electricity from its own power plants up to three years in advance and hedging the price. As at 30 September 2022, production hedged for three years totalled 64 TWh. It breaks down across the individual financial years as follows:

- 2022/23: 25 TWh at an average hedged price of 51 EUR/MWh
- 2023/24: 24 TWh at an average hedged price of 55 EUR/MWh
- 2024/25: 15 TWh at an average hedged price of 66 EUR/MWh

Equity grew by CHF 205 million in the reporting period to CHF 7,432 million, while the equity ratio fell to 9.3% (previous year: 16.2%) as a result of the balance sheet expansion. Liquidity decreased from CHF 4.3 billion to CHF 4.1 billion over the reporting period. Cash and cash equivalents were increased to CHF 3.9 billion as at 30 September 2022 through the sale of time deposits and financial assets, thus ensuring that the higher liquidity requirements were met at all times. At the same time, financial liabilities increased from CHF 4.5 billion to CHF 7.7 billion as at end-September 2022. As a result, net financial debt increased from CHF 223 million as at 30 September 2021 to CHF 3,644 million as at 30 September 2022. Uncommitted credit lines from banks and financial institutions increased over the year under review from CHF 3,588 million as at 30 September 2021 to CHF 4,916 million as at 30 September 2022. Of the total credit line of CHF 7,785 million, CHF 6,212 million had been utilised as at 30 September 2022, with CHF 1,573 million still available.

Consolidated statement of comprehensive income

CHF million	Notes	2021/22	2020/21
Income statement			
Revenue	2.1	9 891.7	5 766.3
Capitalised production costs		60.3	55.1
Other operating income		593.7	234.8
Total income	**2.1**	**10 545.7**	**6 056.2**
Expenses for energy procurement, grid usage and goods purchased	2.2	– 9 604.4	– 3 607.5
Expenses for materials and third-party supplies		– 270.3	– 240.3
Personnel expenses	5.1	– 833.4	– 791.6
Other operating expenses	2.3	– 519.3	– 364.9
Share of result of partner plants and other associates	6.3	102.6	73.9
Earnings before interest, tax, depreciation and amortisation (EBITDA)		**– 579.1**	**1 125.8**
Depreciation, amortisation and impairment losses/reversals	2.4	2 324.3	– 610.1
Earnings before interest and tax (EBIT)		**1 745.2**	**515.7**
Financial income	2.5	141.1	489.1
Financial expense	2.5	– 1 178.7	– 253.8
Earnings before tax (EBT)		**707.6**	**751.0**
Income tax expense	2.6	– 113.1	– 143.9
Result for the period		**594.5**	**607.1**

CHF million	Notes	2021/22	2020/21
Other comprehensive income			
Result for the period		**594.5**	**607.1**
Currency translation differences	4.1	– 230.6	5.7
Share of currency translation differences – other associates	4.1, 6.3	– 4.7	1.1
Changes to cash flow hedges – group companies	4.1	62.5	– 352.1
Changes to cash flow hedges – other associates	4.1, 6.3	23.7	5.2
Income and expenses to be reclassified subsequently to profit or loss, net after income tax		**– 149.1**	**– 340.1**
Remeasurement of defined benefit plans – group companies	4.1	– 132.4	262.7
Remeasurement of defined benefit plans – other associates	4.1, 6.3	– 27.7	52.3
Income and expenses not to be reclassified subsequently to profit or loss, net after income tax		**– 160.1**	**315.0**
Other comprehensive income after tax		**– 309.2**	**– 25.1**
Total comprehensive income		**285.3**	**582.0**
Allocation of the result for the period:			
Axpo Holding shareholders		597.1	579.5
Non-controlling interests		– 2.6	27.6
Allocation of total comprehensive income:			
Axpo Holding shareholders		367.0	565.5
Non-controlling interests		– 81.7	16.5
Earnings per share:			
Earnings per share in CHF		16.1	15.7

There are no circumstances that would lead to a dilution in earnings per share.

Consolidated balance sheet

CHF million	Notes	30.9.2022	30.9.2021
Assets			
Property, plant and equipment	3.1	6 405.1	4 374.2
Right-of-use assets	3.2	153.3	153.8
Intangible assets	3.3	1 237.1	887.4
Investments in partner plants and other associates	6.3	1 523.4	1 596.9
Derivative financial instruments	4.5	17 013.2	6 553.2
Financial receivables	4.3	499.5	2 016.5
Investment properties		39.9	40.6
Other receivables	3.5	2 703.1	3 369.9
Deferred tax assets	2.6	305.4	174.7
Total non-current assets		**29 880.0**	**19 167.2**
Assets held for sale	6.2	184.9	242.3
Inventories	3.4	1 092.7	994.3
Trade receivables		3 011.8	1 594.7
Financial receivables	4.3	179.3	1 069.3
Current tax assets		84.1	41.7
Derivative financial instruments	4.5	22 672.7	12 181.3
Other receivables	3.5	18 723.9	7 567.2
Cash and cash equivalents	4.2	3 906.6	1 818.0
Total current assets		**49 856.0**	**25 508.8**
Total assets		**79 736.0**	**44 676.0**

CHF million	Notes	30.9.2022	30.9.2021
Equity and liabilities			
Share capital	4.1	370.0	370.0
Retained earnings	4.1	7 408.3	7 030.7
Other reserves	4.1	– 786.5	– 704.9
Total equity excluding non-controlling interests		**6 991.8**	**6 695.8**
Non-controlling interests	4.1	440.6	531.8
Total equity including non-controlling interests		**7 432.4**	**7 227.6**
Financial liabilities	4.4	4 854.5	3 680.0
Derivative financial instruments	4.5	23 452.2	7 278.5
Other liabilities	3.6	582.6	385.3
Deferred tax liabilities	2.6	183.8	191.6
Provisions	3.7	3 201.6	3 680.8
Total non-current liabilities		**32 274.7**	**15 216.2**
Liabilities held for sale	6.2	35.0	263.0
Trade payables		1 572.2	662.9
Financial liabilities	4.4	2 890.3	811.5
Current tax liabilities		230.3	166.5
Derivative financial instruments	4.5	24 819.9	14 548.4
Other liabilities	3.6	9 414.8	5 088.8
Provisions	3.7	1 066.4	691.1
Total current liabilities		**40 028.9**	**22 232.2**
Total liabilities		**72 303.6**	**37 448.4**
Total equity and liabilities		**79 736.0**	**44 676.0**

Consolidated statement of changes in equity

CHF million	Share capital	Retained earnings [1]	Other reserves	Total equity excluding non-controlling interests	Non-controlling interests	Total equity including non-controlling interests
Equity as at 1.10.2020	**370.0**	**6 234.2**	**– 397.2**	**6 207.0**	**527.2**	**6 734.2**
Other comprehensive income after tax		295.3	– 309.3	**– 14.0**	– 11.1	**– 25.1**
Result for the period		579.5		**579.5**	27.6	**607.1**
Total comprehensive income		**874.8**	**– 309.3**	**565.5**	**16.5**	**582.0**
Dividend		– 80.3		**– 80.3**	– 6.2	**– 86.5**
Change in scope of consolidation		2.7	4.1	**6.8**	– 20.4	**– 13.6**
Non-controlling interests acquired		– 0.9	– 2.5	**– 3.4**	2.5	**– 0.9**
Increase and decrease in capital of non-controlling interests		0.2		**0.2**	12.2	**12.4**
Equity as at 30.9.2021	**370.0**	**7 030.7**	**– 704.9**	**6 695.8**	**531.8**	**7 227.6**
Other comprehensive income after tax		– 151.1	– 79.0	**– 230.1**	– 79.1	**– 309.2**
Result for the period		597.1		**597.1**	– 2.6	**594.5**
Total comprehensive income		**446.0**	**– 79.0**	**367.0**	**– 81.7**	**285.3**
Dividend		– 79.6		**– 79.6**	– 25.4	**– 105.0**
Change in scope of consolidation		25.4	– 0.5	**24.9**	– 5.6	**19.3**
Non-controlling interests acquired		– 14.4	– 2.1	**– 16.5**	19.9	**3.4**
Increase and decrease in capital of non-controlling interests		0.2		**0.2**	1.6	**1.8**
Equity as at 30.9.2022	**370.0**	**7 408.3**	**– 786.5**	**6 991.8**	**440.6**	**7 432.4**

1) Retained earnings comprise own shares in CKW AG with a nominal value of CHF 29,692.

Consolidated cash flow statement

CHF million	Notes	2021/22	2020/21
Earnings before tax (EBT)		**707.6**	**751.0**
Financial result	2.5	1 037.6	– 235.3
Earnings before interest and tax (EBIT)		**1 745.2**	**515.7**
(Gain)/loss on disposal of non-current assets and non-current assets and liabilities held for sale		– 165.8	– 156.5
Non-cash expenses and income	4.2	3 610.7	3 236.0
Change in net working capital	4.2	– 7 894.1	– 2 748.4
Change in derivative financial instruments and other financial result		– 157.8	– 209.5
Change in provisions (excluding interest, net)	3.7	– 83.4	329.8
Dividends received		78.8	47.4
Income taxes paid		– 250.9	– 126.4
Cash flow from operating activities		**– 3 117.3**	**888.1**
Property, plant and equipment:			
Investments net of capitalised borrowing costs	3.1	– 397.4	– 441.0
Disposals and cost contributions		17.2	6.1
Leases:			
Receipt of deferred considerations		2.7	3.2
Intangible assets:			
Investments (excluding goodwill)	3.3	– 19.9	– 16.6
Disposals		0.0	0.4
Acquisition of subsidiaries (net of cash acquired)		– 43.5	– 17.4
Disposals of subsidiaries (net of cash transferred)		146.0	83.7
Cash flow from non-current assets and liabilities held for sale		0.0	0.3

CHF million	Notes	2021/22	2020/21
Investments in partner plants and other associates:			
Investments	6.3	– 27.0	– 4.4
Disposals and capital repayments		157.4	10.0
Other financial assets:			
Investments		– 108.9	– 329.1
Disposals and repayments		1 463.8	137.7
Receivables from state funds		22.1	48.5
Investment properties and change in other financial assets		21.0	0.6
Financial receivables (current)		910.1	261.6
Interest received		53.6	46.1
Cash flow from investing activities		**2 197.2**	**– 210.3**
Financial liabilities (current and non-current):			
Proceeds	4.4	13 814.0	2 455.7
Repayment	4.4	– 10 367.0	– 2 649.1
Other liabilities (non-current):			
Proceeds		10.5	13.3
Other cash flows from financing activities		– 0.1	12.4
Dividend payments (including non-controlling interests)		– 104.8	– 86.4
Interest paid		– 153.7	– 130.4
Cash flow from financing activities		**3 198.9**	**– 384.5**
Foreign currency translation effect on cash and cash equivalents		– 190.2	12.0
Change in cash and cash equivalents		**2 088.6**	**305.3**
Cash and cash equivalents at the beginning of the reporting period	**4.2**	**1 818.0**	**1 512.7**
Cash and cash equivalents at the end of the reporting period	**4.2**	**3 906.6**	**1 818.0**

Notes to the consolidated financial statements

1. Summary

1.1 General information

Axpo Holding AG is a public limited company incorporated under Swiss law and was established on 16 March 2001 with its registered office in Baden. Axpo Holding and its subsidiaries constitute the Axpo Group. An overview of the Group's principal investments is provided in Note 6.6 "Investments". The Axpo Group owns and operates power-generating plants and distribution grids. The company also engages in international energy trading. The Axpo Group employed 5,937 staff as at 30 September 2022 (previous year: 5,338).

The 2021/22 financial year, like the previous financial year, was characterised by sharply rising energy prices and record price fluctuations. These market developments had implications for the balance sheet, income statement and cash flow statement as at 30 September 2022. The impact is mainly reflected in the following Note tables: 2.5 "Financial result", 2.6 "Income taxes", 3.4 "Inventories", 3.5 "Other receivables", 3.6 "Other liabilities" and 4.5 "Risk management".

1.2 Basis of accounting

General principles
The consolidated financial statements for the 2021/22 financial year provide a true and fair view of the assets, financial position and results of operations of the Axpo Group in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law. The consolidated financial statements were approved by the Board of Directors of Axpo Holding AG on 7 December 2022 and are still to be approved by the Annual General Meeting on 27 March 2023.

Measurement bases
The consolidated financial statements are based on the historical cost principle and are prepared on a going-concern basis. Exceptions are described in the accounting policies of the respective notes.

Presentation currency and foreign currency translation
The presentation currency, which is Axpo Holding AG's functional currency, is the Swiss franc. Transactions in foreign currencies are translated at the exchange rate prevailing on the date of the transaction or at an exchange rate which approximates the transaction rate. At the end of the reporting period, monetary assets and liabilities in foreign currencies are translated at the exchange rates prevailing at the balance sheet date. Any resulting translation differences are recognised in the income statement.

Assets and liabilities of subsidiaries and of associates accounted for using the equity method whose functional currency is not the Swiss franc are translated on consolidation into Swiss francs at the exchange rate prevailing at the balance sheet date. The income statement, cash flow statement and other movement items are translated at the average exchange rate for the reporting period. Exchange differences arising from the translation of the balance sheet and income statement of foreign subsidiaries and associates accounted for using the equity method are recognised directly in other comprehensive income and disclosed separately in the notes. Non-current receivables or loans to foreign group companies for which repayment is neither planned nor likely to occur in the foreseeable future are, in substance, a part of the Group's net investment in that foreign group company. Foreign exchange differences resulting from such non-current receivables or loans are recognised in other comprehensive income and in the income statement on liquidation or disposal of the foreign operation.

Foreign currency exchange rates

The following exchange rates were applied:

		Year-end rates		Average rates	
Currency	**Unit**	**30.9.2022**	**30.9.2021**	**2021/22**	**2020/21**
EUR	1	0.9561	1.0830	1.0225	1.0872
USD	1	0.9808	0.9353	0.9445	0.9097

Application of new standards and interpretations

All standards and interpretations effective at the end of the reporting period were applied when preparing the consolidated financial statements. The Axpo Group applied the following new or revised standards and interpretations for the first time as at 1 October 2021:

Standard	Title	Effective from
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform – phase 2	1 January 2021
Amendments to IFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021	1 April 2021

The new standards have no material impact on the Axpo Group's consolidated financial statements.

Future application of new standards and interpretations

The Axpo Group is currently analysing the potential impact of the following new and revised standards and interpretations that have already been issued but whose application in the consolidated financial statements is not yet mandatory. They will be adopted by the Axpo Group no later than the financial year beginning on or after the date specified.

Standard	Title	Effective from
Amendments to IFRS 3	Reference to the Conceptual Framework	1 January 2022
Amendments to IAS 16	Proceeds before Intended Use	1 January 2022
Amendments to IAS 37	Cost of Fulfilling a Contract	1 January 2022
IFRSs (2018–2020 cycle)	Annual Improvements	1 January 2022
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policy	1 January 2023
Amendments to IAS 8	Definition of Accounting Estimate	1 January 2023
Amendments to IAS 12	Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	1 January 2023
Amendments to IAS 1	Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to IAS 1	Non-current Liabilities with Covenants	1 January 2024

The Axpo Group will review its reporting on those new or amended standards that come into force on or after 1 January 2022 and for which the Axpo Group has opted against early application. Based on current analyses, the Axpo Group does not expect any material impact on the Group's financial position and results of operations.

1.3 Significant judgments and estimation uncertainties in the application of accounting principles

In the process of preparing the consolidated financial statements in accordance with IFRS, Axpo Group management made judgments, estimates and assumptions which have an effect on the applicable accounting principles and the amounts recognised under assets, liabilities, income and expenses as well as their presentation. The estimates and assumptions are based on existing knowledge and various other factors which are regarded as relevant under the given circumstances. These serve as a basis for recognition in the balance sheet of assets and liabilities which cannot be measured directly on the basis of any other source. The actual values may deviate from these estimates.

The estimates and assumptions are regularly reviewed. Where necessary, adjustments are made to estimates if the circumstances on which they were based have changed or if new information and additional facts have become known. Such adjustments are recognised in the period in which the estimates were adjusted.

The key assumptions concerning the future development and other sources of estimation uncertainty, which could result in material adjustments to the recognised assets and liabilities, are listed below.

Description	Significant judgments	Estimation uncertainties	Further information see Note
Impairment and impairment reversals on property, plant and equipment, right-of-use assets and intangible assets		X	2.4
Provisions for onerous energy procurement contracts		X	2.4
Income taxes		X	2.6
Receivables from state funds		X	3.5
Provisions for post-operation, decommissioning, disposal		X	3.7.1
Other provisions		X	3.7.1
Value added tax		X	3.7.2
Accounting for energy derivatives	X		4.5
Fair value of financial instruments		X	4.5
Defined benefit plan		X	5.3
Classification of partner plants	X		6.3

1.4 Events after the balance sheet date

There are no events after the balance sheet date which have to be disclosed.

2. Operational performance

2.1 Segment information

The Axpo Group's segment reporting is based on the internal organisational and management structure and on internal financial reporting to the key management committees. This complies with the provisions of IFRS 8, the so-called management approach. Axpo uses earnings before interest and tax (EBIT) for internal control purposes and as an indicator of the long-term earnings power of a reporting segment. All operational assets are recognised by the reporting segment. There are no differences between the accounting principles used for segment reporting and those used for the consolidated financial statements.

The reporting segments pursuant to IFRS 8 encompass the three business areas of Generation & Distribution, Trading & Sales and CKW. These are individually assessed by the management to measure performance levels and for the purpose of allocating resources. Operating business areas have been combined to form the reporting segments.

Segments	Activity
Generation & Distribution	The Generation & Distribution business area operates and expands the Axpo power plant portfolio (hydraulic power plants, nuclear power plants, gas-fired combined-cycle power plants, power plants new renewable energies) in Switzerland and abroad, as well as infrastructure such as grids and substations. This business area is also responsible for optimising the power plant portfolio and developing new power plant projects.
Trading & Sales	The Trading & Sales business area encompasses the areas of energy trading, risk and portfolio management, customer service, and the optimal deployment of the power plant portfolio.
CKW	With its production portfolio, investments in power plants, and long-term contracts and grid infrastructure, the CKW business area supplies energy to Central Switzerland and ensures optimum use of hydro power in this region through existing exchange agreements.
Reconciliation	In compliance with IFRS 8, Axpo Holding AG and Axpo Services AG, which are not operating segments, and consolidation effects are combined under "Reconciliation".

Segment income statement

	Generation & Distribution		Trading & Sales		CKW		Reconciliation		Total	
CHF million	**2021/22**	**2020/21**	**2021/22**	**2020/21**	**2021/22**	**2020/21**	**2021/22**	**2020/21**	**2021/22**	**2020/21**
Revenue with external customers	732.3	805.3	8 031.7	4 087.8	1 126.3	845.0	1.4	28.2	**9 891.7**	**5 766.3**
Revenue with other segments	– 444.2	1 510.7	2 504.3	528.5	2.2	8.8	– 2 062.3	– 2 048.0	**0.0**	**0.0**
Capitalised production costs	36.4	32.8	0.0	0.0	20.7	19.3	3.2	3.0	**60.3**	**55.1**
Other operating income	205.1	124.2	46.2	46.2	36.5	42.6	305.9	21.8	**593.7**	**234.8**
Total income	**529.6**	**2 473.0**	**10 582.2**	**4 662.5**	**1 185.7**	**915.7**	**– 1 751.8**	**– 1 995.0**	**10 545.7**	**6 056.2**
Operating expenses	– 2 513.9	– 1 883.2	– 9 379.3	– 4 379.4	– 1 145.9	– 680.2	1 811.7	1 938.5	**– 11 227.4**	**– 5 004.3**
Share of result of partner plants and other associates	85.5	57.8	– 0.9	0.3	14.2	10.4	3.8	5.4	**102.6**	**73.9**
Depreciation, amortisation and impairment losses/reversals	2 393.3	– 532.2	– 24.6	– 24.6	– 49.0	– 71.4	4.6	18.1	**2 324.3**	**– 610.1**
Earnings before interest and tax (EBIT)	**494.5**	**115.4**	**1 177.4**	**258.8**	**5.0**	**174.5**	**68.3**	**– 33.0**	**1 745.2**	**515.7**
Financial result									**– 1 037.6**	**235.3**
Earnings before tax (EBT)									**707.6**	**751.0**
Income tax expense									**– 113.1**	**– 143.9**
Result for the period									**594.5**	**607.1**

The negative revenue with other segments of the Generation & Distribution business area resulted on the one hand from the unexpected lower availability of nuclear power plants in Switzerland and France and from the drought in 2022, and on the other hand from the divergence between wholesale electricity prices in Switzerland and Germany (accounting mismatch).

Segment assets and supplementary information.

	Generation & Distribution		Trading & Sales		CKW		Reconciliation		Total	
CHF million	**30.9.2022**	**30.9.2021**	**30.9.2022**	**30.9.2021**	**30.9.2022**	**30.9.2021**	**30.9.2022**	**30.9.2021**	**30.9.2022**	**30.9.2021**
Additions to non-current assets [1)]	342.1	360.3	30.7	32.8	101.3	89.4	41.4	34.1	**515.5**	**516.6**
Investments in partner plants and other associates	1 226.0	1 186.2	4.5	5.3	292.9	286.3	0.0	119.1	**1 523.4**	**1 596.9**
Segment assets [2)]	6 702.0	6 299.8	66 426.0	29 922.5	3 230.0	2 857.0	3 378.0	5 596.7	**79 736.0**	**44 676.0**
thereof "assets held for sale"	171.4	192.4	0.0	0.0	0.0	0.0	13.5	49.9	184.9	242.3

1) Additions to property, plant and equipment, property, plant and equipment leased out under operating lease agreements, assets under construction, prepayments on assets, right-of-use assets, intangible assets, intangible assets not yet applied, investments in partner plants and other associates, investment properties and receivables from state funds.
2) The reconciliation item “Segment assets” includes assets not allocated (non-operating investments in other associates, derivatives (except energy derivatives), current and non-current financial receivables, investment properties, receivables from state funds, securities and cash and cash equivalents).

Information by country

CHF million	Revenues from contracts with customers 2021/22	Non-current assets [1)] 2021/22	Revenues from contracts with customers 2020/21	Non-current assets [1)] 2020/21
Switzerland	3 205.4	10 812.5	2 986.6	9 299.1
Italy	3 837.9	122.7	906.7	247.4
Spain	199.8	8.1	171.5	0.8
Germany	502.5	125.7	35.4	37.4
Portugal	445.0	2.5	216.3	0.7
France	255.2	863.6	206.3	487.5
Other countries	1 581.2	24.6	116.9	12.6
Total	**10 027.0**	**11 959.7**	**4 639.7**	**10 085.5**

1) Property, plant and equipment, right-of-use assets, intangible assets, ownership interests in partner plants and other associates, investment properties and receivables from state funds.

Information by product

CHF million	2021/22	2020/21
Energy	8 913.9	3 612.5
Grid usage	561.2	516.2
Other net revenue	551.9	511.0
Revenue from contracts with customers	**10 027.0**	**4 639.7**
Result from energy derivatives trading	– 135.3	1 126.6
Total revenue	**9 891.7**	**5 766.3**

The result from energy derivatives trading mainly consists of the contribution of the Generation & Distribution business area in the amount of CHF –3208.7 million, the Trading & Sales business area in the amount of CHF 3308.6 million and the CKW business area in the amount of CHF –122.3 million. Result from energy derivatives trading of the Trading & Sales business area also contains positive results of economic hedge contracts entered into to hedge retail sales contracts. Expenses related to the recognition of provisions for onerous energy sales contracts are included in “Expenses for energy procurement and grid usage from third parties and associates” (see Note 2.2 “Expenses for energy procurement, grid usage and cost of goods purchased” and Note 3.7.1 “Provisions”).

Development of contract assets and contract liabilities

CHF million	Contract assets	Contract liabilities
Balance as at 30.9.2020	**33.9**	**27.4**
Change in scope of consolidation	– 2.6	– 3.3
Revenues included in contract liabilities at the beginning of the period	0.0	– 17.5
Reclassification from contract assets to trade receivables	– 27.5	0.0
Change due to adjustment of progress	33.4	17.1
Reversal of impairments	0.2	0.0
Balance as at 30.9.2021	**37.4**	**23.7**
Change in scope of consolidation	1.2	0.0
Revenues included in contract liabilities at the beginning of the period	0.0	– 16.9
Reclassification from contract assets to trade receivables	– 31.8	0.0
Change due to adjustment of progress	46.4	18.4
Reversal of impairments	0.1	0.0
Foreign currency translation	0.0	– 0.2
Balance as at 30.9.2022	**53.3**	**25.0**

Capitalised contract costs of CHF 16.5 million (previous year: CHF 21.7 million) are included in Note 3.5 “Other receivables” under the non-current item “Other (non-financial instruments)”. Capitalised contract costs in the amount of CHF 17.4 million were amortised in the 2021/22 financial year (previous year: CHF 10.1 million). Amortisation is charged over the term of the customer contracts. No impairment losses were recognised on capitalised contract costs in the reporting year.

Information about major customers

There are no transactions with an individual external customer whose sales amount to 10% or more of the revenues from contracts with customers.

Accounting principles

General

Revenue at the Axpo Group is realised when the service is rendered or when control is transferred to the customer. Accordingly, revenue is recognised when either the products or goods are delivered or the contractually agreed services have been rendered. Performance obligations with regard to returns, refunds, warranties and similar obligations are not material to the Axpo Group.

In general, revenue is reported net after deduction of value added tax and other discounts. The payment to which Axpo is entitled for the rendering of the various performance obligations may consist of fixed and variable consideration. For the measurement of the transaction price, variable components are only included if it is highly probable that there will be no significant reversal of the recognised cumulative revenues as soon as the uncertainty in connection with the variable consideration no longer exists. Penalties which might be owed by customers, e.g. for deviations between delivered and contractually agreed energy volumes, represent a variable component. This component is only included in the measurement of the transaction price if its occurrence is highly probable, which can normally only be estimated towards the end of the delivery period.

Commissions paid to agents as a result of concluding a contract are capitalised as additional costs of obtaining the contract. These costs essentially comprise commissions paid to sales agents when customers are successfully referred to the Axpo Group. Amortisation is in line with the transfer of the goods or services to the customer and is based on the average customer retention period.

The Axpo Group does not adjust the amount of the promised consideration to reflect the effects of a significant financing component if, at the inception of the contract, it expects that the time period between the transfer of a good or service to the customer and payment by the customer will not exceed one year.

Revenue from energy business and grid usage

Energy transactions that are for the management of the Group's own production portfolio and for the physical delivery of energy to retail customers are classified as own use contracts and recognised over the period of the agreed service provision. As the criteria listed in IFRS 15 are met, energy deliveries will be accounted for as a single performance obligation (series of distinct goods or services). For energy deliveries, Axpo has a right to a consideration that is directly equivalent to the value of the energy already delivered to the customer. Axpo applies the exemption in IFRS 15 in such cases and recognises revenue at the amount that can be invoiced. Income is therefore considered realised and recognised as revenue when delivery has taken place. Deliveries to retail customers are largely based on individual meter readings at the end of the financial year. If the meters cannot be read at this time, revenue is estimated and recognised on the basis of statistical values. Revenue from electricity supplies not yet invoiced as at the balance sheet date is shown as "Revenues not yet invoiced (financial instruments)" under other receivables.

Net revenue from energy business and grid usage includes income from the settlement of transmission fees for the distribution grid (grid usage fees). Income from the transmission of energy is recognised over the duration of the agreed service provision. When energy is transmitted, customers

have a direct entitlement to a consideration that corresponds directly to the value of the energy transmitted. This service provision falls under the exception rule of IFRS 15 regarding the recognition of revenue. Axpo applies this exemption and recognises revenue in the amount that may be invoiced. The income is therefore considered realised and recognised as revenue when delivery has taken place.
In accordance with IFRS 15, transport costs for energy, such as grid usage fees for grids not owned by Axpo, are reported net in revenue. In such cases, Axpo acts only as the agent of the grid operator, since it collects these charges from the customer on their behalf and forwards them to the grid operator.
The grid supplement, which is invoiced to the customer in Switzerland by the energy supply company and forwarded to the state fund, is reported net in revenue, as Axpo merely acts as an agent for the collection and forwarding of the grid supplement.
The payment terms are usually 30 days and in exceptional cases longer.

Result from energy derivatives trading

Contracts related to customer-specific business (origination) and energy trading are measured at fair value and do not fall within the scope of IFRS 15. As a result, revenue and costs are reported net under "Result from energy derivatives trading". Contracts, portfolios and inventories such as these are generally entered into or purchased with the intention of generating a profit from short-term fluctuations in price or a dealer's margin. Additionally, risks associated with this business are managed on a portfolio basis. Energy trading transactions entered into for solely speculative purposes are reported net under "Result from energy derivatives trading".

Other net revenue

Other net revenue includes revenue from the areas of building technology, IT services and grids. For customer-specific construction contracts for which Axpo is entitled to receive a consideration for the services rendered under the terms of the contract, revenue is recognised on a periodic basis. Revenue is recognised on the basis of the stage of completion of the order, which is determined separately for each customer order using the cost-to-cost method. Under the cost-to-cost method, the costs already incurred for the customer order are compared with the expected costs. The profit of an order, which is accounted for on a periodic basis, is realised on the basis of the calculated stage of completion. Revenue that cannot be invoiced yet is recognised in the balance sheet as contract assets (see Note 3.5 "Other receivables") less advance payments already made. In the event of a surplus of advance payments, revenue that cannot be invoiced yet is recognised as contract liabilities (see Note 3.6 "Other liabilities"). The provision of services can take place both over a period of time and at a point in time.

2.2 Expenses for energy procurement, grid usage and cost of goods purchased

CHF million	2021/22	2020/21
Expenses for energy procurement and grid usage from third parties and associates	– 8 606.1	– 2 866.9
Expenses for energy procurement and grid usage from partner plants	– 1 245.7	– 583.2
Increase in provisions for onerous energy procurement contracts (excluding interest) (Note 3.7.1)	– 11.4	– 0.1
Reversal of provisions for onerous energy procurement contracts (excluding interest) (Note 3.7.1)	465.0	3.9
Cost of goods	– 206.2	– 161.2
Total	**– 9 604.4**	**– 3 607.5**

Expenses for energy procurement from third parties and associates includes the expense for the recognition of provisions for onerous energy sales contracts related to the retail business. The positive result of the corresponding economic hedge contracts is recognised in "Result from energy derivatives trading" (see Note 2.1 "Segment information", "Information by product" and Note 3.7.1 "Provisions").

2.3 Other operating expenses

CHF million	2021/22	2020/21
IT expenses	– 162.6	– 119.5
Charges, fees and capital taxes	– 120.7	– 111.7
Loss allowances on receivables	– 133.9	– 22.3
Creation, release and use of provisions for post-operation, decommissioning, disposal (Note 3.7.1)	110.2	57.5
Other operating expenses	– 212.3	– 168.9
Total	**– 519.3**	**– 364.9**

Other operating expenses include consulting expenses, expenses for short-term leases or leases of low-value assets, rental expenses of contracts that do not qualify as leases, losses from the sale of investments, general administrative costs and other services.

2.4 Impairment losses, impairment reversals and changes in provisions for onerous energy procurement contracts

Allocation of impairment losses, impairment reversals and changes in provisions for onerous energy procurement contracts for the 2021/22 financial year

CHF million			Generation & Distribution	Trading & Sales	CKW	Reconciliation	Total
Production Switzerland	Property, plant and equipment	Impairment losses	– 38.3	0.0	0.0	0.0	– 38.3
Production Switzerland	Property, plant and equipment	Impairment reversals	2 252.6	0.0	18.8	0.0	2 271.4
	Intangible assets	Impairment losses	0.0	– 1.4	0.0	0.0	– 1.4
	Intangible assets	Impairment reversals	463.8	0.0	0.0	0.0	463.8
Production abroad	Property, plant and equipment	Impairment losses	0.0	– 0.9	0.0	0.0	– 0.9
Investments Switzerland	Other associates	Impairment losses	– 2.6	0.0	0.0	0.0	– 2.6
	Other associates	Impairment reversals	0.0	0.0	0.0	7.7	7.7
Investments abroad	Other associates	Impairment losses	0.0	– 0.7	0.0	0.0	– 0.7
			0.0	– 2.1	0.0	0.0	– 2.1
Total impairment losses/reversals on assets			**2 675.5**	**– 5.1**	**18.8**	**7.7**	**2 696.9**
Depreciation and amortisation on property, plant and equipment, right-of-use assets and intangible assets							– 372.6
Total depreciation, amortisation and impairment losses/reversals							**2 324.3**
Increase in provisions for onerous energy procurement contracts			– 7.5	– 3.9	0.0	– 40.5	– 51.9
Release of provisions for onerous energy procurement contracts			358.5	2.4	144.6	0.0	505.5
Provisions for onerous energy procurement contracts (net change)			**351.0**	**– 1.5**	**144.6**	**– 40.5**	**453.6**

In the reporting period, the value of the power plants and the assumptions for the onerous energy procurement contracts with partner plants was reviewed due to the sharp rise in energy prices. The reassessment led to an impairment reversal of CHF 2,735.2 million on the production plants. CHF 2,716.4 million is attributed to the Generation & Distribution business area and CHF 18.8 million to the CKW business area.

Reversals of impairment losses of CHF 1,556.1 million relate to the Linth-Limmern pumped storage power plant. Like most of the other power plants, the power plant is recognised in the balance sheet at the scheduled carrying values after the reversal of impairment losses. In addition to the increased energy prices and price volatility, the technical availability of the four machine groups influences the result of the value-in-use calculation of the power plant. The value in use determined by the DCF calculation is around CHF 300 million higher than the book value (after reversal of impairment losses). Falling electricity prices, lower price volatility or lower availability may lead to impairments in the future. The remaining impairment reversal of CHF 1,179.1 million relates to a large number of power plants in Axpo's portfolio. The cumulated value in use calculated for these power plants is around CHF 820 million higher than the cumulated carrying amount (after reversal).

Provisions of CHF 453.6 million were reversed for onerous energy procurement contracts. The impairments on power plant facilities, intangible assets and associates are attributable to asset-specific factors.

Allocation of impairment losses, impairment reversals and changes in provisions for onerous energy procurement contracts for the 2020/21 financial year

CHF million			Generation & Distribution	Trading & Sales	CKW	Reconciliation	Total
Production Switzerland	Property, plant and equipment	Impairment losses	– 230.3	0.0	0.0	0.0	– 230.3
Production abroad	Intangible assets	Impairment losses	0.0	– 0.6	0.0	0.0	– 0.6
Investments Switzerland	Goodwill	Impairment losses	– 0.3	0.0	0.0	0.0	– 0.3
Investments Switzerland	Other associates	Impairment losses	– 1.0	0.0	0.0	0.0	– 1.0
Investments Switzerland	Other associates	Impairment reversals	0.0	0.0	0.0	24.9	24.9
Total impairment losses/reversals on assets			**– 231.6**	**– 0.6**	**0.0**	**24.9**	**– 207.3**
Depreciation and amortisation on property, plant and equipment, right-of-use assets and intangible assets							– 402.8
Total depreciation, amortisation and impairments losses/reversals							**– 610.1**
Increase in provisions for onerous energy procurement contracts			– 0.1	0.0	0.0	0.0	– 0.1
Release of provisions for onerous energy procurement contracts			0.0	3.9	0.0	0.0	3.9
Provisions for onerous energy procurement contracts (net change)			**– 0.1**	**3.9**	**0.0**	**0.0**	**3.8**

The impairment losses on production facilities in the 2020/21 financial year are mainly attributable to the Linth-Limmern pumped storage plant. This value adjustment was made due to the changed market and general conditions as well as experience regarding operation and technical availability.

Discount rates

For the value-in-use calculation, a different discount rate was used for each production type and country:

	After-tax discount rate	
in %	30.9.2022	30.9.2021
Hydraulic plants, Switzerland	3.7 / 3.9	3.8
Nuclear power plants, Switzerland	4.5	n.a.
Long-term contracts, France	4.8	n.a.
Photovoltaic, Switzerland	n.a.	3.8
Biomass, Switzerland	3.5	n.a.
Goodwill Axpo Italia S.p.A.	4.5	4.5
Goodwill Urbasolar Group	3.4	3.5
Goodwill others	3.9 / 4.0	n.a.

Sensitivities

In connection with the impairment tests for goodwill (see Note 3.3 "Intangible assets" for the allocation of goodwill to the cash-generating units), changing the discount rates to the following values would cause the recoverable amount to be exactly the same as the carrying amount of the cash-generating units:

	Break-even after-tax discount rate	
in %	30.9.2022	30.9.2021
Axpo Italia S.p.A.	6.9	12.3
Urbasolar Group	8.2	11.3
Others	10.0–11.7	n.a.

Accounting principles

Impairment losses/reversals on non-financial non-current assets – general

Impairment tests are based on a value-in-use calculation using the discounted cash flow (DCF) method. The evaluation of provisions for onerous energy procurement contracts is also based on the DCF method consistent with the value-in-use calculation. The significant assumptions used for the determination of the value in use and the evaluation of the provisions include forecasts regarding future electricity and gas prices, capital expenditure, the regulatory environment, growth rates, discount rates and forecasts for the proportional annual expenses for energy procurement costs (only for power plants and energy procurement contracts).
The discount rate is based on a weighted average cost of capital (WACC) calculated using the capital asset pricing model (CAPM). The parameters used were determined based on the risk profile of the respective cash-generating unit. For the value-in-use calculation and the evaluation of the provision, a different discount rate was used for each production type and country. For goodwill testing, a specific discount rate per subsidiary was applied.

Impairment losses/reversals on property, plant and equipment, right-of-use assets, intangible assets and other associates

At the balance sheet date, the Axpo Group reviews the carrying amounts of property, plant and equipment, right-of-use assets and intangible assets (basically energy procurement rights and concessions) and other associates to determine whether there is any indication of impairment losses/reversals. If any such indications exist, the recoverable amount of the asset or, if this is not possible, the recoverable amount of the cash-generating unit to which the asset belongs, is estimated and compared with the carrying amount (impairment test). If the carrying amount exceeds

the estimated recoverable amount, an impairment loss is recognised in the amount of the difference. The recoverable amount is equivalent to the higher of the value in use and the fair value less costs to sell. When calculating the value in use, the estimated future cash flows are discounted using a pre-tax interest rate. This pre-tax interest rate takes into account the current market estimate of the time value of money and the risks inherent in the asset, insofar as these risks have not already been included in the estimate of the cash flows. An impairment loss recognised in a prior period is reversed through profit or loss if no impairment loss is recognised or if the impairment is reduced. The reversal is limited to the carrying amount of the asset systematically amortised.
The value-in-use calculations are performed for each power plant, associate investment or energy procurement/plant usage right. The time horizon for the calculation corresponds to the concession period or the operating life of the asset.

Provisions for onerous energy procurement contracts with partner plants

With regard to long-term energy procurement obligations arising from onerous contracts, identifiable losses are provided for, taking into account market price trends and future procurement costs. The acquisition of an interest in a partner plant may result in a provision for an onerous energy procurement contract instead of an asset for the energy procurement right, partly because of the legal obligation to assume the annual costs. Due to the obligation to produce energy, provisions are also established for the company's own power plants wherever an impairment test on a plant reveals a negative present value of future estimated cash flows. In accordance with IAS 36, the capitalised carrying amount of the power plant is adjusted and the negative amount is then included in the provision for onerous energy procurement contracts.
The value-in-use calculations are performed for each partner plant or energy procurement contract. The time horizon for the calculation corresponds to the concession period or the term of the procurement contract and the operating life of the plant.

Impairment of goodwill

Regardless of any indicators, goodwill is tested for impairment annually in the fourth quarter of the financial year or earlier if there are indications of impairment.
The projected cash flows are based on past experience and various assumptions made by management concerning market developments

Significant judgments and estimation uncertainties

Impairment losses/reversals on property, plant and equipment, right-of-use assets and intangible assets

The Axpo Group has property, plant and equipment with a carrying amount of CHF 6,405.1 million (previous year: CHF 4,374.2 million; see Note 3.1 "Property, plant and equipment"), right-of-use assets of CHF 153.3 million (previous year: CHF 153.8 million; see Note 3.2 "Leases"), and energy procurement and plant usage rights and concessions totalling CHF 943.9 million (previous year: CHF 548.9 million; see Note 3.3 "Intangible assets"). These assets are subject to an impairment test if there is any indication that the assets are impaired. To determine whether there is an indication of impairment losses/reversals, these asset values are assessed based on the expected future cash flows from the use of these assets. The actual cash flows may differ significantly from the discounted future cash flows based on these assessments. Material parameters such as useful life, energy price movements, the development of the EUR/CHF exchange rate and the discount rate are, by their nature, subject to major uncertainties. The estimate regarding the development of energy prices is based on the expected price development in the supply and trading market.

Provisions for onerous energy procurement contracts

The provision of CHF 45.6 million for onerous energy procurement contracts (previous year: CHF 575.5 million; see Note 3.7.1 "Provisions") covers identifiable losses from the procurement of energy from power-generation plants and long-term supply contracts. The amount of the provision depends on various assumptions. In particular, the development of energy prices, the development of the EUR/CHF exchange rate or the discount rate are, by their nature, subject to major uncertainties. The estimate regarding the development of energy prices is based on the expected price development in the supply and trading market.

2.5 Financial result

CHF million	2021/22	2020/21
Interest income	44.6	54.1
Income from state funds	0.0	337.9
Income from investment properties	2.3	2.6
Net exchange rate gains	0.0	11.5
Realised/unrealised gains from financial assets "at fair value through profit or loss", net	0.0	67.2
Other financial income	94.2	15.8
Total financial income	**141.1**	**489.1**
Interest expense	– 169.0	– 147.5
Interest expense provision for post-operation, decommissioning and disposal	– 83.2	– 82.4
Fund expense state funds	– 409.6	0.0
Investment property expense	– 1.7	– 1.1
Net exchange rate losses	– 447.2	0.0
Realised/unrealised losses financial assets "at fair value through profit or loss" net	– 21.4	0.0
Other financial expense	– 46.6	– 22.8
Total financial expense	**– 1 178.7**	**– 253.8**
Total	**– 1 037.6**	**235.3**

The realised and unrealised exchange rate gains and losses and the realised and unrealised gains and losses from the other financial instruments are presented net.

The interest expense of CHF 169.0 million (previous year: CHF 147.5 million) includes interest of CHF 6.4 million (previous year: CHF 12.6 million) on provisions for onerous energy procurement contracts and other provisions (see Note 3.7.1 "Provisions").

Net profit/loss included in the financial result from financial assets and liabilities

CHF million	Income statement 2021/22	Other comprehensive income 2021/22	Income statement 2020/21	Other comprehensive income 2020/21
Net profit/loss included in the financial result				
On financial assets and liabilities at fair value through profit or loss (held for trading)	– 83.9	0.0	– 2.1	0.0
On derivatives designated as hedges	– 19.2	378.7	– 39.6	10.0
On financial assets and liabilities at fair value through profit or loss (mandatory)	– 17.7	0.0	67.2	0.0
On financial assets and liabilities at amortised cost	– 49.1	0.0	– 22.0	0.0
Interest income and expense				
Interest income from financial assets not accounted for at fair value through profit or loss	44.6	0.0	54.1	0.0
Interest expense from financial liabilities not accounted for at fair value through profit or loss	– 162.8	0.0	– 134.1	0.0

2.6 Income taxes

CHF million	2021/22	2020/21
Current income taxes	– 223.9	– 184.8
Deferred income taxes	110.8	40.9
Total income taxes directly recognised in the income statement	**– 113.1**	**– 143.9**
Total income taxes directly recognised in other comprehensive income	**– 12.7**	**– 4.9**

Current income taxes consist of taxes paid or due on the results of the individual companies for the financial year in accordance with local regulations, as well as charges and credits from previous periods.

Reconciliation of tax expenses

CHF million	2021/22	2020/21
Earnings before tax (EBT)	707.6	751.0
Expected tax rate (ordinary tax rate at head office)	17.42%	18.55%
Income tax at expected tax rate	**– 123.3**	**– 139.3**
Non-tax-deductible expenses	– 24.3	– 26.0
Effect from previous periods	– 99.3	0.5
Effect of tax rate changes	22.0	1.7
Effect of income not subject to tax[1)]	139.7	57.9
Non-capitalised tax loss carryforwards[2)]	– 90.6	– 25.9
Utilisation of non-capitalised tax loss carryforwards from previous reporting years	76.7	0.6
Earnings taxable at different tax rates	– 23.8	– 10.4
Reassessment of deferred tax assets	9.5	– 2.5
Other effects	0.3	– 0.5
Total income taxes (current and deferred)	**– 113.1**	**– 143.9**

1) The main effect of income not subject to tax comes from the sale of subsidiaries and income not subject to IRAP (regional income tax in Italy).
2) Non-capitalised tax losses mainly relate to IRAP losses that cannot be carried forward.

The ordinary tax rate at the head office comprises direct federal tax (8.5%) and cantonal and municipal taxes of the Canton of Aargau (12.6%). Due to the deductibility of both taxes from taxable income, this results in an effective ordinary tax rate for the head office of 17.42% (previous year: 18.55%).

Deferred taxes by origin of temporary differences

CHF million	Assets 30.9.2022	Liabilities 30.9.2022	Assets 30.9.2021	Liabilities 30.9.2021
Property, plant and equipment	85.9	67.6	424.5	68.4
Right-of-use assets	1.1	27.2	1.4	33.2
Intangible assets	4.4	82.4	4.2	78.8
Investments	3.5	37.6	4.6	25.3
Positive derivative financial instruments (current and non-current)	13.6	1 129.0	2.4	779.1
Other assets (non-current)	0.3	5.4	0.2	70.1
Trade receivables	33.9	1.4	21.6	0.6
Other receivables (current)	7.2	20.7	43.4	19.8
Provisions (current and non-current)	167.6	80.2	98.7	400.8
Negative derivative financial instruments (current and non-current)	1 139.7	20.5	787.5	33.0
Other liabilities (non-current)	60.8	2.1	36.1	2.8
Other liabilities (current)	37.9	0.3	27.0	0.2
Capitalised tax loss carryforwards	40.1	0.0	43.6	0.0
Deferred taxes, gross	**1 596.0**	**1 474.4**	**1 495.2**	**1 512.1**
Offsetting of assets and liabilities	– 1 290.6	– 1 290.6	– 1 320.5	– 1 320.5
Deferred taxes, net	**305.4**	**183.8**	**174.7**	**191.6**

As in the previous year, as at 30 September 2022 there were no temporary differences associated with investments in subsidiaries, for which no deferred tax liabilities were recognised.

Reconciliation of deferred taxes

CHF million	Assets	Liabilities
Balance as at 1.10.2020, gross	**606.6**	**661.9**
Change in scope of consolidation	– 4.5	– 0.3
Change in other comprehensive income	57.4	54.1
Change in the income statement	835.9	795.0
Foreign currency translation	– 0.2	1.4
Balance as at 30.9.2021, gross	**1 495.2**	**1 512.1**
Offsetting of assets and liabilities	– 1 320.5	– 1 320.5
Balance as at 30.9.2021, net	**174.7**	**191.6**
Balance as at 30.9.2021, gross	**1 495.2**	**1 512.1**
Change in scope of consolidation	0.8	– 0.2
Change in other comprehensive income	14.1	– 25.1
Change in the income statement	108.4	– 2.4
Foreign currency translation	– 22.5	– 10.0
Balance as at 30.9.2022, gross	**1 596.0**	**1 474.4**
Offsetting of assets and liabilities	– 1 290.6	– 1 290.6
Balance as at 30.9.2022, net	**305.4**	**183.8**

Expiry dates of tax loss carryforwards, non-capitalised

CHF million	30.9.2022	30.9.2021
Expiring in the following year	39.9	88.9
Expiring within 2 to 5 years	281.2	295.6
Expiring in more than 5 years	379.1	698.9
Total	**700.2**	**1 083.4**

Global minimum tax

To address concerns regarding the unequal distribution of profits and taxes paid by large multinational companies, various agreements have been reached at the global level, one of which is an agreement by more than 135 countries to introduce a global minimum tax rate of 15%. In December 2021, the Organisation for Economic Co-operation and Development (OECD) published a draft legal framework (model rules), followed by detailed guidance in March 2022, which is to be used by each signatory country to the agreement to amend its local tax laws. As soon as the changes in the tax laws have or have essentially come into effect in the countries in which the Axpo Group operates, the Axpo Group may be subject to a supplemental tax with regard to these national companies. At the time the annual financial statements were approved for publication, none of the countries in which the Axpo Group operates had tax legislation related to the global minimum tax that had come or essentially come into effect. Management is closely monitoring the progress of the legislative process in each country in which the Axpo Group operates. As at 30 September 2022, the Axpo Group did not have sufficient information in order to determine the possible quantitative impact.

Accounting principles

Income taxes

Income taxes include current and deferred income taxes. Normally they are recognised in the income statement unless they are related to transactions that are recognised in other comprehensive income or directly in equity. In this case, income taxes are also recognised in other comprehensive income or directly in equity.
Current income taxes are calculated on taxable income and accrued for the relevant period. The deferred taxes shown in the consolidated financial statements are calculated using the balance sheet liability method, where deferred taxes are recognised for all temporary differences. Temporary differences that will reverse in one or more future periods arise from differences between the carrying amount of an asset or liability and its relevant tax value. Temporary differences resulting from the initial recognition of goodwill, from the initial recognition of assets or liabilities in a transaction which impacts neither the taxable results nor profit for the year, and from investments in subsidiaries, if it is likely that the temporary difference will not be reversed in the foreseeable future, are not recognised. Company-specific tax rates are used for calculating deferred taxes. Tax assets and liabilities are offset if they involve the same tax subject and the same tax jurisdiction. Deferred tax assets or liabilities are presented as non-current assets or liabilities. Deferred tax assets arising from losses carried forward and deductible temporary differences are capitalised only if it is likely that they can be realised in the future.

Significant judgments and estimation uncertainties

Income taxes

The companies of the Axpo Group are subject to the applicable tax laws in the countries in which they have tax bases. The scope of the tax obligation and the amount of tax owed are determined in each case by the applicable tax laws and their interpretation by tax authorities and the relevant jurisdiction. The individual group companies are regularly audited by the relevant tax authorities. However, these audits, particularly abroad, are sometimes carried out several years after the end of the reporting year. Changes in interpretation and practice may therefore subsequently lead to a reassessment of current and deferred taxes.
Furthermore, there is still a need for clarification regarding the taxation of the partner plants in the Canton of Grisons. In the 2021/22 financial year, Axpo was able to conclude a comprehensive agreement with the Italian tax authorities, which sustainably reduces the estimation uncertainties.
Axpo is also endeavouring to conclude tax rulings in the respective countries for material matters that are subject to uncertainty.
The risks resulting from uncertainties are assessed on an ongoing basis and recorded where necessary. Although the management of the Axpo Group believes that current tax estimates are reasonable, actual tax liabilities and any penalties and interest on arrears may differ from the tax provisions and accrued liabilities.

3. Operational assets and liabilities

3.1 Property, plant and equipment

CHF million	Power plants	Distribution systems	Land and buildings [1]	Other property, plant and equipment	Assets under construction	Total [2]
Carrying amount as at 1.10.2021	**2 285.6**	**1 428.1**	**279.2**	**67.3**	**314.0**	**4 374.2**
thereof acquisition costs	11 834.3	3 512.1	567.3	217.8	509.8	16 641.3
thereof accumulated depreciation and impairments	– 9 548.7	– 2 084.0	– 288.1	– 150.5	– 195.8	– 12 267.1
Change in scope of consolidation	– 41.1	0.0	0.0	0.8	0.5	– 39.8
Additions (investments) [3]	34.5	4.5	0.4	14.0	343.4	396.8
Disposals	– 5.5	– 4.8	– 0.4	– 0.9	– 4.2	– 15.8
Adjustments to acquisition costs IFRIC 1	13.5	0.0	0.0	0.0	0.0	13.5
Reclassification to/from “assets held for sale”	– 178.9	0.0	0.0	– 0.3	– 0.6	– 179.8
Reclassifications	129.8	53.9	2.3	5.3	– 199.4	– 8.1
Depreciation in reporting period	– 170.5	– 76.2	– 11.3	– 15.6	0.0	– 273.6
Impairment losses (Note 2.4)	– 38.3	0.0	0.0	– 0.9	0.0	– 39.2
Impairment reversals (Note 2.4)	2 254.2	14.5	0.7	0.6	1.4	2 271.4
Foreign currency translation	– 78.1	0.0	– 0.6	– 3.7	– 12.1	– 94.5
Carrying amount as at 30.9.2022	**4 205.2**	**1 420.0**	**270.3**	**66.6**	**443.0**	**6 405.1**
thereof acquisition costs	10 811.7	3 512.6	568.4	212.1	629.6	15 734.4
thereof accumulated depreciation and impairments	– 6 606.5	– 2 092.6	– 298.1	– 145.5	– 186.6	– 9 329.3

1) At the balance sheet date, this includes land and buildings with a carrying amount of CHF 26.4 million leased out under operating lease agreements.
2) At the balance sheet date, this includes property, plant and equipment with a carrying amount of CHF 42.3 million leased out under operating lease agreements.
3) Investments in the amount of CHF 2.7 million were capitalised and deferred in previous years. Payment was made in 2021/2022.

CHF million	Power plants	Distribution systems	Land and buildings [1]	Other property, plant and equipment	Assets under construction	Total [2]
Carrying amount as at 1.10.2020	**2 551.0**	**1 429.9**	**294.5**	**73.3**	**375.1**	**4 723.8**
thereof acquisition costs	11 716.7	3 531.2	582.9	241.0	569.6	16 641.4
thereof accumulated depreciation and impairments	– 9 165.7	– 2 101.3	– 288.4	– 167.7	– 194.5	– 11 917.6
Change in scope of consolidation	– 70.1	0.0	– 2.8	– 14.4	– 53.3	– 140.6
Additions (investments) [3]	4.2	6.3	0.2	8.1	418.1	436.9
Disposals	– 2.1	– 3.4	– 0.5	– 2.5	– 1.9	– 10.4
Adjustments to acquisition costs IFRIC 1	– 72.7	0.0	0.0	0.0	0.0	– 72.7
Reclassification to/from “assets held for sale”	– 19.2	0.0	– 0.4	0.0	– 96.0	– 115.6
Reclassifications	302.0	72.7	1.2	21.4	– 325.1	72.2
Depreciation in reporting period	– 182.5	– 77.4	– 13.0	– 18.6	0.0	– 291.5
Impairment losses (Note 2.4)	– 226.8	0.0	0.0	0.0	– 3.5	– 230.3
Foreign currency translation	1.8	0.0	0.0	0.0	0.6	2.4
Carrying amount as at 30.9.2021	**2 285.6**	**1 428.1**	**279.2**	**67.3**	**314.0**	**4 374.2**
thereof acquisition costs	11 834.3	3 512.1	567.3	217.8	509.8	16 641.3
thereof accumulated depreciation and impairments	– 9 548.7	– 2 084.0	– 288.1	– 150.5	– 195.8	– 12 267.1

1) At the balance sheet date, this includes land and buildings with a carrying amount of CHF 27.6 million leased out under operating lease agreements.
2) At the balance sheet date, this includes property, plant and equipment with a carrying amount of CHF 44.3 million leased out under operating lease agreements.
3) Investments in the amount of CHF 4.1 million were capitalised and deferred in previous years. Payment was made in 2020/2021.

In the 2021/22 financial year, the power plant acquisition costs for the Beznau nuclear power plant (KKB) increased by CHF 13.5 million (previous year: reduction of CHF 72.7 million in acquisition costs, including increases of CHF 13.8 million increase for KKB and CHF 2.3 million for the wind farms and a CHF 88.8 million reversal to reflect the provisional 2021 cost studies). These changes in estimates were taken into account in accordance with IFRIC 1 in the line item "Adjustment to acquisition costs IFRIC 1" in the "Power plants" account and in the same amount in the "Post-operation, decommissioning, disposal" provision (see also Note 3.7.1 "Provisions", "Significant judgments and estimation uncertainties", under provisions for "Post-operation, decommissioning, disposal").

Reclassifications totalling CHF 199.4 million (previous year: CHF 325.1 million) from assets under construction to power plants, distribution systems, land and buildings, and other property, plant and equipment were made in the year under review.

In the 2021/22 financial year, property, plant and equipment with a carrying amount of CHF 206.0 million (previous year: CHF 115.6 million) that met the criteria "held for sale" were reclassified to the item "assets held for sale". Photovoltaic systems with a carrying amount of CHF 26.2 million, which were reported as "held for sale" in the previous year, had to be reclassified back to property, plant and equipment in the reporting year due to a change in strategy (see also Note 6.2 "Assets and liabilities held for sale").

In the previous year, photovoltaic systems with a carrying amount of CHF 81.0 million, which had been reclassified to inventories in the 2019/20 financial year due to the change in strategy, were reclassified back to property, plant and equipment.

Investment commitments

Long-term contractual obligations of CHF 363.9 million (previous year: CHF 487.0 million) were assumed in connection with the acquisition of property, plant and equipment (including nuclear fuel rods).

Pledged assets

Property, plant and equipment of CHF 644.3 million (previous year: CHF 453 million) was pledged as collateral for financial liabilities. The major part of the pledged property, plant and equipment relates to to the wind farms and the photovoltaic systems.

Asset under construction

Advance payments to contractors and suppliers included in assets under construction amounted to CHF 1.2 million (previous year: CHF 1.4 million).

Capitalised borrowing costs

In the 2021/22 financial year, borrowing costs in the amount of CHF 2.1 million (previous year: CHF 0.0 million) were capitalised.

Accounting principles

Property, plant and equipment

Property, plant and equipment (including nuclear fuel rods) is recognised at acquisition or manufacturing costs less accumulated depreciation and impairment losses. Unscheduled depreciation is only recognised in the event of damage or impairment, as described in Note 2.4 “Impairment losses, impairment reversals and changes in provisions for onerous energy procurement contracts”. The acquisition or manufacturing costs of property, plant and equipment comprise the estimated costs of dismantling and removing the asset and restoring the site. They are recognised as provisions. In the case of long-term investment projects, borrowing costs are capitalised during the construction phase.
The rates of depreciation of the individual asset categories correspond to the estimated useful lives of each asset category or to the date on which the power plant is decommissioned. They are reviewed annually and are within the following ranges:

Land and assets under construction:	Only in the event of impairment
Buildings:	15–60 years
Power plants:	10–80 years Depending on the type of installation and concession period
Distribution systems:	10–80 years
Fixtures and fittings:	3–15 years

If significant components of an item of property, plant and equipment have a different useful life, they are depreciated separately (component approach). Ordinary repairs and maintenance of buildings and operating facilities are accounted for directly as expenses. Investments in refurbishments, improvements of facilities or replacement investments are capitalised if they will bring economic benefits to the Axpo Group in the future.

Assets under construction are assets which are unfinished or not yet ready for operation. Assets in this sense refer to all items of property, plant and equipment. Depreciation of these assets begins upon completion or when they are ready for operational use.

3.2 Leases

Lessee

The following table shows the development of right-of-use assets under leases:

CHF million	Land and buildings	Distribution systems	Other	Total
Carrying amount as at 1.10.2020	**161.3**	**10.3**	**4.7**	**176.3**
thereof acquisition costs	176.2	11.5	6.6	194.3
thereof accumulated amortisation and impairments	– 14.9	– 1.2	– 1.9	– 18.0
Change in scope of consolidation	– 35.6	0.0	– 0.3	– 35.9
Additions (investments)	45.3	0.1	1.5	46.9
Disposals	– 5.1	0.0	– 0.1	– 5.2
Reclassification to/from “assets held for sale”	– 9.5	0.0	0.0	– 9.5
Amortisation in reporting period	– 15.3	– 1.5	– 2.5	– 19.3
Foreign currency translation	0.4	0.1	0.0	0.5
Carrying amount as at 30.9.2021	**141.5**	**9.0**	**3.3**	**153.8**
thereof acquisition costs	165.2	11.5	6.9	183.6
thereof accumulated amortisation and impairments	– 23.7	– 2.5	– 3.6	– 29.8
Change in scope of consolidation	– 18.4	0.0	0.0	– 18.4
Additions (investments)	46.8	2.8	2.0	51.6
Disposals	– 1.3	– 0.5	– 0.2	– 2.0
Reclassification to/from “assets held for sale”	0.5	0.0	– 0.2	0.3
Reclassifications	1.3	0.0	0.0	1.3
Amortisation in reporting period	– 14.6	– 1.5	– 2.2	– 18.3
Foreign currency translation	– 14.9	– 0.1	0.0	– 15.0
Carrying amount as at 30.9.2022	**140.9**	**9.7**	**2.7**	**153.3**
thereof acquisition costs	172.9	13.7	5.7	192.3
thereof accumulated amortisation and impairments	– 32.0	– 4.0	– 3.0	– 39.0

The following amounts relating to leases are recognised in the income statement in the following items:

CHF million	2021/22	2020/21
Lessee		
Other operating income		
Net gain (+)/loss (–) remeasurement of leases	– 0.9	0.3
Other operating expenses		
Expense for short-term leases	0.6	0.6
Expense for low-value underlying lease assets	2.1	1.3
Expense related to variable lease payments not included in lease liabilities (not linked to index or interest rate)	6.4	1.5
Depreciation, impairments and impairment reversals		
Depreciation of right-of-use assets	18.3	19.3
Financial expense		
Interest expense for leases	2.1	2.1

The total cash outflows for leases amounted to CHF 29.9 million in the 2021/22 financial year (previous year: CHF 26.3 million).

Lessor

Axpo provides customers with energy production systems such as photovoltaic, wind or combined heat and power plants. As at the reporting date, the receivables from finance leases amounted to CHF 9.8 million (previous year: CHF 9.2 million). The undiscounted future payments from finance leases amounted to CHF 10.9 million (previous year: CHF 10.0 million).

Future payments of CHF 239.3 million (previous year: CHF 262.2 million) are expected from operating leases. These future payments include an agreement for plots of land with substations (lease type: “Distribution grid equipment”) that have been granted to Swissgrid for a period of 99 years with building rights.

Accounting principles

General

Leases are accounted for in accordance with IFRS 16 “Leases”. A lease is a contract that gives the right to use an identified asset for a specified period of time in return for payment of a fee. A right of use for an identified asset can exist in many contracts irrespective of their formal structure, for example in rental, lease and service contracts, but also in outsourcing transactions. The formal designation of an arrangement is not relevant for the purpose of identifying a lease. Axpo concludes contracts both as a lessee and a lessor.

Lessee

Transactions in which Axpo is the lessee are accounted for in accordance with the right-of-use model, irrespective of the economic (ownership) relationship to the leased asset at the inception of the lease. Low-value leases and leases with a term of less than 12 months (short-term leases) are not recognised as right-of-use assets and lease liabilities; instead, the payments are recognised as an expense in the income statement on a straight-line basis. Intercompany leases are presented as current expenses in the segment reporting.

A lease liability is recognised in the amount of the present value of the existing payment obligation. In determining the binding term of a lease, both contractual penalties and other economic incentives are taken into account. If economic incentives are also taken into account, this may result in longer lease terms and thus in higher right-of-use assets and lease liabilities recognised in the balance sheet. If a contract provides payments for lease and non-lease components, separation is waived in accordance with the exemption option under IFRS 16.5; the lease liabilities are measured from the total of the payments. The present value is determined by discounting using an incremental borrowing rate equivalent to the risk and term or the interest rate on which the lease is based, if this can be determined. The liability is subsequently measured in the following periods using the effective interest method. The short-term portion of the lease liability, which is disclosed separately in the balance sheet, is determined by the principal portion received in the next 12 months included in the lease instalments. A reassessment of the liability is required whenever there is a change in the expected lease payments or the lease term, for example, due to a change in the assessment regarding the exercise of a contractual option. Corresponding to the lease liability, a right-of-use asset is recognised in the amount of the present value of the lease liability. The acquisition value of the right-of-use asset is increased by initial direct costs and advance payments. Any leasing incentives or sublease contracts received that qualify as finance leases will reduce the acquisition value. Depreciation is calculated using the straight-line method over the shorter of the lease term and the useful life of the identified asset. If events or changes in circumstances indicate an impairment, an impairment test is carried out in accordance with IAS 36.

Axpo is a lessee in several cases, including in particular the rental or lease of land and roofs for energy production facilities such as wind turbines, photovoltaic plants and distribution facilities. Axpo is also a lessee for commercial properties, easements on land, vehicles and other movable property, plant and equipment and IT infrastructure. The leases for land and roofs in connection with energy production and distribution facilities are generally concluded for a fixed period of 15 to 20 years. For all other lease contracts, the term is usually three to five years. Some of the leases also include extension and termination options.

Lessor

Axpo acts as a lessor to a small extent. In the area of finance leases, energy production plants, in particular photovoltaic, wind power or combined heat and power plants, are made available to customers for their use. In the area of operating leases, the assets leased for use are mainly optical fibres and distribution grid equipment.
Leasing transactions in which Axpo is the lessor are classified as operating or finance leases, depending on the allocation of rewards and risks. If a lease is classified as an operating lease, Axpo recognises the identified asset in its balance sheet and the lease payments as other operating income on a straight-line basis over the term of the lease. For finance leases, the identified asset is derecognised and a receivable is recognised at the net investment value. Payments made by the lessee are treated as amortisation payments or interest income. Income is recognised over the term of the lease using the effective interest method. The classification of subleases is based on the right-of-use asset conferred by the head lease.

3.3 Intangible assets

CHF million	Energy procurement rights, rights of use for facilities and concessions	Goodwill	Other	Total
Carrying amount as at 1.10.2020	**608.3**	**205.1**	**165.2**	**978.6**
thereof acquisition costs	2 879.4	508.2	480.1	3 867.7
thereof accumulated amortisation and impairments	– 2 271.1	– 303.1	– 314.9	– 2 889.1
Change in scope of consolidation	0.0	– 16.2	– 0.3	– 16.5
Additions (investments)	0.4	0.0	16.2	16.6
Disposals	0.0	0.0	– 0.4	– 0.4
Reclassification to/from “assets held for sale”	– 0.2	0.0	0.0	– 0.2
Reclassifications	1.6	0.0	– 1.1	0.5
Amortisation in reporting period	– 61.9	0.0	– 30.1	– 92.0
Impairment losses (Note 2.4)	0.0	– 0.3	– 0.6	– 0.9
Foreign currency translation	0.7	0.4	0.6	1.7
Carrying amount as at 30.9.2021	**548.9**	**189.0**	**149.5**	**887.4**
thereof acquisition costs	2 859.0	492.4	486.3	3 837.7
thereof accumulated amortisation and impairments	– 2 310.1	– 303.4	– 336.8	– 2 950.3
Change in scope of consolidation	0.0	3.3	1.0	4.3
Additions (investments)	5.1	0.0	14.8	19.9
Disposals	0.0	0.0	– 2.3	– 2.3
Reclassification to/from “assets held for sale”	0.0	0.0	– 0.2	– 0.2
Reclassifications	3.2	0.0	– 3.2	0.0
Amortisation in reporting period	– 57.8	0.0	– 22.9	– 80.7
Impairment losses (Note 2.4)	– 1.4	– 2.1	0.0	– 3.5
Impairment reversals (Note 2.4)	463.8	0.0	0.0	463.8
Foreign currency translation	– 18.0	– 20.8	– 12.8	– 51.6
Carrying amount as at 30.9.2022	**943.8**	**169.4**	**123.9**	**1 237.1**
thereof acquisition costs	2 808.3	473.9	468.5	3 750.7
thereof accumulated amortisation and impairments	– 1 864.5	– 304.5	– 344.6	– 2 513.6

Significant amounts of goodwill are attributable to the following cash-generating units. Apart from goodwill, there are no intangible assets with an indefinite useful life recognised in the balance sheet. Goodwill is allocated to the cash-generating units as follows:

CHF million	30.9.2022	30.9.2021
Axpo Italia S.p.A.	65.2	73.8
Urbasolar Group	92.0	104.2
Others	12.2	11.0
Total	**169.4**	**189.0**

Accounting principles

Intangible assets Intangible assets are recognised in the balance sheet at acquisition cost less accumulated amortisation and accumulated impairment losses. Intangible assets are amortised using the straight-line method over the estimated useful life of the asset, unless the useful life is indefinite. Goodwill and intangible assets with an indefinite useful life are not amortised but tested for impairment annually. The useful lives are reviewed at the end of each financial year. The individual contractual useful lives are applied in all cases.

Energy procurement rights comprise advance payments for rights to long-term supply of electricity including capitalised interest. These rights are amortised using the straight-line method over the contract term.

Rights of use for facilities comprise contractually agreed one-time payments to a contracting party as compensation for the use of that party’s transmission and distribution systems. These rights are amortised using the straight-line method over the contract term.

For information on impairment testing, refer to Note 2.4 “Impairment losses, impairment reversals and changes in provisions for onerous energy procurement contracts”.

3.4 Inventories

CHF million	30.9.2022	30.9.2021
Inventories held for own use		
Gas inventories	10.7	8.0
Nuclear fuel	99.2	99.2
Certificates	2.2	2.4
Work in progress	109.7	85.4
Materials	107.6	100.7
Inventories of other energy sources	2.0	1.3
Loss allowances	– 60.4	– 80.7
Total	**271.0**	**216.3**
Inventories held for trading		
Gas inventories	675.7	580.9
Certificates	146.0	197.1
Total	**821.7**	**778.0**
Total	**1 092.7**	**994.3**

Work in progress mainly includes wind farms built for sale. In the reporting period, three wind farms were sold for a total of CHF 52.4 million.

Inventories valued at CHF 320.4 million (previous year: CHF 44.5 million) were pledged at the balance sheet date. CHF 86.3 million of the pledged inventories relate to wind farms built for sale and CHF 234.1 million relate to gas inventories.

Accounting principles

Inventories held for own use

Inventories held for own use mainly comprise nuclear fuel and gas inventories for electricity generation at thermal plants, Wind farms and photovoltaic systems which are built for sale in the ordinary course of business, stocks of materials for providing operating services, and emission and green certificates.

Fuel for electricity generation as well as green and emission certificates for own use are initially recognised at cost of purchase or production. Fuel is measured at weighted average cost. If the net realisable value is below the purchase or production cost, an impairment loss is recognised in the income statement. Emission certificates which are purchased for own production purposes are initially recognised as inventories and carried at purchase cost. The CO_2 emissions exceeding the stock of emission rights are recognised as a provision at fair value on the balance sheet date. When the company settles its CO_2 emissions with the responsible authority, the purchased inventories and any provisions are reduced. Any excess emission certificates no longer required for own use are reclassified within inventories and measured at fair value.

Inventories of materials and supplies required for providing operating services are reported in the balance sheet at the lower of purchase or production cost (calculated using the average cost method) or net realisable value.

Wind farms and photovoltaic systems are measured at the lower of cost incurred or net realisable value and reported in the line item “Work in progress”.

Inventories held for trading Inventories held for trading mainly include emission and green certificates and gas that have been purchased for resale in the short term with a view to generating a profit from fluctuations in price or dealer's margin. They are measured at fair value less costs to sell. Changes in value are recognised net in the income statement.

3.5 Other receivables

CHF million	30.9.2022	30.9.2021
Non-current other receivables (non-financial instruments)		
Receivables from state funds	2 600.9	3 032.6
Receivables from pension plans (Note 5.3)	10.7	183.7
Other	79.4	141.1
Allowance for doubtful debts	0.0	– 4.1
Total	**2 691.0**	**3 353.3**
Non-current other receivables (financial instruments)		
Other	12.3	47.8
Loss allowances	– 0.2	– 31.2
Total	**12.1**	**16.6**
Total non-current other receivables	**2 703.1**	**3 369.9**

CHF million	30.9.2022	30.9.2021
Current other receivables (non-financial instruments)		
Accrued income and prepaid expenses	110.9	83.5
Advance payments	55.1	68.1
Contract assets	53.3	39.4
Variation margin futures own use[1)]	6 735.4	1 492.7
Other	184.5	139.9
Allowance for doubtful debts	– 11.6	– 10.1
Total	**7 127.6**	**1 813.5**
Current other receivables (financial instruments)		
Accrued income and prepaid expenses	15.3	38.6
Revenues not yet invoiced	5 296.1	2 873.5
Credit support annex receivables	4 901.2	1 732.5
Initial margin for exchanges	1 092.9	978.6
Other	294.2	131.3
Loss allowances	– 3.4	– 0.8
Total	**11 596.3**	**5 753.7**
Total current other receivables	**18 723.9**	**7 567.2**
Total	**21 427.0**	**10 937.1**

1) Variation margin for futures which are recognised as first sale of self-produced energy and which are realised upon delivery of energy.

The line item "Non-current other receivables (financial instruments)" includes CHF 7.8 million in non-current lease receivables (previous year: CHF 6.6 million), and the line item "Current other receivables (financial instruments)" includes CHF 2.0 million in current lease receivables (previous year: CHF 2.6 million).

The netted receivables and payables included in “Revenues not yet invoiced” and “Operating expenses not yet invoiced” totalled CHF 2,589.8 million (previous year: CHF 2,201.4 million; see Note 3.6 “Other liabilities”).

The credit support annexes received are reported in Note 3.6 “Other liabilities” (see also Note 4.5 “Risk management”).

Accounting principles

Receivables from state funds

The law requires operators of nuclear power plants to make payments to two state-controlled funds for the decommissioning of nuclear power plants and for the disposal of nuclear waste: the Decommissioning Fund for Nuclear Facilities and the Waste Disposal Fund for Nuclear Power Plants (STENFO). These payments are reported in the line item “Receivables from state funds”, which comprises exclusively receivables from these two state funds. They do not fall within the scope of IFRS 9. The Axpo Group’s share of the funds is capitalised pursuant to the provisions of IFRIC 5 as a reimbursement right in accordance with IAS 37. These receivables are recognised at the pro rata fair value of the net fund assets. Changes in fund values are recognised in the financial result for the period in question (see Note 2.5 “Financial result”).

Other receivables

Other receivables subject to the requirements of IFRS 9 are recognised at fair value less loss allowances. In subsequent measurements, they are measured at amortised cost less loss allowances.

Revenues not yet invoiced

Revenues not yet invoiced include invoices that have not yet been issued for energy supplied in the traditional energy business and in energy trading. Trade receivables from customers who are also suppliers are set off against trade payables, provided a netting agreement has been reached.

Contract assets Contract assets exist in connection with the rendering of services in the areas of building technology, grids and hydro. The majority of these are customer-specific construction contracts for which a right to a consideration exists for goods or services that are transferred to the customer. Advance payments received are offset against contract assets for each customer order. If a consideration is received before goods or services are transferred to the customer, a contract liability is recognised (see Note 3.6 “Other liabilities”).

Significant judgments and estimation uncertainties

Receivables from state funds The calculation of the annual contribution payments to the Decommissioning Fund for Nuclear Facilities and the Waste Disposal Fund for Nuclear Power Plants is based on model parameters of the Ordinance on the Decommissioning and Waste Disposal Fund for Nuclear Facilities (SEFV). The SEFV currently provides model parameters for inflation at 0.5% and an investment return at 2.1%. The Administrative Commission of the Decommissioning and Waste Disposal Fund (VK STENFO) decreed the provisional contributions for the years 2022–2026 in April 2022 based on the new, unaudited 2021 cost study. As part of this, Axpo did not have to pay any fund contributions for the Beznau nuclear power plant (KKB) for the year 2022. The definitive fund contributions for the years 2022–2026 will be determined on the basis of the definitive determination of the anticipated level of decommissioning and waste disposal costs, which is expected in 2023.

The funds saved in the state funds are capitalised by the operators as reimbursement claims. When the costs for decommissioning and disposal are actually incurred, the resources in the funds are paid out to the operators to cover the costs in accordance with the legal provisions. According to the provisions of the SEFV, the operators must pay any future sustainable deficits into the funds in the form of annual contributions, or the operators are entitled to payment of a surplus at the time of the final settlement of the funds. The realisation of any shortfall or surplus can only be determined in the future.

3.6 Other liabilities

CHF million	30.9.2022	30.9.2021
Non-current other liabilities (non-financial instruments)		
Assigned energy procurement and usage rights	56.5	57.8
Other	510.5	276.1
Total	**567.0**	**333.9**
Non-current other liabilities (financial instruments)		
Other	15.6	51.4
Total	**15.6**	**51.4**
Total non-current other liabilities	**582.6**	**385.3**
Current other liabilities (non-financial instruments)		
Accrued expenses and deferred income	163.4	107.3
Advance payments	350.8	88.0
Contract liabilities	25.0	23.7
Other	395.3	212.5
Total	**934.5**	**431.5**

CHF million	30.9.2022	30.9.2021
Current other liabilities (financial instruments)		
Accrued expenses and deferred income	55.9	37.2
Operating expenses not yet invoiced	5 664.1	3 146.3
Credit support annex liabilities	2 422.1	1 353.3
Other	338.2	120.5
Total	**8 480.3**	**4 657.3**
Total current other liabilities	**9 414.8**	**5 088.8**
Total	**9 997.4**	**5 474.1**
Maturities of the non-current other liabilities at the end of the financial year:		
Due within 1 year	3.4	3.4
Due within 1 to 5 years	219.3	218.7
Due in more than 5 years	359.9	163.2
Total	**582.6**	**385.3**

The netted receivables and payables included in “Revenues not yet invoiced” and “Operating expenses not yet invoiced” amount to CHF 2,589.8 million (previous year: CHF 2,201.4 million; see Note 3.5 “Other receivables”).

The credit support annexes delivered are reported in Note 3.5 “Other receivables” (see also Note 4.5 “Risk management”).

Accounting principles

Assigned energy procurement and usage rights

Usage rights which have been assigned, i.e. payments received in consideration for rights to use facilities and procure energy, are recognised under other non-current liabilities. The payments received are released to the income statement on a straight-line basis over the life of the relevant usage rights. The individual contractual useful lives are applied in all cases. Usage rights are reviewed at the end of each financial year.

Non-current other liabilities (non-financial instruments) – other

This item includes grid cost contributions (connection fees). They are recognised at the nominal value of the cash received less any reversal affecting the income statement. Liabilities are amortised on a straight-line basis over the term of the connection agreement, or the expected useful life of the connection where there is an open-ended right to be connected.
In addition, the day-one profit resulting from long-term contracts, which is measured based on partially unobservable input data, is recognised in this item. See Note 4.5 "Risk management" for information about how this is measured.

Contract liabilities

If consideration is received for contracts with customers before goods or services are transferred to the customer, a contract liability is recognised. Advance payments for future physical energy deliveries are also reported as contract liabilities.

Operating expenses not yet invoiced

Operating expenses not yet invoiced relate mainly to accruals for electricity purchases, both for the traditional energy business and for energy trading. Trade receivables from customers who are simultaneously suppliers are offset against trade payables, provided a netting arrangement has been reached. Prepaid expenses and deferred income are offset accordingly.

3.7 Provisions, contingent liabilities and contingent assets

3.7.1 Provisions

CHF million	Post-operation, decommissioning, disposal	Onerous energy procurement contracts	Onerous energy sales contracts	Other provisions	Total
Balance as at 1.10.2021	**3 091.9**	**575.5**	**522.6**	**181.9**	**4 371.9**
Change in scope of consolidation	0.0	0.0	0.0	– 3.6	– 3.6
Increase	0.0	11.4	1 135.9	78.6	1 225.9
Interest	83.2	6.4	0.0	0.0	89.6
Reversal	– 75.0	– 465.0	– 591.0	– 42.6	– 1 173.6
Usage	– 35.2	– 82.7	0.0	– 17.8	– 135.7
Adjustment due to IFRIC 1	13.5	0.0	0.0	5.1	18.6
Reclassification to/from “liabilities held for sale”	0.0	0.0	0.0	– 6.1	– 6.1
Reclassifications	0.0	0.0	0.0	12.5	12.5
Foreign currency translation	0.0	0.0	– 123.9	– 7.6	– 131.5
Balance as at 30.9.2022	**3 078.4**	**45.6**	**943.6**	**200.4**	**4 268.0**
Current portion of provisions	50.4	16.0	943.6	56.4	1 066.4
Non-current portion of provisions	3 028.0	29.6	0.0	144.0	3 201.6
Total	**3 078.4**	**45.6**	**943.6**	**200.4**	**4 268.0**

Expected cash outflows from provisions

CHF million	Post-operation, decommissioning, disposal	Onerous energy procurement contracts	Onerous energy sales contracts	Other provisions	Total
Due within 1 year	50.4	16.0	943.6	56.4	1 066.4
Due in 1 to 5 years	174.6	19.1	0.0	126.2	319.9
Due in more than 5 years	2 853.4	10.5	0.0	17.8	2 881.7
Total	**3 078.4**	**45.6**	**943.6**	**200.4**	**4 268.0**

Provisions for post-operation, decommissioning, disposal

The “Post-operation, decommissioning, disposal” provision contains costs incurred in the disposal of spent fuel rods and radioactive waste (during and after operation), the cost of decommissioning and dismantling the nuclear power plants, and costs pertaining to post-operation obligations and fuel in the last reactor core which can no longer be used.

The line item “Adjustment due to IFRIC 1” of the “Post-operation, decommissioning, disposal” provision contains the amount of CHF 13.5 million not recognised in profit or loss which is related to the allocation of the acquisition costs of the Beznau nuclear power plant. IFRIC 1 was applied to create the provisions. The same amount was capitalised under “Power plants” (see Note 3.1 “Property, plant and equipment”).

Provisions for onerous energy procurement contracts

The provisions for onerous energy procurement contracts in the amount of CHF 45.6 million relate to identifiable losses from the procurement of electricity from power generation plants and long-term supply contracts (see Note 2.4 “Impairment losses, impairment reversals and changes in provisions for onerous energy procurement contracts” for accounting principles and significant judgments and estimation uncertainties).

Provisions for onerous energy sales contracts

The provisions for onerous energy sales contracts amount to CHF 943.6 million and relate to physical energy delivery contracts to households and small to medium-sized entities in Italy, Spain and Poland. The corresponding positive economic hedge contracts are measured at fair value, and their result is recognised in “Result from energy derivatives trading” (see Note 2.1 “Segment information”, “Information by product”). In the reporting period, provisions and the positive value of the hedge contracts rose sharply due to the increase in energy prices.

Other provisions

The line item “Adjustment due to IFRIC 1” of “Other provisions” includes the amount of CHF 5.1 million not recognised in profit or loss which is related to the allocation of the acquisition costs of farms in France. The provisions were recognised in accordance with IFRIC 1. The corresponding capitalisation of the acquisition costs was made in “Work in progress”, in the amount of CHF 5.1 million (see Note 3.4 “Inventories”). As at 30 September 2022, the item “Other provisions” includes dismantling costs for the decommissioning of wind farms in the amount of CHF 18.3 million (previous year: CHF 25.8 million).

“Other provisions” also contains provisions for storage contracts in the amount of CHF 28.6 million (previous year: CHF 18.1 million) and provisions for contracts which belong to the origination business but are measured at cost amounting to CHF 44.0 million (previous year: CHF 17.3 million).

Accounting principles

Provisions for "Post-operation, decommissioning, disposal"

As the operator of the Beznau nuclear power plant (KKB), Axpo Power AG is required to decommission the plant at the end of its operational life and dispose of the radioactive waste. At the time the plant was commissioned, the present value of the expected costs for post-operation, decommissioning and disposal were both capitalised as part of property plant and equipment and simultaneously accrued. Adjustments due to updated cost estimates are generally taken into account both in the provisions for post-operation, decommissioning and disposal and in the same amount in the associated capitalised asset. If a reversal of a provision exceeds the associated capitalised asset, the adjustment in excess of this amount is made through the income statement. The additional annual disposal costs caused by the operation of the power plant are also capitalised at present value and depreciated on a straight-line basis over the average useful life of the fuel rods, and the corresponding provision is recognised at the same time. The compounding of provisions is recognised in the financial result. An inflation rate of 1.0% and a discount rate of 2.75% are used to calculate the provisions.

The expected costs of decommissioning and dismantling nuclear power plants and disposing of nuclear waste are estimated every five years in accordance with the Ordinance on the Decommissioning Fund and Waste Disposal Fund for Nuclear Installations (SEFV). The last cost study from 2021 was taken into account as the basis for the provision calculations. The 2021 cost study was reviewed in the course of 2022 by the Federal Nuclear Safety Inspectorate (ENSI) and external experts from Switzerland and abroad. The result of the review confirms the basic assumptions and did not lead to any adjustment of the provisions in the past business year. The Administrative Commission of the Decommissioning and Disposal Funds (VK STENFO) will ultimately determine the anticipated decommissioning and disposal costs and is expected to publish its findings in mid-2023.

Significant judgments and estimation uncertainties

Provisions for "Post-operation, decommissioning, disposal" The measurement of the provisions for post-operation, decommissioning and disposal is material for the assessment of the Axpo Group's balance sheet. Changes in cost estimates and in the legal or regulatory requirements governing the decommissioning of nuclear power plants and the disposal of nuclear waste can have a significant impact on the Group's financial performance. The reassessment of the provisions for post-operation, decommissioning and disposal costs incorporates the new findings from the 2021 cost study and the legal, regulatory and other framework conditions.

Other provisions Other provisions are recognised on the basis of the facts and management's estimates as at the balance sheet date. The legal and accounting assessment involves significant estimation uncertainties and discretionary scope with regard to the probability of occurrence and the amount of a possible cash outflow.

3.7.2 Contingent liabilities

Obligation to capital payment
Axpo Group is contractually obliged to pay capital in the amount of CHF 8.5 million (previous year: CHF 20.8 million) to various companies.

Additional contingent liabilities
The proceedings initiated in December 2017 by the concession municipalities against a partner plant demanding the refund of grid usage fees paid for additional energy were settled out of court by agreement dated 27 June 2022. The Federal Electricity Commission (ElCom) subsequently dismissed the proceedings as groundless.

Since February 2021, proceedings have also been pending before the Administrative Court of the Canton of Grisons regarding the reversion base (Heimfallsubstrat) for hydropower concessions, initiated against the same partner plant by the issuers of the concession. The maximum obligation is in the mid-single-digit millions.

There were other contingent liabilities in the amount of CHF 465.5 million during the reporting period (previous year: CHF 89.1 million). These commitments mainly relate to the photovoltaic system projects and vary according to the number of projects and the progress of the projects. Additionally, there is an ongoing investigation concerning VAT assets in Spain, the risk of which is assessed as low by Axpo.

Significant judgments and estimation uncertainties

Value added tax Complex tax regulations in Switzerland and abroad represent a source of estimation uncertainty for the Axpo Group. Furthermore, any changes in practice by the tax authorities in Switzerland and abroad may lead to a reassessment of tax obligations. The Axpo Group is subject to regular audits by the tax authorities, which may lead to different results with respect to the tax estimates or the discretion of the Axpo Group. Although Axpo's management considers its tax estimates to be reasonable, the final resolution of such tax audits may differ from the tax provisions and accrued liabilities. As a result, the Axpo Group may incur additional tax liabilities, interest, penalties or regulatory, administrative or other related sanctions.

3.7.3 Contingent assets

Market premium for large-scale hydropower plants
With the entry into force of the Energy Act (EnG) on 1 January 2018, operators of large-scale hydropower plants that have to sell their electricity on the market for less than the full generation costs are entitled to a market premium. The EnG stipulated that the market premiums were payable until 2022. In November 2020, the Federal Council decided to combine the revisions of the Energy Act and the Electricity Supply Act in a consolidation bill entitled "Federal Act on a Secure Electricity Supply from Renewable Energy Sources". In the 2021 autumn session, the two councils adopted a parliamentary initiative that offers an interim solution for the promotion of renewable energy sources (water, wind, biogas, geothermal energy and photovoltaics) from 2023. The initiative will run until the new consolidation bill enters into force and includes measures such as extending the market premium until 2031.

To claim a market premium, Axpo must submit an application by 31 May of each year based on its results for the previous year. If the claims of all eligible applicants exceed the funds available, all claims are reduced on a linear basis. Since both the total amount of funds available and the actual claims are still unknown at the time of the initial decision, the Swiss Federal Office of Energy (SFOE) initially pays out only 80% of the provisional amount determined and withholds the remaining 20% for technical reasons. The remaining amount is only paid out when the second decision is issued.

The SFOE sent the initial decision for the 2022 application year to the applicants on 7 November 2022. It shows that Axpo is entitled to a market premium of CHF 18.9 million. Sufficient funds are available in this application year, so no linear reduction is expected and this will therefore be the definitive amount. The payment will be made in December 2022, once it has become legally binding. Since the decision currently lacks legal force, Axpo did not recognise any receivables or corresponding income from this decision for the 2022 application year in the 2021/22 financial year.

The 2021/22 financial year includes market premium payments of CHF 51.2 million for the 2021 application year (previous year: CHF 35.8 Mio. for the 2020 application year), corresponding to 80% of the provisional amount determined. Axpo expects to receive a further payment of CHF 12.2 million for the 2021 application year when the second decision is issued in the 2022/23 financial year.

Accounting principles

Market premium for large-scale hydroelectric plants

The market premium for large-scale hydropower plants in Switzerland relates to government grants as defined by IAS 20. Government grants may not be posted until there is reasonable assurance as to the entitlement. Axpo considers the entitlement to a market premium in the amount of the prospective payment to be sufficiently certain within the meaning of IAS 20 as soon as the order is legally binding. This means that 100% or 80% of the provisional amount assigned by order will be recognised as soon as the first ruling is legally binding, depending on the amount of the payment. The remaining amount will be recognised as soon as the second ruling is legally binding.

4. Capital and risk management

4.1 Capital management and equity

Capital management

The Axpo Group manages capital by setting a maximum risk tolerance relative to liquidity and equity. The Board of Directors of Axpo Holding AG approves the risk tolerance for the entire Axpo Group. The risk tolerance is based on the Axpo Group's ability to bear risks in relation to liquidity and equity. This overall capability is broken down and distributed among individual divisions for the purpose of allocating risk capital (e.g. in the form of trading limits for the Trading & Sales business area) and monitored accordingly. Compliance with the risk tolerance is primarily monitored using funds from operations (FFO) and net debt as the key performance indicators.

CHF million	30.9.2022	30.9.2021
Funds from operations (FFO)		
Funds from operations (FFO)	4 834.6	3 761.7
Gearing		
Current financial liabilities	2 890.3	811.5
Non-current financial liabilities	4 854.5	3 680.0
Total eligible debt	**7 744.8**	**4 491.5**
Cash and cash equivalents	– 3 906.6	– 1 818.0
Time deposits	– 10.0	– 760.6
Financial assets at fair value (through profit or loss)	– 184.6	– 1 689.6
Total liquidity	**– 4 101.2**	**– 4 268.2**
Net debt	**3 643.6**	**223.3**

Funds from operations show the actual amount of cash flow from operating activities. For this purpose, cash flow from operating activities is adjusted for changes in current assets, derivative financial instruments, other financial results and interest paid and received.

Additional information on equity

Share capital

The share capital of CHF 370 million consists of 37,000,000 fully paid-in registered shares with a nominal value of CHF 10.00 per share.

Retained earnings

The retained earnings consist of legal and statutory reserves, non-distributable profits from previous years, gains and losses from the sale of own shares and the reserves for periodical remeasurements on defined benefit plans. The maximum distributable portion of the retained earnings is calculated based on the statutory financial statements of Axpo Holding AG (see Note 25 "Changes in equity" of the statutory financial statements of Axpo Holding AG).

Own shares

Shares held by Axpo or its group companies are deducted from equity at their acquisition cost.

Reserves from hedge accounting

Reserves from hedge accounting comprise unrealised changes in the value of cash flow hedging instruments in the amount of the effective portion of the hedge which are not yet realised in the income statement since the transaction underlying the hedge has not yet been recognised as income.

Foreign currency translation reserves

The foreign currency translation reserve contains the currency differences from the translation of financial statements in foreign currencies of subsidiaries and associates.

Development of retained earnings and other reserves, and total comprehensive income for the 2021/22 financial year

CHF million	Notes	Retained earnings	Reserves from hedge accounting	Foreign currency differences	Total reserves excluding non-controlling interests	Non-controlling interests	Total reserves including non-controlling interests
Balance as at 30.9.2021		**7 030.7**	**– 308.0**	**– 396.9**	**6 325.8**	**531.8**	**6 857.6**
Result for the period		**597.1**	**0.0**	**0.0**	**597.1**	**– 2.6**	**594.5**
Foreign currency translation differences		0.0	0.0	– 233.2	**– 233.2**	– 2.1	**– 235.3**
Cash flow hedges							
Fair value adjustment for energy price risk	4.5.3	0.0	– 466.0	0.0	**– 466.0**	– 105.1	**– 571.1**
Gains (–) / losses (+) transferred to the income statement	4.5.3	0.0	320.6	0.0	**320.6**	24.9	**345.5**
Fair value adjustment for foreign currency risk	4.5.3	0.0	318.8	0.0	**318.8**	0.0	**318.8**
Gains (–) / losses (+) transferred to the income statement	4.5.3	0.0	– 19.2	0.0	**– 19.2**	0.0	**– 19.2**
Fair value adjustment for interest rate risk	4.5.3	0.0	57.5	0.0	**57.5**	2.4	**59.9**
Deferred tax / income tax thereon		0.0	– 57.5	0.0	**– 57.5**	9.8	**– 47.7**
Items recyclable in the income statement		**0.0**	**154.2**	**– 233.2**	**– 79.0**	**– 70.1**	**– 149.1**
Remeasurement of defined benefit plans	5.3	– 184.7	0.0	0.0	**– 184.7**	– 10.4	**– 195.1**
Deferred tax / income tax thereon		33.6	0.0	0.0	**33.6**	1.4	**35.0**
Items not recyclable in the income statement		**– 151.1**	**0.0**	**0.0**	**– 151.1**	**– 9.0**	**– 160.1**
Other comprehensive income		**– 151.1**	**154.2**	**– 233.2**	**– 230.1**	**– 79.1**	**– 309.2**
Total comprehensive income		**446.0**	**154.2**	**– 233.2**	**367.0**	**– 81.7**	**285.3**
Dividend		– 79.6	0.0	0.0	**– 79.6**	– 25.4	**– 105.0**
Change in scope of consolidation		25.4	– 0.6	0.1	**24.9**	– 5.6	**19.3**
Non-controlling interests acquired		– 14.4	– 2.1	0.0	**– 16.5**	19.9	**3.4**
Increase and decrease in capital of non-controlling interests		0.2	0.0	0.0	**0.2**	1.6	**1.8**
Balance as at 30.9.2022		**7 408.3**	**– 156.5**	**– 630.0**	**6 621.8**	**440.6**	**7 062.4**

Development of retained earnings and other reserves, and total comprehensive income for the 2020/21 financial year

CHF million	Notes	Retained earnings	Reserves from hedge accounting	Foreign currency differences	Total reserves excluding non-controlling interests	Non-controlling interests	Total reserves including non-controlling interests
Balance as at 1.10.2020		**6 234.2**	**6.2**	**– 403.4**	**5 837.0**	**527.2**	**6 364.2**
Result for the period		**579.5**	**0.0**	**0.0**	**579.5**	**27.6**	**607.1**
Foreign currency translation differences		0.0	0.0	8.1	**8.1**	– 1.3	**6.8**
Cash flow hedges							
Fair value adjustment for energy price risk	4.5.3	0.0	– 458.8	0.0	**– 458.8**	– 35.7	**– 494.5**
Gains (–) / losses (+) transferred to the income statement	4.5.3	0.0	117.9	0.0	**117.9**	– 0.4	**117.5**
Fair value adjustment for foreign currency risk	4.5.3	0.0	– 7.5	0.0	**– 7.5**	0.0	**– 7.5**
Gains (–) / losses (+) transferred to the income statement	4.5.3	0.0	– 39.6	0.0	**– 39.6**	0.0	**– 39.6**
Fair value adjustment for interest rate risk	4.5.3	0.0	14.8	0.0	**14.8**	2.7	**17.5**
Deferred tax / income tax thereon		0.0	55.8	0.0	**55.8**	3.9	**59.7**
Items recyclable in the income statement		**0.0**	**– 317.4**	**8.1**	**– 309.3**	**– 30.8**	**– 340.1**
Remeasurement of defined benefit plans	5.3	356.6	0.0	0.0	**356.6**	23.0	**379.6**
Deferred tax / income tax thereon		– 61.3	0.0	0.0	**– 61.3**	– 3.3	**– 64.6**
Items not recyclable in the income statement		**295.3**	**0.0**	**0.0**	**295.3**	**19.7**	**315.0**
Other comprehensive income		**295.3**	**– 317.4**	**8.1**	**– 14.0**	**– 11.1**	**– 25.1**
Total comprehensive income		**874.8**	**– 317.4**	**8.1**	**565.5**	**16.5**	**582.0**
Dividend		– 80.3	0.0	0.0	**– 80.3**	– 6.2	**– 86.5**
Change in scope of consolidation		2.7	4.1	0.0	**6.8**	– 20.4	**– 13.6**
Non-controlling interests acquired		– 0.9	– 0.9	– 1.6	**– 3.4**	2.5	**– 0.9**
Increase and decrease in capital of non-controlling interests		0.2	0.0	0.0	**0.2**	12.2	**12.4**
Balance as at 30.9.2021		**7 030.7**	**– 308.0**	**– 396.9**	**6 325.8**	**531.8**	**6 857.6**

4.2 Cash and cash equivalents and additional information on the cash flow statement

CHF million	30.9.2022	30.9.2021
Petty cash and cash at banks	3 906.6	1 743.0
Short-term investments	0.0	75.0
Total	**3 906.6**	**1 818.0**
Thereof		
in CHF	1 368.6	749.7
in EUR	1 867.0	687.2
in other currencies	671.0	381.1
Total	**3 906.6**	**1 818.0**

The following table shows details of non-cash expenses and income as well as net working capital in the cash flow statement:

Non-cash expenses and income

CHF million	2021/22	2020/21
Depreciation, amortisation and impairment losses/ reversals	– 2 324.3	610.0
Share of result of partner plants and other associates	– 102.6	– 73.9
Unrealised result on derivative financial instruments	5 907.6	2 696.0
Loss allowances on net working capital	128.0	10.0
Other non-cash items	2.0	– 6.1
Total	**3 610.7**	**3 236.0**

Change in net working capital

CHF million	2021/22	2020/21
Change in inventories	– 212.9	35.8
Change in trade receivables	– 1 738.4	– 716.3
Change in other receivables	– 11 581.7	– 5 318.7
Change in trade payables	985.2	349.1
Change in other liabilities	4 653.7	2 901.7
Total	**– 7 894.1**	**– 2 748.4**

Accounting principles

Cash and cash equivalents

Cash and cash equivalents comprise petty cash, credit balances in postal and bank accounts as well as sight and deposit accounts with a term of no more than 90 days from the time of acquisition.

4.3 Financial receivables

CHF million	30.9.2022	30.9.2021
Financial assets at fair value (through profit or loss)	184.6	1 610.3
Loan receivables	392.0	477.6
Time deposits	0.0	20.0
Loss allowances	– 77.1	– 91.4
Total non-current financial receivables	**499.5**	**2 016.5**
Financial assets at fair value (through profit or loss)	0.0	79.3
Loan receivables	37.3	86.6
Time deposits	10.0	740.8
Other financial receivables	133.1	162.8
Loss allowances	– 1.1	– 0.2
Total current financial receivables	**179.3**	**1 069.3**
Total	**678.8**	**3 085.8**

The loans primarily relate to various financial assets and loans of an equity nature with related parties. The loans have different maturities and variable rates of interest.

The time deposits are invested with financial institutions and have maturities of up to 12 months and an interest rate of –0.3% (previous year: between –0.65% and 0.38%).

Loan receivables from related parties outstanding at the balance sheet date

CHF million	Maturity date	Interest rate [1]	30.9.2022	30.9.2021
Global Tech I Offshore Wind GmbH	31.12.2030	6.00%	96.5	106.2
Società EniPower Ferrara S.r.l.	20.06.2023	1.47% [2]	12.7	28.8
Swissgrid AG	05.01.2024	3.41%	8.8	63.6
Terravent AG	31.03.2042	0.75%	16.8	17.6
Trans Adriatic Pipeline AG	28.12.2034	1.48%–1.75% [3]	170.9	205.5
Other loan receivables < CHF 10 million			123.6	142.5
Total acquisition value			**429.3**	**564.2**
Loss allowances			– 77.9	– 91.4
Total carrying amount			**351.4**	**472.8**

1) As at the current balance sheet date.
2) Variable interest rate linked to positive or negative 6-month EURIBOR plus 1.2%.
3) The variable interest on the various tranches is linked to 3-month EURIBOR plus 1.70% or plus 1.75% (positive and negative EURIBOR) or plus 1.75% with a 0.0% base rate in case of negative EURIBOR.

As part of the transfer of transmission systems to Swissgrid in 2013, 70% of the related compensation took the form of loans. The loans include a unilateral conversion right on the part of Swissgrid AG, according to which, in the event of certain conditions arising, the loans may be converted into Swissgrid AG shares. A partial early repayment of CHF 54.8 million was made in 2021/22 and a further partial repayment of CHF 4.4 million is planned within the next 12 months. A further CHF 4.4 million is expected as a final payment in January 2024. A share of CHF 4.4 million each is reported as current and non-current.

Accounting principles

Financial assets at fair value (through profit or loss)

Financial assets at fair value comprise marketable equity securities and debt securities held primarily in funds. Funds which qualify as equity instruments and non-consolidated participations in which the Axpo Group does not exercise significant or controlling influence, as well as funds which fall under the exception of IAS 32.16A (puttable instruments), are classified as at fair value through profit or loss.

Loan receivables

Loans include short and long-term loans both to third parties and to associated companies. They are measured at amortised cost using the effective interest method, less loss allowances. If, when the loan is paid out, the agreed interest rate equals the market interest rate and both the disbursement and the repayment are made at nominal value, the amortised cost is equal to the nominal value of the loan.

Time deposits

Current and non-current time deposits are measured at amortised cost using the effective interest method less loss allowances. If at the date of issuing the time deposit, the contractually agreed interest rate corresponds to the market interest rate and the borrowing and repayment amount is at nominal value, the time deposit is measured at nominal value less loss allowances.

4.4 Financial liabilities

CHF million	Bonds	Loan liabilities	Lease liabilities	Other financial liabilities	Total
Balance as at 1.10.2021	**3 089.3**	**937.9**	**153.9**	**310.4**	**4 491.5**
Cash relevant					
Increase	3 059.9	8 978.8	0.0	1 775.3	13 814.0
Repayment	– 1 668.8	– 7 180.9	– 19.0	– 1 498.3	– 10 367.0
Not cash relevant					
New lease contracts	0.0	0.0	53.0	0.0	53.0
Change in scope of consolidation	0.0	3.2	– 18.3	0.0	– 15.1
Reclassification to/from "liabilities held for sale"	0.0	– 98.0	0.2	30.3	– 67.5
Contract modifications	0.0	0.0	– 0.8	0.0	– 0.8
Interest	1.2	0.0	2.2	0.0	3.4
Valuation change	– 0.4	– 2.8	0.1	0.0	– 3.1
Reclassifications	0.0	79.1	– 1.3	– 47.7	30.1
Foreign currency translation	– 57.1	– 88.7	– 15.2	– 32.7	– 193.7
Balance as at 30.9.2022	**4 424.1**	**2 628.6**	**154.8**	**537.3**	**7 744.8**
Maturities as at 30.9.2022					
Due within 1 year	490.2	1 834.7	28.1	537.3	2 890.3
Due within 1 to 5 years	2 791.9	321.8	49.2	0.0	3 162.9
Due in more than 5 years	1 142.0	472.1	77.5	0.0	1 691.6
Total	**4 424.1**	**2 628.6**	**154.8**	**537.3**	**7 744.8**

CHF million	Bonds	Loan liabilities	Lease liabilities	Other financial liabilities	Total
Balance as at 1.10.2020	**3 424.3**	**1 089.1**	**176.4**	**339.1**	**5 028.9**
Cash relevant					
Increase	12.0	963.1	0.0	1 480.6	2 455.7
Repayment	– 345.5	– 746.0	– 20.8	– 1 536.8	– 2 649.1
Not cash relevant					
New lease contracts	0.0	0.0	44.6	0.0	44.6
Change in scope of consolidation	0.0	– 167.1	– 36.2	0.0	– 203.3
Reclassification to/from "liabilities held for sale"	0.0	– 178.8	– 8.3	– 34.0	– 221.1
Contract modifications	0.0	0.0	– 4.4	0.0	– 4.4
Interest	1.4	0.0	2.1	0.0	3.5
Valuation change	0.2	0.1	0.0	0.0	0.3
Reclassifications	– 4.6	– 25.0	0.0	53.8	24.2
Foreign currency translation	1.5	2.5	0.5	7.7	12.2
Balance as at 30.9.2021	**3 089.3**	**937.9**	**153.9**	**310.4**	**4 491.5**
Maturities as at 30.9.2021					
Due within 1 year	336.0	138.9	26.2	310.4	811.5
Due within 1 to 5 years	1 594.4	306.9	43.6	0.0	1 944.9
Due in more than 5 years	1 158.9	492.1	84.1	0.0	1 735.1
Total	**3 089.3**	**937.9**	**153.9**	**310.4**	**4 491.5**

Other financial liabilities includes the financing of wind farms built for sale, which are reported as "work in progress" in inventories, and current account liabilities.

Bonds outstanding at the balance sheet date

	Duration	Effective interest rate	Carrying amount	
CHF million			30.9.2022	30.9.2021
Kraftwerke Linth-Limmern AG, nominal CHF 170.0 m, 1.5%	2016–2022	1.56%	170.0	169.9
Kraftwerke Linth-Limmern AG, nominal CHF 200.0 m, 2.75%	2010–2022	2.97%	0.0	199.8
Kraftwerke Linth-Limmern AG, nominal CHF 200.0 m, 2.75%	2011–2023	2.87%	199.9	199.7
Kraftwerke Linth-Limmern AG, nominal CHF 245.0 m, 2.0%	2017–2023	2.05%	244.9	244.7
Kraftwerke Linth-Limmern AG, nominal CHF 270.0 m, 1.25%	2014–2024	1.31%	269.7	269.6
Axpo Holding AG, nominal CHF 350.0 m, 1.75%	2016–2024	1.79%	349.8	349.6
Axpo Holding AG, nominal CHF 300.0 m, 3.13%	2010–2025	3.25%	299.3	299.0
Axpo Holding AG, nominal CHF 200.0 m, 0.25%	2022–2025	0.29%	199.8	0.0
Kraftwerke Linth-Limmern AG, nominal CHF 175.0 m, 2.38%	2013–2026	2.41%	175.1	175.1
Axpo Holding AG, nominal CHF 300.0 m, 2.00%	2022–2026	2.05%	299.4	0.0
Axpo Holding AG, nominal CHF 133.0 m, 1.00%	2020–2027	1.00%	132.9	132.9
Axpo Holding AG, nominal CHF 300.0 m, 0.63%	2022–2027	0.60%	300.3	0.0
Axpo Holding AG, nominal CHF 200.0 m, 2.50%	2022–2029	2.50%	200.0	0.0
Kraftwerke Linth-Limmern AG, nominal CHF 125.0 m, 2.88%	2011–2031	3.11%	123.1	122.9
Kraftwerke Linth-Limmern AG, nominal CHF 150.0 m, 2.88%	2012–2042	2.90%	149.5	149.4
Kraftwerke Linth-Limmern AG, nominal CHF 160.0 m, 3.0%	2013–2048	2.97%	160.7	160.7
Kraftwerke Linth-Limmern AG, nominal CHF 200.0 m, 3.0%	2012–2052	3.01%	199.7	199.7
Total			**3 474.1**	**2 673.0**

All bonds listed above have a fixed interest rate, are carried at amortised cost using the effective interest method and are listed on the SIX Swiss Exchange. The fair value of the fixed-interest bonds outstanding at the balance sheet date amounted to CHF 3,376.8 million (previous year: CHF 2,983.5 million).

Private placements outstanding at the balance sheet date

CHF million	Maturity	Interest rate [1]	Carrying amount 30.9.2022	Carrying amount 30.9.2021
Private placements in EUR	2022–2036	0.2%–3.0%	689.0	180.2
Private placements in CHF	2022–2041	0.0%–3.8%	261.0	236.0
Total			**950.0**	**416.2**

1) As at the current balance sheet date.

The fair value of the private placements outstanding at the balance sheet date amounted to CHF 951.7 million (previous year: CHF 435.0 million).

Loans and lease liabilities outstanding at the balance sheet date

CHF million	Maturity	Interest rate [1]	Carrying amount 30.9.2022	Carrying amount 30.9.2021
Loan liabilities with a carrying amount > CHF 10 million				
Items in EUR	2022–2045	0.3%–2.7%	1 703.9	367.6
Items in CHF	2022–2032	0.3%–2.4%	597.0	225.0
Total			**2 300.9**	**592.6**
Loan liabilities with a carrying amount < CHF 10 million				
Items in EUR	2022–2044	0.0%–7.0%	213.8	241.0
Items in CHF	2023–2051	0.0%–3.0%	99.5	104.3
Items in other currencies	2022–2038	1.3%–28.0%	14.4	0.0
Total			**327.7**	**345.3**
Lease liabilities				
Lease liabilities in EUR	2022–2062	0.7%–5.0%	112.2	117.0
Lease liabilities in CHF	2022–2058	0.0%–1.8%	33.0	30.2
Lease liabilities other currencies	2022–2033	1.5%–33.7%	9.6	6.7
Total			**154.8**	**153.9**

1) As at the current balance sheet date.

4.5 Risk management

4.5.1 General principles

Risk management is an integral part of Axpo's corporate governance and is carried out in accordance with the principles laid down by the Board of Directors. It includes the transparent presentation of the risk situation, control of the overall risk within the specifications of the Board of Directors and the firm establishment of a responsible risk culture among the employees. The primary goal of risk management is to make a contribution toward ensuring the company's value over the long term.

Axpo conducts risk management for the following types of risk: market risk, credit risk, volume risk and operational risk. The market risk consists of price, currency and interest rate risks. Managing liquidity risk is also pivotally important across all four risk types. Strategic and long-term risks such as climate risks, reputational risks and regulatory risks are analysed as well.

Risks are managed and hedged in accordance with the specifications of the Board of Directors. There are also instructions for the management of liquidity and other financial assets and for short and long-term financing.

The risk arising from derivative financial instruments in the energy sector is mainly bundled in the Trading & Sales business area and follows central risk management directives and the trading mandates based on them. Credit risk management is controlled at business area level (Trading & Sales and CKW) in accordance with the defined credit limits. Counterparty ratings are assessed and defined centrally.

4.5.2 Financial risk management – overview

Risk	Source of risk	Risk mitigation
Market risk		
Price risk	Price risks arise from unexpected price changes on financial and energy markets.	Value-at-risk limits Profit-at-risk limits Volume and maturity limits
Currency risk	Currency risks arise from business transactions and from recognised assets and liabilities that are not denominated in the functional currency of the respective subsidiary as well as from net investments in foreign operations.	Conclusion of currency forward contracts in accordance with hedging strategy
Interest rate risk	Financial receivables and liabilities as well as cash and cash equivalents that are subject to variable interest rates expose Axpo to interest rate risk. Fixed-interest financial assets expose Axpo to market value risk.	Conclusion of interest rate swaps Time deposits Other financial investments
Credit risk	Risk that counterparties are not able to meet all or part of their obligations.	Conclusion of netting agreements Establishment of internal credit lines Request of guarantees
Volume risk	Volume risks arise from fluctuations in production, which are influenced, for example, by water, wind and sun levels as well as the production capacity of nuclear power plants, or by a lack of demand or shortages of energy raw materials.	Hedging strategy Diversification of energy production sources
Liquidity risk	Liquidity risks describe the potential risk that Axpo will not be able to meet its obligations when they fall due.	Credit lines Subordinated credit facility Capital market (bonds, loans, private placements) Factoring/reverse factoring Prepayments
Operational risk	Operational risks arise from inadequate or non-functioning internal processes and systems, human factors or external events (e.g. cyber attacks).	Measurement and recording of operational risks Cyber resilience Operational risk monitoring Internal controls Day-to-day risk management in legal, tax, etc. matters
Strategic, long-term and non-financial risks	Strategic, long-term and non-financial risks describe potential impacts on business strategy or strategic objectives as well as reputation, compliance or ESG ambitions.	Corporate governance Compliance management program Mid-term planning

4.5.3 Market price risks

Market price risks arise from price and exchange rate movements in respect of unhedged positions held in energy and financial transactions. Derivative financial instruments are used as needed to hedge part of the expected future energy procurement or energy sales and to hedge against currency and interest rate fluctuations.

A business model exists for the management and sale of the company's own energy production in Switzerland, according to which the first sale on the market is reported as customer revenue. All subsequent contracts in the management chain concluded for the management of own energy production are considered hedging instruments and measured at fair value through profit or loss.

The current business model for tailor-made contracts (origination) is based on a portfolio approach. As the contracts, portfolios and inventories are principally acquired to generate a broker-trader margin or with the purpose of selling in the near future and generating a profit from fluctuations in the price and the risks of this business are managed on a portfolio basis as well, Axpo measures all components of this business at fair value.

Energy price risks

Axpo defines energy price risks as risks arising as a result of changes in energy prices. In most of the countries in which Axpo does business, the energy sector is characterised by wholesale markets with freely determined prices and intense competition for sales. By virtue of the Group's international focus and broadly diversified portfolio, energy price risks can arise as a result of the price movements of individual positions as well as through price fluctuations between products (e.g. electricity and gas), countries (e.g. Germany and Switzerland) and terms (e.g. baseload year +1 and baseload year +2).

Axpo is one of the world's leading energy traders. It trades on a decentralised basis via various trading hubs in Switzerland and Europe. In the Trading & Sales business area, energy price risks are monitored and reported daily by the Risk Management & Valuation department. Monitoring is carried out in accordance with the principles set out in the risk management directive as well as the related trading mandates. The market price risk is limited and permanently monitored by means of a comprehensive limit system. Among other things, this system consists of a value-at-risk and a profit-at-risk add-on limit as well as volume and maturity limits. The total risk limit for energy trading is approved annually by the Board of Directors at the request of Executive Management and subsequently broken down by individual divisions, departments and books within the Trading & Sales business area.

The hedging strategy employed in the past resulted in liquidity risks due to the collateral that had to be furnished on energy exchanges and OTC markets. Hedging was suspended in spring 2022. The strategy for managing the risks that arise as a result of energy price fluctuations in Swiss production energy was revised as a result and is now reviewed and defined by the Executive Board on a regular basis. Market, volume and liquidity risks are evaluated and taken into account. The Executive Board discusses the hedging mandate at least twice a year, the consequences of which are evaluated by the Risk Management department, taking into account the utilisation of risk capital. A price-dependent mandate is used to transfer a portion of the production from the company's own power plants to the Trading & Sales business area for certain future periods for hedging.

In the past, fixed-price contracts that were accounted for as energy derivatives and settled gross were designated as hedging instruments in cash flow hedges. The old cash flow hedges continue to exist until the contracts expire. No new hedging instruments will be designated as cash flow hedges.

The CKW Group is exposed to energy price risks primarily from energy traded on the international free market. In line with its risk policy, these risks are countered by making optimum use of forward contracts to hedge shortfalls or surpluses in energy volumes. In addition to actively managing energy surpluses and deficits to supply end-customers and redistributors, the CKW Group also follows proprietary trading strategies to a very limited extent. Relatively small unhedged positions are permitted. According to the existing risk strategy, hedging positions as well as proprietary trading positions may only be entered into for the current financial year and the three subsequent years. This ensures that transactions are only entered into for a time frame in which sufficient market liquidity is available.

The following table shows the effect of energy hedging transactions on financial positions:

CHF million	Cash flow hedge 30.9.2022	Cash flow hedge 30.9.2021
Hedged item		
Nominal amount, net	91.7	218.3
Line item in the balance sheet	Highly probable forecast transaction	Highly probable forecast transaction
Change in value used for calculating hedge effectiveness	684.3	466.2
Hedging instrument		
Nominal amount, net	91.7	218.3
Carrying amount asset	29.2	36.7
Carrying amount liability	645.5	230.0
Line item in the balance sheet	Derivative financial instruments	Derivative financial instruments
Change in fair value for calculating hedge effectiveness	– 684.3	– 466.2
Change in the value of the hedging instrument recognised in equity	– 571.1	– 494.5
Line item in profit or loss affected by the reclassification of the hedge ineffectiveness	Revenues from energy sales and grid usage by external customers	Revenues from energy sales and grid usage by external customers
Amount reclassified from the hedge reserve to profit or loss due to the realisation of the hedged item	– 345.5	– 117.5
Line item in profit or loss affected from the reclassification of the hedge reserve	Revenue by external customers	Revenue by external customers

The following table shows the timing of the nominal amount of the hedging instrument and the average price of the hedging instrument:

	Maturity as at 30.9.2022			Maturity as at 30.9.2021			
	2022/23	2023/24	2024/25	2021/22	2022/23	2023/24	2024/25
Cash flow hedge							
Commodity contracts – purchases							
Nominal amount in CHF million	41.2	7.5	0.0	96.7	46.6	8.5	0.0
Average price CHF	64.5	67.7	0.0	66.7	72.8	76.7	0.0
Commodity contracts – sales							
Nominal amount in CHF million	91.4	41.4	7.6	211.1	103.6	46.8	8.6
Average price CHF	57.1	56.3	54.5	55.3	64.5	63.8	61.7

Sensitivity analysis of the energy price risk

The energy price risks from the trading business are quantified daily using a value-at-risk approach, assuming a holding period of five days and a confidence interval of 99% (industry standard holding period of one day, confidence interval of 95%). The value-at-risk (VaR) defines a potential loss which, with 99% probability, will not be exceeded, taking into account past market developments.

The level of market price risk of a single position can be approximated as a linear function of quantity, price and volatility. As a result, the VaR indicator is directly linked to the level and volatility of the market prices, which increased massively during the reporting period:

- Prices multiplied in the reporting period – for example, the DE baseload year +1 increased by >300% since 2021
- Volatility multiplied in the reporting period – for example, the DE baseload year +1 increased by roughly 300% since 2021

A much higher level of risk must be expected for the same amount of electricity. The Trading & Sales business area is responsible for hedging production volumes in line with the Group's hedging strategy and is included in the overall VaR as a result.

This explains much of the increase in the VaR indicator over the reporting period. Furthermore, in some cases market risks had to be taken deliberately in order to avoid liquidity risks, which also resulted in an increase in the VaR (see Note 4.5.6 "Liquidity risks"). As at 30 September 2022, more than 80% of the VaR was dominated by unavoidable price difference risks arising from hedging our own electricity production and existing customer contracts in the origination business. Other contributions came primarily from active liquidity management, while contributions from liquid proprietary trading were reduced to a minimum (below 2%). Axpo was able to avoid a sharp rise in risk thanks to its broadly diversified portfolio business.

For illiquid exposures, i.e. market risks that cannot be readily hedged such as long-term or profiled power contracts, the Trading & Sales business area uses the more adequate PaR add-on (profit-at-risk add-on) as a risk measure. The PaR add-on is a statistics-based risk measure analogous to VaR, but uses a much longer and more adequate holding period depending on the product.

CHF million	30.9.2022	30.9.2021
VaR Trading & Sales business area	473.5	93.9
VaR CKW business area	3.6	0.9

CHF million	30.9.2022	30.9.2021
PaR add-on Trading & Sales business area	178.3	91.9

In addition to the energy price risks that arise from the asset-backed trading, origination and supply business, there are significant energy price risks that arise from future own electricity production not transferred to Trading & Sales. With the new hedging strategy, a balance must be struck between liquidity, market price, credit and volume risks (see Note 4.5.6 "Liquidity risks").

Currency risk

Axpo is exposed to currency risks. These result from further business transactions and recognised assets and liabilities when they are not denominated in the functional currency of the relevant group company, as well as from net investments in foreign operations.

The energy price, and hence most procurement and sales contracts, are denominated in euro, and prices are determined by reference to the energy price in euro. However, the production costs of energy-generating facilities, principally of power plants in Switzerland, are incurred in CHF. This results in a currency risk mainly against the euro and to a lesser extent against the US dollar.

The following table shows the main currencies economically hedged through currency forward contracts. In addition, other currencies are hedged on a smaller scale.

CHF million	Nominal value 30.9.2022	Replacement value 30.9.2022	Nominal value 30.9.2021	Replacement value 30.9.2021
Currency forward contracts measured at fair value through profit or loss				
Currency forward contracts CHF/EUR	2 010.1	– 52.3	179.8	0.8
Currency forward contracts CHF/USD	107.9	1.2	0.0	0.0
Currency forward contracts EUR/CHF	3 759.1	139.2	956.6	0.8
Currency forward contracts EUR/GBP	108.3	– 0.9	50.3	– 0.2
Currency forward contracts EUR/NOK	106.6	– 5.4	143.3	1.3
Currency forward contracts EUR/USD	438.3	13.2	55.4	1.3
Currency forward contracts GBP/EUR	141.8	1.2	12.6	0.0
Currency forward contracts USD/CHF	297.2	– 1.4	0.0	0.0
Currency forward contracts USD/EUR	468.9	– 12.3	112.3	– 2.8

In order to reduce the currency risk from the origination and supply business, most futures are concluded within the framework of the Group's policy on exchange rate risks.

Exposure to currency risks arising from the Swiss subsidiaries' business transactions is reduced by offsetting operating revenue and expenditure in foreign currencies. Remaining net positions in foreign currencies are hedged by appropriate hedging transactions such as currency forward contracts (transaction risk) as part of liquidity planning, in close consultation with the Group's operational units and in accordance with existing hedging policy guidelines. Part of these hedge transactions are designated as cash flow hedges. The hedging instruments are designated in their entirety. Spot and forward elements are not separated. The hedged item is defined as the currency risk from the highly probable energy sales in a foreign currency. The hedging ratio is 1:1. The economic relationship between the underlying and the hedging instrument is based on the fact that the key parameters of the underlying and the hedging instrument, such as maturity, nominal value and currency, are identical.

The following table shows the effect of currency hedging transactions on financial positions:

	Cash flow hedge	Cash flow hedge
CHF million	**30.9.2022**	**30.9.2021**
Hedged item		
Nominal amount, net	2 645.2	2 897.9
Line item in the balance sheet	Highly probable forecast transaction	Highly probable forecast transaction
Change in value used for calculating hedge effectiveness	– 304.3	– 4.7
Hedging instrument		
Nominal amount, net	2 645.2	2 897.9
Carrying amount asset	304.3	26.7
Carrying amount liability	0.0	22.0
Line item in the balance sheet	Derivative financial instruments	Derivative financial instruments
Change in fair value for calculating hedge effectiveness	304.3	4.7
Change in the value of the hedging instrument recognised in equity	318.8	– 7.5
Line item in profit or loss affected by the reclassification of the hedge ineffectiveness	Financial result	Financial result
Amount reclassified from the hedge reserve to profit or loss due to the realisation of the hedged item	19.3	40.9
Amount reclassified from the hedge reserve to profit or loss as the hedged future cash flows are no longer expected to occur	– 0.1	– 1.3
Line item in profit or loss affected by the reclassification of the hedge reserve	Financial result	Financial result

The following table shows the timing of the nominal amount of the hedging instrument and the average price of the hedging instrument:

	Maturity as at 30.9.2022				Maturity as at 30.9.2021			
	2022/23	2023/24	2024/25	2025/26	2021/22	2022/23	2023/24	2024/25
Cash flow hedge								
Currency forward contracts – purchases								
Nominal amount in CHF million	736.6	951.4	859.3	97.9	793.8	774.3	973.1	356.7
Average price CHF	1.06	1.08	1.05	1.01	1.11	1.06	1.08	1.08

Sensitivity analysis of the currency risks

A possible change in foreign exchange rates would have had the following impact on the income statement and on equity, assuming that all other parameters remained the same:

	+/– change	+/– effect on income statement	+/– effect on equity	+/– effect on income statement	+/– effect on equity
CHF million		**30.9.2022**	**30.9.2022**	**30.9.2021**	**30.9.2021**
CHF/USD foreign currency risk	10%	18.1	0.0	– 5.0	0.0
CHF/EUR foreign currency risk	10%	– 393.2	0.0	– 57.1	– 20.2
NOK/EUR foreign currency risk	10%	20.5	0.0	10.1	0.0
NOK/SEK foreign currency risk	10%	– 15.2	0.0	– 1.1	0.0
PLN/EUR foreign currency risk	10%	– 45.0	0.0	– 0.9	0.0

Interest rate risk

Financial assets and liabilities subject to variable interest rates, as well as cash and cash equivalents, expose Axpo to interest rate risk. Fixed-interest financial assets, by contrast expose Axpo to market value risk.

It is the Axpo Group's policy to manage interest rate expenses by means of variable and fixed-rate interest-bearing liabilities and interest-based derivatives in the form of interest rate swaps. Group Treasury monitors the ratio between variable and fixed-rate interest-bearing net debt.

Interest rate risk on derivative financial instruments is actively managed by the front office of the Trading & Sales business area.

Interest-bearing financial assets and liabilities

The interest-bearing financial assets and liabilities held by Axpo include cash and cash equivalents, credit support annexes received and delivered, initial margins for exchanges, time deposits, loans, bonds as well as bank liabilities, received loans and issued bonds. The interest rate profile as at the balance sheet date was as follows:

CHF million	Fixed rate 30.9.2022	Variable rate 30.9.2022	Fixed rate 30.9.2021	Variable rate 30.9.2021
Financial assets at fair value through profit or loss (mandatory)	**166.8**	**0.0**	**1 234.4**	**0.0**
Financial assets at fair value (through profit or loss)	166.8	0.0	1 234.4	0.0
Financial assets measured at amortised cost	**249.8**	**10 191.0**	**1 108.3**	**4 778.0**
Petty cash and cash at banks	0.0	3 906.6	0.0	1 743.0
Short-term investments	0.0	0.0	0.0	75.0
Trade receivables	36.4	0.7	3.0	0.5
Financial receivables (non-current)	98.3	216.6	146.0	260.2
Financial receivables (current)	98.6	80.7	947.5	42.5
Other receivables (non-current)	11.2	0.0	7.3	2.2
Other receivables (current)	5.3	5 986.4	4.5	2 654.6
Total interest-bearing financial assets	**416.6**	**10 191.0**	**2 342.7**	**4 778.0**
Financial liabilities measured at amortised cost [1]	**6 827.5**	**3 413.6**	**4 178.2**	**1 707.2**
Financial liabilities (non-current)	4 364.8	489.8	3 629.0	51.0
Financial liabilities (current)	2 455.5	430.2	541.4	252.8
Other liabilities (non-current)	1.8	0.0	2.4	0.0
Other liabilities (current)	5.4	2 493.6	5.4	1 403.4
Total interest-bearing financial liabilities	**6 827.5**	**3 413.6**	**4 178.2**	**1 707.2**
Net exposure	**– 6 410.9**	**6 777.4**	**– 1 835.5**	**3 070.8**

1) Variable-interest financial liabilities whose interest rate is converted into a fixed interest rate by an interest rate swap are reported as fixed-interest.

The production of energy and the distribution grids are capital-intensive. Swiss plants are generally financed on a long-term basis at fixed interest rates in order to mitigate the impact of short and medium-term interest rate fluctuations on earnings.

Variable-rate interest-bearing financial liabilities relating to the construction of photovoltaic systems and wind farms expose the Axpo Group to interest rate risk. This risk is reduced through adequate use of derivative financial instruments in the form of interest rate swaps. Some of these interest rate swaps were designated as hedging instruments in cash flow hedges. A hedge ratio of 1:1 is applied. The economic relationship between the underlying (financial liability) and the hedging instrument is based on the fact that the key parameters of the underlying and the hedging instrument, such as amount, interest rate, interest settlement dates, currency and maturity date, are identical.

In addition to the interest rate swaps designated as hedges and listed below, interest rate swaps with a positive replacement value of CHF 81.2 million were concluded to manage the interest rate risk on derivative financial instruments.

The following table shows the effects of interest rate hedges on financial items:

	Cash flow hedge	Cash flow hedge
CHF million	**30.9.2022**	**30.9.2021**
Hedged item		
Nominal amount	264.4	184.9
Carrying amount liability	22.0	184.9
Line item in the balance sheet	Financial liabilities	Financial liabilities
Change in value used for calculating hedge effectiveness	– 21.5	4.2
Hedging instrument		
Nominal amount	264.4	184.9
Carrying amount asset	21.0	0.3
Carrying amount liability	0.1	10.5
Line item in the balance sheet	Derivative financial instruments	Derivative financial instruments
Change in fair value for calculating hedge effectiveness	21.5	– 4.2
Change in the value of the hedging instrument recognised in equity [1)]	31.2	4.9
Line item in profit or loss affected by the reclassification of the hedge ineffectiveness	Financial result	Financial result

1) Excluding change in fair value of hedging instruments classified as held for sale.

The following table shows the timing of the nominal amount of the hedging instrument and the average price of the hedging instrument:

	Maturity as at 30.9.2022					Maturity as at 30.9.2021				
	2022/23	2023/24	2024/25	2025/26	Later	2021/22	2022/23	2023/24	2024/25	Later
Cash flow hedge										
Interest rate swaps – fixed to variable										
Nominal amount in CHF million	14.5	19.9	19.9	19.6	190.5	13.8	13.8	13.8	13.8	129.7
Average interest rate in %	0.3	0.3	0.3	0.2	0.2	0.8	0.8	0.8	0.8	0.8

Sensitivity analysis of interest rate risk

A reasonably possible change in interest rates would have had the following impact on the income statement and on equity, assuming that all other parameters remained the same:

	+/– change	+/– effect on income statement	+/– effect on equity	+/– effect on income statement	+/– effect on equity
CHF million		**30.9.2022**	**30.9.2022**	**30.9.2021**	**30.9.2021**
Interest rate risk	1%	106.2	0.3	43.6	1.9

Share price risks

In previous years, Axpo held a significant portfolio of securities, all of which were classified as “at fair value through profit or loss” (previous year: CHF 1,689.6 million). In order to improve the liquidity situation in the reporting year, the securities were sold, with the exception of a few private equity investments and fund units. The remaining financial assets amounting to CHF 184.6 million are managed by Group Treasury.

The receivables from state funds are not a financial instrument according to IAS 32 and therefore are not part of the risk assessment (see Note 3.5 “Other receivables”).

Fair value measurement of financial instruments

The fair value of derivative financial instruments is dependent on the development of the underlying market factors. For the measurement of derivatives, prices from active markets, such as stock exchange prices, are used where possible. The relevant fair values are calculated and monitored at regular intervals. If there are no such prices available, fair value is determined using measurement methods accepted and customary in the markets. If available, observable market data are used as input factors. If no observable market data are available, company-specific planning assumptions are applied. The fair value calculated for all derivative financial instruments is the price at which one party would take over the rights and/or obligations of another party.

The general principles on which the measurement of forward contracts and derivatives is based are as follows:

Contract type	Valuation technique
Forward contracts	Electricity, gas, oil, coal and certificate forward contracts are measured at the balance sheet date based on forward prices. The prices used are prices quoted on the respective exchanges or provided by various brokers. If no published prices are available, internal measurement models are used. In these cases fundamental prices based on internal demand and supply forecasts are applied. In order to account for the risks embedded in any transaction, risk adjustments are used, such as adjustments for credit risk (CVA and DVA), liquidity risk, cannibalisation effects of intermittent energy and others.
Futures	Futures are not measured since, due to the exchange listing, they are offset daily via a margin account.
Currency forward contract	At the balance sheet date, currency forward contracts are measured using discounted forward rates. The forward rates are quoted on the relevant stock exchange.
Interest rate swaps	Interest rate swaps are measured at fair value based on the difference of the discounted fixed interest rate payments and discounted variable interest rate payments. Future variable interest rates are calculated based on the discounted forward rates.

Three-level hierarchy

The following overview describes the key parameters used for the measurement of assets and liabilities at fair value. The individual levels are defined in accordance with IFRS 13 as follows:

Level	Key parameters
Level 1	Financial assets/liabilities measured using quoted market prices in active markets (without adjustments or change in composition).
Level 2	Financial assets/liabilities measured using observable market data that flow either directly or indirectly (i.e. derived from prices) into the valuation models.
Level 3	Financial assets/liabilities whose value is determined using valuation methods where significant input parameters are based on non-observable data, such as analyses of fundamental prices based on demand and supply forecasts. Generally, an increase in prices of these non-observable input data would increase (in case of a long buy) or decrease (in case of a short sell) the fair value of the level 3 financial instruments.

Transfers between levels of the fair value hierarchy are recognised at the end of the reporting period during which the change occurred.

Three-level hierarchy

CHF million	30.9.2022				30.9.2021			
	Level 1	Level 2	Level 3	Fair value [1)]	Level 1	Level 2	Level 3	Fair value [1)]
Assets measured at fair value								
Derivative financial instruments at fair value through profit or loss (held for trading)								
Energy derivatives	1.9	93 363.8	3 696.4	97 062.1	3.9	45 019.6	1 224.9	46 248.4
Currency forward contracts	0.0	164.0	0.0	164.0	0.0	8.6	0.0	8.6
Interest rate swaps	0.0	83.5	0.0	83.5	0.0	0.1	0.0	0.1
Derivative financial instruments at fair value through other comprehensive income with recycling (hedge accounting)								
Energy derivatives	0.0	259.3	0.0	259.3	0.0	172.7	0.0	172.7
Currency forward contracts	0.0	304.3	0.0	304.3	0.0	26.7	0.0	26.7
Interest rate swaps	0.0	21.0	0.0	21.0	0.0	0.3	0.0	0.3
Financial assets at fair value through profit or loss (mandatory)								
Financial assets (non-current)	0.0	172.4	12.2	184.6	1 040.1	551.6	18.6	1 610.3
Financial assets (current)	0.0	0.0	0.0	0.0	0.0	79.3	0.0	79.3
Non-financial assets at fair value through profit or loss								
Inventories	8.3	742.8	70.6	821.7	85.5	632.7	59.8	778.0
Total	**10.2**	**95 111.1**	**3 779.2**	**98 900.5**	**1 129.5**	**46 491.6**	**1 303.3**	**48 924.4**
Assets not measured at fair value in the balance sheet								
Financial receivables (non-current)	0.0	325.1	0.0	325.1	0.0	420.2	0.0	420.2
Total	**0.0**	**325.1**	**0.0**	**325.1**	**0.0**	**420.2**	**0.0**	**420.2**

CHF million	30.9.2022				30.9.2021			
	Level 1	Level 2	Level 3	Fair value [1]	Level 1	Level 2	Level 3	Fair value [1]
Liabilities measured at fair value								
Derivative financial instruments at fair value through profit or loss (held for trading)								
Energy derivatives	4.0	103 841.2	1 680.8	105 526.0	3.1	48 192.2	945.0	49 140.3
Currency forward contracts	0.2	78.5	0.0	78.7	0.5	7.9	0.0	8.4
Interest rate swaps	0.0	0.0	0.0	0.0	0.0	2.0	0.0	2.0
Derivative financial instruments at fair value through other comprehensive income with recycling (hedge accounting)								
Energy derivatives	0.0	875.6	0.0	875.6	0.0	366.0	0.0	366.0
Currency forward contracts	0.0	0.0	0.0	0.0	0.0	22.0	0.0	22.0
Interest rate swaps	0.0	0.1	0.0	0.1	0.0	10.5	0.0	10.5
Total	**4.2**	**104 795.4**	**1 680.8**	**106 480.4**	**3.6**	**48 600.6**	**945.0**	**49 549.2**
Liabilities not measured at fair value in the balance sheet								
Financial liabilities (non-current)	3 006.4	1 621.8	0.0	4 628.2	2 780.8	1 098.8	0.0	3 879.6
Total	**3 006.4**	**1 621.8**	**0.0**	**4 628.2**	**2 780.8**	**1 098.8**	**0.0**	**3 879.6**

1) Gross values without considering the netting agreements.

The increase in replacement values across all levels is attributable to the sharp rise in energy prices. Also input parameters used for the valuation of contracts allocated to level 3 were significantly influenced by the increase in energy prices, as the price increase is a significant factor in the valuation model.

The table above does not include fair value information for financial assets and financial liabilities measured at amortised cost if the carrying amount is a reasonable approximation of fair value.

The fair values of "Financial receivables (non-current)" and "Financial liabilities (non-current)" are equivalent to the net present value of the payments associated with these assets and liabilities, calculated using the current interest rates which apply to the loans, or the current bond price of bonds issued without including the interest accrued.

Standard forward contracts and derivatives in energy trading are recognised gross in the three-level hierarchy, before netting of positive and negative replacement values.

Movements in level 3 instruments

The following table shows the movements in level 3 financial instruments measured at fair value:

CHF million	Assets	Liabilities	Total
Balance as at 30.9.2020	**278.2**	**– 162.8**	**115.4**
Purchases	397.6	– 70.2	327.4
Sales	– 12.6	0.0	– 12.6
Profit or loss recognised in the income statement	884.8	– 901.2	– 16.4
Transfer to level 3	3.4	0.0	3.4
Transfer out of level 3	– 260.1	193.9	– 66.2
Foreign currency translation	12.0	– 4.7	7.3
Balance as at 30.9.2021	**1 303.3**	**– 945.0**	**358.3**
Purchases	487.6	0.0	487.6
Sales	– 2.5	0.0	– 2.5
Profit or loss recognised in the income statement	3 269.5	– 1 553.8	1 715.7
Transfer to level 3	0.0	– 4.2	– 4.2
Transfer out of level 3	– 996.8	721.8	– 275.0
Foreign currency translation	– 281.9	100.4	– 181.5
Balance as at 30.9.2022	**3 779.2**	**– 1 680.8**	**2 098.4**

The table shows the financial instruments whose fair value is measured using valuation models in which significant parameters are based on non-observable market data. On initial recognition, financial instruments of this type are accounted for at fair value using the valuation model on day one, although this value may deviate from the transaction price. Any material deviation from the transaction price is accrued as a day-one profit or loss. The transfer from level 3 to level 2 relates to financial instruments whose measurement is now based on observable market data, and the transfer from level 2 to level 3 relates to financial instruments whose measurement is no longer based on observable market data. There were no transfers between level 1 and 2 in the reporting year or the previous year.

A change in energy prices of +/–10% would lead to an increase/decrease in the total fair value of level 3 instruments of CHF 298.6 million (previous year: CHF 82.3 million) and CHF –305.2 million (previous year: CHF –82.2 million) respectively. In order to hedge long-term contracts assigned to level 3, the Axpo Group enters into hedges possibly classified as level 2. Thus, the sensitivity analysis of level 3 instruments does not include the offsetting effect from the hedging position.

Movements in day-one profits or losses

The following tables show the reconciliation of the changes in the accumulated deviations (movement in the deferred day-one profit or loss) and the accumulated deviations that were not yet recognised in the income statement at the beginning and end of the period.

CHF million	Day-one loss	Day-one profit	Total
Balance as at 1.10.2020	**3.3**	**– 81.0**	**– 77.7**
Deferred profit/loss arising from new transactions	55.1	– 160.3	– 105.2
Profit or loss recognised in the income statement	– 0.5	35.8	35.3
Foreign currency translation	1.3	– 4.4	– 3.1
Balance as at 30.9.2021	**59.2**	**– 209.9**	**– 150.7**
Deferred profit/loss arising from new transactions	0.0	– 464.2	– 464.2
Profit or loss recognised in the income statement	– 9.8	112.4	102.6
Foreign currency translation	1.9	33.5	35.4
Balance as at 30.9.2022	**51.3**	**– 528.2**	**– 476.9**

The accrued day-one profits or losses are amortised on a straight-line basis until the underlying market of the contract becomes liquid and are recognised in the result from energy derivatives trading. They are also reclassified to the income statement if the transaction is settled.

Profits and losses on level 3 instruments recognised in the income statement incl. day-one profits or losses

	Result from energy derivatives trading	
CHF million	**2021/22**	**2020/21**
Total profit or loss for the financial year recognised in the income statement	1 818.3	18.9
Total profit or loss recognised in the income statement on financial instruments held at financial year-end	887.7	118.0

Axpo manages energy derivatives on a portfolio basis. No distinction is made between the individual levels in the management of the portfolio. In the reporting period, gains recognised on level 3 contracts are offset by losses on hedging contracts allocated to level 2.

Accounting principles

Energy derivatives

Axpo trades in contracts in the form of forward transactions (forwards, futures, swaps) and options with energy as the underlying (electricity, gas, oil, coal, LNG, biomass and certificates). Contracts which are entered into with the sole intention of generating a profit from short-term fluctuations in price or dealer's margin are presented as current, regardless of their contract term. Derivatives which have a term to maturity of more than twelve months and have no speculative purpose are presented as non-current.
The management of the production portfolio of Axpo is usually carried out using physical forward or future contracts. First sales of the Group's own production energy with physical forward contracts or futures are treated as own-use contracts. They are not reported as derivative financial instruments at fair value according to IFRS 9, but rather as executory contracts in accordance with the rules of IAS 37. Revenue from such sales is recognised upon delivery. The margin call is recorded as other receivables and other liabilities.
Other transactions in the management chain of the sale of own-production energy are used as hedging instruments and measured at fair value through profit or loss in "Result from energy derivatives trading".

Netting of energy derivatives

If a framework agreement with a netting clause exists for a counterparty and if there is an enforceable legal right to offset and the intention to settle net, the positive and negative replacement values which fall due simultaneously are netted. However, no netting is applied between derivative financial instruments which are held for trading and derivative financial instruments which are designated as hedging instruments.

Foreign currency and interest rate derivatives

To hedge exchange and interest rate risks, derivative financial instruments are used when required. This is done in accordance with existing guidelines on hedging. Realised and unrealised changes in the fair value of financial instruments which are used to hedge foreign exchange risks of the current operating activities and are generally held for trading are accounted for in “Other operating income”.
Realised and unrealised changes in fair value from financial instruments which are used to hedge exchange and interest rate risks on financial assets or debt financing are recognised as “Financial income” or “Financial expense” in the income statement.
In some cases, cash flow hedge accounting is used to hedge foreign exchange and interest rate risks on planned, highly probable forecast energy transactions and interest payments. In this case, the effective portion of the change in fair value of the hedging instrument is first recognised in other comprehensive income outside the income statement and only recognised in the income statement at such time as the planned underlying transaction has an effect on the income statement. The ineffective part of the hedging relationship is recognised in the income statement, in “Other operating income” in the case of foreign exchange hedges and in “Financial income” or “Financial expense” in the case of interest rate hedges.

Day-one profit/ loss

When purchasing a financial instrument measured at fair value using unobservable market data on the date the contract is signed, a positive difference between the calculated fair value and the purchase price is accrued as day-one profit. Day-one profit is released using the straight-line method on conclusion of the contract up to the point when the underlying market becomes liquid. It is also reclassified to the income statement when the transaction is settled. In most cases, day-one losses are immediately recognised in the income statement

Significant judgments and estimation uncertainties

Accounting for energy derivatives

Some contracts need to be analysed to ascertain whether they have to be treated as derivatives or, like own-use contracts, as executory contracts. At Axpo Group, the corresponding accounting of the contracts is based on the allocation to a business model. Contracts concluded under the business model customer solution generally meet the definition of a derivative and are managed on a portfolio basis. Therefore, all contracts of this business model are measured at fair value.
The production portfolio is managed by means of forward transactions and futures contracts, which are accounted for as own-use contracts like executory contracts or are designated as hedging instruments in a cash flow hedge relationship.
The distinction between business models and the subsequent definition of accounting for contracts is a discretionary decision made by the management.

Fair value of financial instruments

Financial assets and liabilities as well as derivatives are recognised in the balance sheet at their fair value. Wherever possible, the fair value applied to financial instruments is based on rates and prices quoted on active markets. The fair value of financial instruments for which no active market or official quoted prices exist is determined using accepted valuation models, applying observable market data, if available, as input factors. If no observable market data are available, the input factors are estimated based on reasonable assumptions. Models always provide an estimation or approximation of a value which cannot be determined with certainty. The fair value obtained using this method reflects the assumptions of management and may vary depending on the choice of input factors and model. The actually realisable cash flows may therefore deviate from the model values based on estimates and assumptions.

4.5.4 Credit risks

Credit risks are risks of potential losses that may result from the inability of a business partner to pay or the inability of a trading partner and distributor to meet its contractual obligations. Cluster risks with treasury counterparties are avoided. In general, a sufficient minimum liquidity and an adequate staggering of maturities are required.

The credit risk that arises from operating business activities is managed by setting credit limits, the amount of which is defined for each transaction. Receivables from counterparties are continuously monitored, and new contractual parties are subjected to a credit check. Within the scope of credit risk management, collateral is negotiated with business partners to reduce credit risk to the greatest extent possible. In particular, credit support annexes, guarantees from the respective parent companies, letters of comfort and bank guarantees are accepted as collateral.

By distributing the risk across different counterparties, customers and countries, the credit risk is spread and diversified accordingly.

Carrying amounts of financial assets

The following table shows the carrying amounts of the financial assets, grouped according to the categories defined in IFRS 9:

CHF million	Notes	Carrying amount 30.9.2022	Carrying amount 30.9.2021
Financial assets measured at amortised cost		**19 021.0**	**10 579.4**
Loan receivables (current and non-current)	4.3	351.4	472.8
Time deposits (current and non-current)	4.3	10.0	760.6
Other financial receivables (current)	4.3	132.8	162.8
Trade receivables		3 011.8	1 594.7
Revenues not yet invoiced	3.5	5 292.8	2 872.6
Other receivables (non-current)	3.5	12.1	16.6
Other receivables (current)	3.5	6 303.5	2 881.3
Cash and cash equivalents	4.2	3 906.6	1 818.0
Financial assets at fair value through profit or loss (mandatory)		**39 516.0**	**20 360.4**
Financial assets at fair value (through profit or loss)	4.3	184.6	1 689.6
Energy derivatives		39 083.9	18 662.1
Currency forward contracts		164.0	8.6
Interest rate swaps		83.5	0.1
Financial assets at fair value through other comprehensive income with recycling (hedge accounting)		**354.5**	**63.7**
Energy derivatives		29.2	36.7
Currency forward contracts		304.3	26.7
Interest rate swaps		21.0	0.3
Total financial assets		**58 891.5**	**31 003.5**
Contract assets	3.5	53.3	37.4
./. Total shares and participation certificates accounted for at fair value		17.8	447.6
Maximum credit default risk		**58 927.0**	**30 593.3**

Ageing analysis of trade receivables / revenue not yet invoiced and their loss allowances
Industrial and wholesale customers as at 30 September 2022

CHF million	Not yet due	Past due 1–30 days	Past due 31–90 days	Past due 91–180 days	Past due 181–360 days	Past due > 360 days	Total
Rating AAA	19.3	0.1	0.0	0.0	0.0	0.2	19.6
Rating AA	187.9	2.0	3.1	0.1	0.2	0.2	193.5
Rating A	829.6	16.0	7.4	0.9	0.1	0.0	854.0
Rating BBB	3 054.3	81.0	28.6	1.6	13.8	0.5	3 179.8
Rating BB	1 909.1	108.5	10.6	3.8	2.3	1.4	2 035.7
Rating B	611.6	13.3	11.4	1.8	0.9	1.2	640.2
Rating CCC	114.2	0.4	44.4	10.7	2.6	23.7	196.0
Rating < CCC	2.7	23.2	4.6	19.9	22.8	17.5	90.7
Acquisition cost	**6 728.7**	**244.5**	**110.1**	**38.8**	**42.7**	**44.7**	**7 209.5**
Loss allowances	– 6.2	– 23.3	– 11.2	– 31.4	– 26.6	– 29.8	– 128.5
Net carrying amount	**6 722.5**	**221.2**	**98.9**	**7.4**	**16.1**	**14.9**	**7 081.0**

Industrial and wholesale customers as at 30 September 2021

CHF million	Not yet due	Past due 1–30 days	Past due 31–90 days	Past due 91–180 days	Past due 181–360 days	Past due > 360 days	Total
Rating AAA	23.1	0.0	0.0	0.0	0.0	0.2	23.3
Rating AA	263.0	6.4	8.1	0.1	0.2	0.1	277.9
Rating A	430.4	15.9	0.9	0.5	0.0	0.3	448.0
Rating BBB	1 210.4	9.7	2.0	0.4	0.2	0.8	1 223.5
Rating BB	832.3	19.4	10.9	7.3	0.0	0.2	870.1
Rating B	418.3	34.6	2.1	0.9	1.1	0.1	457.1
Rating CCC	58.8	76.8	0.2	0.0	0.0	44.9	180.7
Acquisition cost	**3 236.3**	**162.8**	**24.2**	**9.2**	**1.5**	**46.6**	**3 480.6**
Loss allowances	– 8.4	– 0.2	– 0.2	– 0.3	0.0	– 31.2	– 40.3
Net carrying amount	**3 227.9**	**162.6**	**24.0**	**8.9**	**1.5**	**15.4**	**3 440.3**

Retail customers as at 30 September 2022

CHF million	Not yet due	Past due 1–30 days	Past due 31–90 days	Past due 91–180 days	Past due 181–360 days	Past due > 360 days	Total
Trade receivables and revenue not yet invoiced	1 122.7	60.3	27.4	24.8	28.9	56.6	1 320.7
Acquisition cost	**1 122.7**	**60.3**	**27.4**	**24.8**	**28.9**	**56.6**	**1 320.7**
Loss allowances	– 5.0	– 1.9	– 5.3	– 13.6	– 15.7	– 55.6	– 97.1
Net carrying amount	**1 117.7**	**58.4**	**22.1**	**11.2**	**13.2**	**1.0**	**1 223.6**

Retail customers as at 30 September 2021

CHF million	Not yet due	Past due 1–30 days	Past due 31–90 days	Past due 91–180 days	Past due 181–360 days	Past due > 360 days	Total
Trade receivables and revenue not yet invoiced	970.4	31.8	8.7	14.0	17.0	68.9	1 110.8
Acquisition cost	**970.4**	**31.8**	**8.7**	**14.0**	**17.0**	**68.9**	**1 110.8**
Loss allowances	– 4.6	– 1.2	– 2.9	– 4.6	– 7.1	– 63.4	– 83.8
Net carrying amount	**965.8**	**30.6**	**5.8**	**9.4**	**9.9**	**5.5**	**1 027.0**

Loss allowances created, released or no longer required

The following table shows the development of loss allowances for trade receivables / revenue not yet invoiced:

CHF million	Industrial and wholesale customers	Retail customers	Total
Loss allowances as at 30.9.2020	**34.4**	**80.2**	**114.6**
Financial receivables derecognised during reporting year	– 1.2	– 10.7	– 11.9
Financial receivables recognised during reporting year	9.2	18.0	27.2
Write-offs	– 1.8	– 3.6	– 5.4
Changes in models/risk parameters	0.1	0.1	0.2
Changes to accounting policies	0.0	– 0.2	– 0.2
Foreign currency translation	– 0.4	0.0	– 0.4
Loss allowances as at 30.9.2021	**40.3**	**83.8**	**124.1**
Financial receivables derecognised during reporting year	– 1.6	– 8.5	– 10.1
Financial receivables recognised during reporting year	101.5	48.6	150.1
Write-offs	– 0.8	– 15.2	– 16.0
Changes in models/risk parameters	0.3	0.0	0.3
Foreign currency translation	– 11.2	– 11.6	– 22.8
Loss allowances as at 30.9.2022	**128.5**	**97.1**	**225.6**

Credit risk concentration of trade receivables / revenue not yet invoiced by geographical area

	Carrying amount	Carrying amount
CHF million	**30.9.2022**	**30.9.2021**
Western Europe	2 031.0	1 215.7
Southern Europe	4 057.5	1 935.5
Central Europe	1 612.9	1 038.1
Rest of Europe	392.6	244.3
Outside Europe	210.6	33.7
Total	**8 304.6**	**4 467.3**

Development of credit quality of loans, time deposits and other financial receivables for the 2021/22 financial year

CHF million	No or low increase in default risk	Significant increase in default risk – credit impaired	Total
Acquisition cost			
Balance as at 1.10.2021	**1 559.5**	**3.3**	**1 562.8**
Additions	1 620.4	0.0	1 620.4
Repayments	– 2 575.3	0.0	– 2 575.3
Evaluation changes	– 24.5	0.0	– 24.5
Reclassification to/from “assets held for sale”	– 9.0	0.0	– 9.0
Reclassification	48.6	0.0	48.6
Change in scope of consolidation	– 10.4	0.0	– 10.4
Foreign currency translation	– 40.2	0.0	– 40.2
Balance as at 30.9.2022	**569.1**	**3.3**	**572.4**
Counterparty rating AA	21.4	0.0	21.4
Counterparty rating A	54.8	0.0	54.8
Counterparty rating BBB	262.2	0.0	262.2
Counterparty rating BB	93.3	0.0	93.3
Counterparty rating B	137.4	0.0	137.4
Counterparty rating CCC	0.0	3.3	3.3
Balance as at 30.9.2022	**569.1**	**3.3**	**572.4**

CHF million	No or low increase in default risk	Significant increase in default risk – credit impaired	Total
Loss allowances			
Balance as at 1.10.2021	**– 88.3**	**– 3.3**	**– 91.6**
Financial receivables derecognised during reporting year	0.3	0.0	0.3
Financial receivables recognised during reporting year	– 2.0	0.0	– 2.0
Changes in models/risk parameters	5.4	0.0	5.4
Foreign currency translation	9.7	0.0	9.7
Balance as at 30.9.2022	**– 74.9**	**– 3.3**	**– 78.2**
Net carrying amount as at 30.9.2022	**494.2**	**0.0**	**494.2**
Thereof:			
Loan receivables (non-current)			314.9
Loan receivables (current)			36.5
Time deposits (current)			10.0
Other financial receivables (current)			132.8

Development of credit quality of loans, time deposits and other financial receivables for the 2020/21 financial year

CHF million	No or low increase in default risk	Significant increase in default risk – credit impaired	Total
Acquisition cost			
Balance as at 1.10.2020	**2 001.4**	**3.3**	**2 004.7**
Additions	1 263.7	0.0	1 263.7
Repayments	– 1 688.8	0.0	– 1 688.8
Evaluation changes	1.1	0.0	1.1
Reclassification to/from “assets held for sale”	– 39.7	0.0	– 39.7
Reclassification	29.7	0.0	29.7
Change in scope of consolidation	– 8.8	0.0	– 8.8
Foreign currency translation	0.9	0.0	0.9
Balance as at 30.9.2021	**1 559.5**	**3.3**	**1 562.8**
Counterparty rating AAA	30.0	0.0	30.0
Counterparty rating AA	325.2	0.0	325.2
Counterparty rating A	568.5	0.0	568.5
Counterparty rating BBB	173.3	0.0	173.3
Counterparty rating BB	278.0	0.0	278.0
Counterparty rating B	184.5	0.0	184.5
Counterparty rating CCC	0.0	3.3	3.3
Balance as at 30.9.2021	**1 559.5**	**3.3**	**1 562.8**

CHF million	No or low increase in default risk	Significant increase in default risk – credit impaired	Total
Loss allowances			
Balance as at 1.10.2020	**– 93.7**	**– 3.3**	**– 97.0**
Financial receivables derecognised during reporting year	0.7	0.0	0.7
Financial receivables recognised during reporting year	– 1.0	0.0	– 1.0
Changes in models/risk parameters	5.9	0.0	5.9
Foreign currency translation	– 0.2	0.0	– 0.2
Balance as at 30.9.2021	**– 88.3**	**– 3.3**	**– 91.6**
Net carrying amount as at 30.9.2021	**1 471.2**	**0.0**	**1 471.2**
Thereof:			
Loan receivables (non-current)			386.2
Time deposits (non-current)			20.0
Loan receivables (current)			86.6
Time deposits (current)			740.6
Other financial receivables (current)			162.8
Short-term investments			75.0

Transfer of trade receivables

Axpo has transferred trade receivables to banks against cash. The carrying amount of the trade receivables transferred as at 30 September 2022 was CHF 631.3 million (previous year: CHF 379.6 million). The trade receivables were derecognised as substantially all risks and rewards, primarily the default risk, were transferred to banks. For part of the transferred trade receivables, the interest rate risk remains with Axpo for the first 240 days.

Cash and cash equivalents, financial assets and financial receivables

Time and sight deposits are preferably held with financial institutions which have been rated at least BBB (previous year: rated AAA to A).

Derivative financial instruments

Axpo monitors the creditworthiness of its transaction partners in the energy trading sector on a timely basis and assesses their creditworthiness on the basis of external and internal ratings.
Interest rate and currency derivatives are only concluded with banks that have a rating of at least BBB.

Collateral

A significant portion of the energy transactions in the Axpo Group are concluded on the basis of framework agreements such as the EFET (European Federation of Energy Traders) General Agreement on Power or Gas, the ISDA (International Swaps and Derivatives Association) or the DRV (German Master Agreement for Financial Forward Transactions). In the event of the insolvency of a business partner, these provide for an offsetting of open transactions (see the "Additional netting potential" column of the table entitled "Netting of positive and negative derivative financial instruments"). In addition, the credit risk is reduced by the collateral received. In the case of major credit risks, credit support annexes (CSAs) are attached to the framework agreements in which regular reciprocal margin payments are agreed as additional collateral, mostly in the form of cash. The collaterals are received and delivered in the form of cash and stand-by letters of credit.

Cash collaterals are presented in the line item "Credit support annex (CSA)", and the stand-by letters of credit received in the line item "Bank guarantee". Stand-by letters of credit delivered are not presented in the table below as they are part of the used credit line (see Note 4.5.6 "Liquidity risks"). Since such collateral is not only received for transactions allocated to a trading book but also for off-balance-sheet items that are assigned to an own-use book, the collateral cannot be meaningfully allocated to individual balance sheet items.

Financial securities received

CHF million	30.9.2022	30.9.2021
Credit support annex (CSA)	2 422.1	1 353.3
Bank guarantee	3 058.6	383.8
Payment guarantees	1 950.6	1 207.5
Others	132.6	107.5
Total	**7 563.9**	**3 052.1**

Financial securities delivered

CHF million	30.9.2022	30.9.2021
Credit support annex (CSA)	4 901.2	1 732.5
Payment guarantees	192.2	40.1
Others	650.1	615.0
Total	**5 743.5**	**2 387.6**

CSAs are recorded at nominal value in the balance sheet, whereas guarantees are recorded at fair value. The fair value of the guarantees is normally CHF 0.0. Guarantees and comfort letters issued within the Axpo Group are only disclosed in the separate statements of the company that granted them. In some countries Axpo has joint liabilities in case of the default of another exchange participant, no matter if this participant is a counterparty of Axpo or not.

Netting of positive and negative derivative financial instruments as at 30 September 2022

CHF million	Assets subject to legally enforceable netting agreements: Gross assets before balance sheet netting	Netting	Net assets after balance sheet netting	Assets not subject to master netting agreements or to legally enforceable master netting agreements	Total assets recognised on the balance sheet	Additional netting potential: Netting potential not reported on the balance sheet	Assets after recognition of the netting potential
Positive derivative financial instruments at fair value through profit or loss (held for trading)							
Energy derivatives	78 410.4	– 57 978.2	20 432.2	18 651.7	39 083.9	– 5 768.1	33 315.8
Forward currency contracts	0.0	0.0	0.0	164.0	164.0	0.0	164.0
Interest rate swaps	0.0	0.0	0.0	83.5	83.5	0.0	83.5
Positive derivative financial instruments at fair value through other comprehensive income with recycling (hedge accounting)							
Energy derivatives	242.9	– 230.1	12.8	16.4	29.2	– 7.1	22.1
Forward currency contracts	0.0	0.0	0.0	304.3	304.3	0.0	304.3
Interest rate swaps	0.0	0.0	0.0	21.0	21.0	0.0	21.0
Total	**78 653.3**	**– 58 208.3**	**20 445.0**	**19 240.9**	**39 685.9**	**– 5 775.2**	**33 910.7**

CHF million	Liabilities subject to legally enforceable netting agreements: Gross liabilities before balance sheet netting	Liabilities subject to legally enforceable netting agreements: Netting	Liabilities subject to legally enforceable netting agreements: Net liabilities after balance sheet netting	Liabilities not subject to master netting agreements or to legally enforceable master netting agreements	Total liabilities recognised on the balance sheet	Additional netting potential: Netting potential not reported on the balance sheet	Liabilities after recognition of the netting potential
Negative derivative financial liabilities at fair value through profit or loss (held for trading)							
Energy derivatives	86 300.1	– 57 978.2	28 321.9	19 225.9	47 547.8	– 5 661.6	41 886.2
Forward currency contracts	0.0	0.0	0.0	78.7	78.7	0.0	78.7
Negative derivative financial liabilities at fair value through other comprehensive income with recycling (hedge accounting)							
Energy derivatives	865.3	– 230.1	635.2	10.3	645.5	– 113.6	531.9
Interest rate swaps	0.0	0.0	0.0	0.1	0.1	0.0	0.1
Total	**87 165.4**	**– 58 208.3**	**28 957.1**	**19 315.0**	**48 272.1**	**– 5 775.2**	**42 496.9**

Netting of positive and negative derivative financial instruments as at 30 September 2021

CHF million	Assets subject to legally enforceable netting agreements					Additional netting potential	
	Gross assets before balance sheet netting	Netting	Net assets after balance sheet netting	Assets not subject to master netting agreements or to legally enforceable master netting agreements	Total assets recognised on the balance sheet	Netting potential not reported on the balance sheet	Assets after recognition of the netting potential
Positive derivative financial instruments at fair value through profit or loss (held for trading)							
Energy derivatives	35 220.6	– 27 586.3	7 634.3	11 027.8	18 662.1	– 1 865.4	16 796.7
Forward currency contracts	0.0	0.0	0.0	8.6	8.6	0.0	8.6
Interest rate swaps	0.0	0.0	0.0	0.1	0.1	0.0	0.1
Positive derivative financial instruments at fair value through other comprehensive income with recycling (hedge accounting)							
Energy derivatives	156.9	– 136.0	20.9	15.8	36.7	– 20.8	15.9
Forward currency contracts	0.0	0.0	0.0	26.7	26.7	0.0	26.7
Interest rate swaps	0.0	0.0	0.0	0.3	0.3	0.0	0.3
Total	**35 377.5**	**– 27 722.3**	**7 655.2**	**11 079.3**	**18 734.5**	**– 1 886.2**	**16 848.3**

CHF million	Liabilities subject to legally enforceable netting agreements: Gross liabilities before balance sheet netting	Netting	Net liabilities after balance sheet netting	Liabilities that are not subject to master netting agreements or are not subject to legally enforceable master netting agreements	Total liabilities recognised on the balance sheet	Additional netting potential: Netting potential not reported on the balance sheet	Liabilities after recognition of the netting potential
Negative derivative financial liabilities at fair value through profit or loss (held for trading)							
Energy derivatives	38 063.1	– 27 586.3	10 476.8	11 077.2	21 554.0	– 1 772.6	19 781.4
Forward currency contracts	0.0	0.0	0.0	8.4	8.4	0.0	8.4
Interest rate swaps	0.0	0.0	0.0	2.0	2.0	0.0	2.0
Negative derivative financial liabilities at fair value through other comprehensive income with recycling (hedge accounting)							
Energy derivatives	356.9	– 136.0	220.9	9.1	230.0	– 113.6	116.4
Forward currency contracts	0.0	0.0	0.0	22.0	22.0	0.0	22.0
Interest rate swaps	0.1	0.0	0.1	10.4	10.5	0.0	10.5
Total	**38 420.1**	**– 27 722.3**	**10 697.8**	**11 129.1**	**21 826.9**	**– 1 886.2**	**19 940.7**

Axpo manages its energy contracts on a portfolio basis. The majority of procurement contracts are offset by sales contracts, and vice versa. These contracts are recognised at fair value or as executory contracts. The replacement values of contracts recognised at fair value are a result of the difference between the contract price and the prevailing market price. Consequently, the massive increase in market prices during the reporting period led to equally increased replacement values. The higher replacement values are an indication for counterparty risk and by no means an indication for the total market risk nor the volumes traded by the entity. The hedges remain in place and the hedge ratio did not change. The risk of counterparty default increases with the rise in energy prices, as the replacement of procurement/sales contracts are carried out at market price. Axpo mitigates this risk by concluding netting agreements, establishing internal credit limits and demanding collaterals (see table "Financial securities received").

The netted receivables and payables included in "Revenues not yet invoiced" and "Operating expenses not yet invoiced" amounted to CHF 2,589.8 million (previous year: CHF 2,201.4 million; see Note 3.5 "Other receivables" and Note 3.6 "Other liabilities").

Accounting principles

Impairment of non-derivative financial assets

Axpo uses the simplified approach permitted by IFRS 9 for the calculation of loss allowances for the balance sheet items trade receivables, revenue not yet invoiced, contract assets and current and non-current lease receivables. The loss allowances are calculated over the entire term of the contract. The loss allowances for these items are calculated on the basis of a maturity matrix. The same maturity matrix is used per country for retail customers. The loss allowances for all other counterparties are calculated on the basis of a maturity matrix and the counterparty rating.

For all other financial assets for which the simplified approach is not envisaged, the loss allowances are calculated using the three-stage approach. The loss allowances are calculated on the basis of the counterparty rating and the remaining term. Depending on which stage it is allocated to, the risk provision is calculated over twelve months or the contract term if shorter (stage 1) or over the entire contract term (stages 2 and 3). Counterparty ratings are based on both quantitative and qualitative information and analysis. The probability of default per counterparty rating and contract term is consistent with observable industry values and is based on historical defaults, current information and future expectations.

From Axpo's point of view, a financial asset has a low default risk if its counterparty rating meets the definition of "investment grade". Axpo defines a rating of up to and including BBB as investment grade. Financial assets with such a rating are assigned to stage 1. There is no further review of the increase in credit risk.

Axpo also assumes that the risk of a financial asset defaulting has increased significantly if it is more than 30 days past due or if the counterparty rating has deteriorated by more than two stages since the contract was concluded and is outside investment grade. In this case, a financial asset is allocated to stage 2.

Axpo considers a financial asset to be credit-impaired if the borrower has filed for bankruptcy or if the financial asset is more than 90 days past due. These assets are allocated to stage 3. Assets remain impaired on the balance sheet until foreclosure has been completed.

The assumptions made when 30 or 90 days are past due can be rebutted if appropriate and supportive information is available. If there are indications of impairment, loss allowances are calculated on an individual basis and recognised. Axpo assumes a recovery rate of 20% on financial receivables past due for more than 360 days.

Loss allowances for financial receivables of an operating nature and for financial guarantees and credit lines not yet drawn are recognised above EBIT, while loss allowances for financial receivables of a financing nature are recognised in the financial result.

Netting agreements

If a framework agreement with a netting clause exists for a counterparty and if there is an enforceable legal right to offset and the intention to settle net, the positive and negative replacement values which fall due simultaneously (in the same calendar month) are netted. No netting is applied between derivative financial instruments which are "held for trading" and derivative financial instruments which are designated as hedging instruments. Additionally, credit support annexes received and delivered are not included in netting.

On the other hand, trade receivables from customers who are also suppliers are offset against trade payables, provided a netting arrangement has been agreed and there is the intention to settle net or to settle simultaneously.

4.5.5 Volume risks

Volume risks arise as a result of production fluctuations that are influenced, for example, by water, wind and sun levels, as well as the production capacity of nuclear power plants, a lack of demand or bottlenecks in energy resources. If there are unexpected reductions in production, Axpo still has to ensure the delivery of any energy sold in advance. This previously guaranteed quantity must then be procured on the spot market, which can result in financial losses depending on the price level.

Axpo has established various mechanisms that mitigate volume risks. The broadly diversified origination portfolio ensures, among other things, that fluctuations in procurement and sales can be levelled out. Volume risks are additionally taken into account in the hedging strategy.

4.5.6 Liquidity risks

Liquidity risk is the risk that the Group will not be able to meet its obligations as they fall due. The Group Treasury department is responsible for liquidity management, which encompasses the planning, monitoring, provision and optimisation of liquidity.

In the 2021/22 financial year, liquidity risks increased significantly due to turbulence on the energy markets. The focus on liquidity risk management and more intensive financing activities made a significant contribution to Axpo's ability to meet its financial obligations at all times, despite enormous market turbulence and large temporary liquidity outflows.

The following key measures were continuously monitored, respectively newly implemented during the financial year in order to protect liquidity in the context of market turbulence.

Subject areas	Development measures
Financing	Various measures are used to ensure liquidity, such as liquidity swaps, factoring, issuing green bonds and new lines of credit. Cash pooling and smoothing of cash balances within the business areas are used to achieve optimum cash management. Liquidity in the project business is essentially ensured via specific project financing and by refinancing on the money and capital markets.
Adjusting the methodology	A new methodology for documenting and measuring liquidity risks was developed with the aim of better identifying and assessing risks and deriving suitable risk mitigation measures. The approaches implemented are a risk modelling system based on historical data (liquidity-at-risk; LaR) as well as a forward-looking liquidity heatmap based on various scenarios. The LaR indicator measures possible liquidity outflows due to market risks (including cash outflows due to collateral in the trading business), credit risks (including cash outflows due to the switch from cash to credit lines and cash outflows due to credit defaults), volume risks (including cash outflows due to replacement purchases on the spot markets) and operational risks. The liquidity heatmap analyses the sensitivities of the most important risk factors. The LaR and the liquidity heatmap are recorded together with the available liquidity and regularly reported to the Executive Board and the Board of Directors.
Portfolio management	The triangular relationship between market, credit and liquidity risk means that measures to reduce liquidity risk increase market risk or credit risk to various counterparties ("trilemma"). Expert working groups made up of various departments (including Risk Management Trading & Sales) meet regularly with the aim of optimising the portfolio and ensuring an appropriate balance between these risks. The result is a list of liquidity improvements that are prioritised by liquidity contribution and implemented accordingly.
Contingency plan	Axpo has a contingency plan with regard to liquidity scenarios. This defines worst-case scenarios, measures and responsibilities, which will allow Axpo to remain able to function in the event of a crisis. The contingency plan is regularly analysed, adjusted and further developed if necessary.
Subordinated unsecured line of credit	Due to the unprecedented turmoil on European energy markets and the uncertain outlook for the future, Axpo has submitted a precautionary application to the Swiss federal government for a subordinated unsecured credit line (rescue package) of up to CHF 4 billion. This credit line had not been drawn down by the time of publication of the Financial Report on 8 December 2022.

Credit lines

CHF million	30.9.2022	30.9.2021
Uncommitted credit lines from banks and financial institutions	4 916.4	3 588.3
Thereof:		
Used for loans and guarantees	3 813.9	2 153.4
Remaining credit lines	1 102.5	1 434.9
Committed credit lines from banks[1]	2 868.3	0.0
Thereof:		
Used for loans and guarantees	2 397.9	0.0
Remaining credit lines	470.4	0.0

1) After the reporting date, Axpo closed an unsecured committed credit line of EUR 3 billion with an international bank consortium, which increased Axpo's committed credit lines to a total of EUR 6 billion.

On 5 September 2022, the Federal Council and the Finance Delegation approved the application for a credit line of up to CHF 4 billion. The credit line is subordinate to existing financing and does not require the provision of collateral. Axpo had not drawn on this credit line by the time the Financial Report was published.

Maturity analysis of financial liabilities and derivative financial instruments as at 30 September 2022

CHF million	Carrying amount	Cash flows	At sight	< 3 months	3–12 months	1–5 years	> 5 years
Financial liabilities measured at amortised cost							
Trade payables	1 572.2	1 572.2	0.0	1 550.3	17.5	4.4	0.0
Financial liabilities (current and non-current)	7 744.8	8 555.2	399.0	1 811.8	777.2	3 544.3	2 022.9
Other liabilities (current and non-current)	2 831.8	2 831.8	2 422.1	328.3	65.8	9.5	6.1
Operating expenses not yet invoiced	5 664.1	5 664.1	0.0	5 607.0	34.1	23.0	0.0
Total cash outflow		**18 623.3**	**2 821.1** 1)	**9 297.4**	**894.6**	**3 581.2**	**2 029.0**
Derivative financial instruments at fair value							
Net carrying amount of energy derivatives	– 9 080.2						
Gross cash inflow		125 858.6	16 505.6	30 681.8	43 135.3	34 486.2	1 049.7
Gross cash outflow		112 469.9	16 760.4	28 253.0	35 640.2	28 346.1	3 470.2
Net carrying amount of currency forward contracts	389.6						
Gross cash inflow		10 194.0	0.0	2 992.0	2 419.4	4 782.6	0.0
Gross cash outflow		9 861.6	0.0	2 941.9	2 344.0	4 575.7	0.0
Net carrying amount of interest rate swaps	104.4						
Gross cash inflow		2 486.5	0.0	0.9	31.5	2 324.0	130.1
Gross cash outflow		2 411.5	0.0	14.4	6.0	2 264.6	126.5
Total net cash inflow (-) / outflow (+)		**– 13 796.1**	**254.8**	**– 2 465.4**	**– 7 596.0**	**– 6 406.4**	**2 416.9**

1) Amounts at sight are mainly received credit support annexes. The cash inflows and outflows are not predictable and depend on market movements.

Maturity analysis of financial liabilities and derivative financial instruments as at 30 September 2021

CHF million	Carrying amount	Cash flows	At sight	< 3 months	3–12 months	1–5 years	> 5 years
Financial liabilities measured at amortised cost							
Trade payables	662.9	662.9	0.0	656.3	5.3	1.3	0.0
Financial liabilities (current and non-current)	4 491.5	5 288.3	76.2	259.2	559.5	2 282.0	2 111.4
Other liabilities (current and non-current)	1 562.4	1 562.4	1 353.3	114.2	43.6	44.5	6.8
Operating expenses not yet invoiced	3 146.3	3 146.3	3.8	3 068.1	45.5	28.9	0.0
Total cash outflow		**10 659.9**	**1 433.3** [1)]	**4 097.8**	**653.9**	**2 356.7**	**2 118.2**
Derivative financial instruments at fair value							
Net carrying amount of energy derivatives	– 3 085.2						
Gross cash inflow		54 441.1	13 927.7	10 714.4	14 565.3	14 462.6	771.1
Gross cash outflow		46 699.7	12 698.9	9 730.2	11 817.9	10 884.2	1 568.5
Net carrying amount of currency forward contracts	4.9						
Gross cash inflow		4 197.4	1.9	1 015.1	830.4	2 350.0	0.0
Gross cash outflow		4 201.1	1.1	1 006.8	820.4	2 372.8	0.0
Net carrying amount of interest rate swaps	– 12.1						
Gross cash inflow		4.3	0.0	1.0	0.0	0.5	2.8
Gross cash outflow		11.8	0.0	1.1	0.8	3.1	6.8
Total net cash inflow (-) / outflow (+)		**– 7 730.2**	**– 1 229.6**	**– 992.4**	**– 2 756.6**	**– 3 553.0**	**801.4**

1) Amounts at sight are mainly received credit support annexes. The cash inflows and outflows are not predictable and depend on market movements.

The maturity analysis is based on undiscounted cash flows. In accordance with the applicable standard, liquidity risk relates only to financial liabilities. In order to show the effective liquidity risk arising from derivative financial instruments, the cash inflow/outflow under “Derivative financial instruments” in the above table relates to contracts with positive and negative replacement values.

In order to hedge its own energy production and long-term energy sales and purchase contracts, known as “own-use” contracts, the Axpo Group enters into both energy sales and purchase contracts. These hedging transactions are included in the above maturity analysis. As contracts assigned to own-use books are executory contracts, no cash flow is presented in the table above for these contracts, thus generating significant accounting mismatches. Furthermore, in some cases, the Axpo Group enters into stack and roll hedges to hedge the purchase or sales volume of long-term contracts for a period of around 36 months. These hedges are assigned to trading books. Cash flows from these hedges are not presented in the same time period as cash flows from long-term contracts.

4.5.7 Liquidity and ability to continue as a going concern

The consequences of Russia’s invasion of Ukraine and the partial outage of the French nuclear power plants had a significant impact on Axpo’s risk profile as at 30 September 2022 compared to 30 September 2021. These events contributed significantly to the fact that wholesale electricity prices at times increased more than tenfold compared to September 2021 and that price fluctuations reached record levels. This extreme situation and unpredictability about how it will evolve going forward have far-reaching implications on the liquidity requirements for all market participants as well as for Axpo.

Axpo’s financial leeway comprises the available liquidity and the committed credit lines. The minimum liquidity required is determined by Axpo Risk Management and analysed weekly together with the Executive Board. Axpo has responded to increased liquidity requirements by taking measures to increase liquidity and reduce risk. In addition to the measures listed in Note 4.5.6 “Liquidity risks”, Axpo also sold non-strategic investments in power plants, reallocated collateral, issued bonds and arranged additional bank credit lines (e.g. committed syndicated RCFs and bilateral credit lines).

Axpo also has processes and instruments that identify significant uncertainties at an early stage that could raise serious doubts regarding the company’s ability to continue as a going concern. To assess the liquidity situation, sensitivities in relation to future cash flow forecasts over the coming years were taken into account.

Unprecedented turmoil on the energy markets at the end of August 2022 and the significantly lower liquidity forecasts prompted the Board of Directors and the Executive Board of Axpo to apply to the Swiss federal government for a credit line of up to CHF 4 billion on 2 September 2022. The Federal Council and the Finance Delegation approved this application on 5 September 2022. The credit line is subordinate to existing financing and does not require the provision of collateral. This ensures Axpo’s ability to provide collateral for energy exchange and OTC transactions even if the situation deteriorates further. Axpo has not used this credit line to date.

Axpo complied with the financial covenants at all times during the financial year. There is no significant uncertainty regarding compliance in the coming financial year.

Axpo posted a profit in the reporting period and is budgeting for positive results in the coming years. The outflow of liquidity for hedging transactions is temporary. The realisation of the hedges will being about profits from the delivery of own electricity production and the collateral will flow back to Axpo.

As at the balance sheet date, there were current financial liabilities of CHF 2,890.3 million on the balance sheet date that must be refinanced over the next 12 months. Axpo also had cash and cash equivalents of around CHF 3.9 billion as at 30 September 2022.

As at the reporting date, the Board of Directors and the Executive Board came to the conclusion that Axpo is still able to meet its financial obligations despite the global difficulties that currently exist in the energy industry. The Board of Directors and the Executive Board believe that the going concern assumption is reasonable.

After the balance sheet date, an unsecured credit line was agreed with an international banking consortium in the amount of EUR 3.0 billion, which brings the total limit of Axpo's committed credit lines to EUR 6 billion (see Note 4.5.6 "Liquidity risks"). With all of the internal and external financing measures that have already been implemented and are still ongoing, Axpo considers its liquidity to be secure for at least twelve months from the balance sheet date.

4.5.8 Operational risks

Operational risks are defined as risks that arise as a result of inadequate or non-functioning internal processes and systems, human factors or external events. At Axpo, operational risks include in particular cyber, regulatory and tax risks, as well as process risks. Cyber risks, in particular, have become an increasingly important factor in recent years. As an operator of critical infrastructure with close ties to the government, Axpo continuously implements measures to strengthen cyber security, cyber resilience and business continuity management (BCM) in order to protect the company as best as possible.

Axpo is active in many different international markets. The regulatory environment and the increasingly complex tax framework are subject to risks and uncertainties. Axpo counters these risks by consulting local law firms and tax experts in order to address possible risks and challenges at an early stage. The internal processes, controls and systems undergo continuous further improvement.

Axpo is also active in the area of renewable energies as a project developer and operator, particularly in the construction and operation of wind farms and solar power plants. Axpo additionally operates gas-fired combined-cycle power plants in Italy and other conventional plants in Switzerland. The approval, construction and operation of these facilities are subject to regulatory risks and changes and are monitored continuously.

4.5.9 Strategic, long-term and non-financial risks

Strategic, long-term and non-financial risks are terms used to describe risks that impact the business strategy or strategic goals, such as reputation, compliance or ESG-related aspirations. Many of the strategic and long-term risks are directly related to opportunities and are closely linked to Axpo's corporate governance and strategic orientation. Strategic and long-term risks are regularly identified and reported to the Executive Board and the Board of Directors.

5. Employees

5.1 Personnel expenses and number of employees

CHF million	2021/22	2020/21
Salaries and wages	– 668.8	– 644.9
Employee benefit expense for defined benefit plans (Note 5.3)	– 63.9	– 59.1
Employee benefit expense for defined contribution plans	– 5.6	– 4.5
Social security and other personnel expenses	– 95.1	– 83.1
Total	**– 833.4**	**– 791.6**
Number of employees at balance sheet date		
Full-time equivalents	5 484	4 937
Apprentices	453	401
Total	**5 937**	**5 338**

5.2 Remuneration paid to the Board of Directors and the Executive Board

CHF million	2021/22	2020/21
Board of Directors		
Current compensation	1.2	1.2
Total	**1.2**	**1.2**
Executive Board		
Current compensation	3.7	5.1
Pension fund contributions	0.6	1.1
Total	**4.5**	**6.2**

No share-based payments, severance payments or other long-term benefit payments were made to the members of the Board of Directors or the Executive Board. For further details, please refer to Note 27 “Remuneration paid to the Board of Directors and the Executive Board” of the separate financial statements of Axpo Holding AG.

5.3 Employee benefits

The Axpo Group has several pension plans in accordance with national legislation in each country. Most companies belong to the PKE-CPE Vorsorgestiftung Energie pension foundation, a legally independent pension fund which qualifies as a defined benefit plan under IAS 19. Besides this, there are only a few other defined benefit and defined contribution plans, all of which are insignificant.

PKE-CPE Vorsorgestiftung Energie

PKE-CPE Vorsorgestiftung Energie is a pension fund with the legal form of a foundation and pension fund under the Swiss Civil Code (ZGB) and the Swiss Federal Law on Occupational Retirement, Survivors’ and Disability Pension Plans (BVG). The objective of the foundation is to provide occupational benefits in accordance with the BVG and its ordinances, protecting the employees of the affiliated companies and their families and survivors against the financial consequences of old age, invalidity and death. The pension fund is an independent, all-inclusive pension fund, and the contributions and benefits exceed the minimum legal requirements. The Board of Trustees is the most senior governing body of PKE-CPE Vorsorgestiftung Energie. It is composed of an equal number of employee and employer representatives of the affiliated companies and constitutes itself. The benefits provided by PKE-CPE Vorsorgestiftung Energie and their financing, the organisation and administration, the relationship with the affiliated companies as well as with the active insured members and the pensioners are defined in the pension fund and organisational regulations.

The employer and employee contributions are defined as a percentage of the insured salary. The old-age pension is determined by multiplying the balance of the retirement savings capital at retirement by the conversion rate defined in the regulations. The employee may draw the pension benefits as a lump-sum payment. The invalidity pension and the spouse's pension are defined as a percentage of the insured salary.

The plan assets are invested by PKE-CPE Vorsorgestiftung Energie jointly for all affiliated companies, which share the actuarial and investment risks of the pension fund. The Board of Trustees is responsible for the investment of the plan assets. The organisation of the investment activities and the related competencies are specified in the investment regulations and investment strategy. The pension fund is exposed to actuarial and investment risks. The investments are made such that the benefits can be paid when they become due. In the event of underfunding, the Board of Trustees, in collaboration with a recognised actuarial expert, implements suitable measures to eliminate the underfunding. If necessary, the interest rate on the retirement savings capital, the financing and the benefits in excess of the minimum requirement under BVG may be adjusted to bring them into line with the funds available. If other measures are not sufficient, PKE-CPE Vorsorgestiftung Energie may require the employer as well as the employee to pay additional contributions to eliminate the underfunding.

Actuarial assumptions

Given persistently low interest rates and increasing life expectancy, the liabilities from defined benefit plans in Switzerland are measured in accordance with the applicable Swiss law and company practice, taking into account risk sharing between the employer and employees. This is based on regulations and the history of cost sharing between Axpo and its employees as part of past restructuring measures. Axpo has been applying extended risk sharing since 30 September 2020. Compared with 2020, the financial situation of PKE-CPE Vorsorgestiftung Energie has improved significantly due to the very good returns. Therefore, no measures are required to restore the financial balance of the pension fund, which is why the current regulatory conversion rates are applied, as in the previous year.

As at 30 September 2022, all companies of the Axpo Group have an asset surplus with regard to IAS 19. As the present value of the future service cost is lower than the present value of the future contributions for all pension plans, the asset surplus had to be limited for all companies.

Reconciliation of pension assets / liabilities

CHF million	30.9.2022	30.9.2021
Present value of defined benefit obligation as at 30.9.	2 374.8	2 717.2
Fair value of plan assets as at 30.9.	2 638.5	2 900.9
Adjustment due to asset ceiling	253.0	0.0
Asset surplus (–) / deficit (+) recognised as at 30.9.	**– 10.7**	**– 183.7**
thereof recognised as separate asset (–) (Note 3.5)	– 10.7	– 183.7

Pension costs in income statement

CHF million	2021/22	2020/21
Current service cost	62.8	57.5
Interest expense on defined benefit obligation	4.1	4.1
Interest income on plan assets	– 4.4	– 3.9
Administration cost excluding asset management cost	1.4	1.4
Pension cost recognised in income statement	**63.9**	**59.1**
thereof service cost and administration cost	64.2	58.9
thereof net interest expense (+) / income (–)	– 0.3	0.2

Pension costs in other comprehensive income

CHF million	2021/22	2020/21
Actuarial gains (–) / losses (+) on defined benefit obligation	– 384.5	37.2
Gains (–) / losses (+) on plan assets excluding interest income	293.4	– 353.2
Change in effect of asset ceiling excluding interest expense (+) / income (–)	253.0	0.0
Pension cost recognised in other comprehensive income	**161.9**	**– 316.0**

Change in pension asset / liability reported in the balance sheet

CHF million	2021/22	2020/21
Pension liability as at 1.10.	– 183.7	133.0
Pension cost recognised in the income statement	63.9	59.1
Pension cost recognised in other comprehensive income	161.9	– 316.0
Employer contributions	– 52.8	– 49.3
Effect from change in scope of consolidation	0.0	– 10.5
Pension asset (–) / liability (+) as at 30.9.	**– 10.7**	**– 183.7**

Change in the fair value of plan assets

CHF million	2021/22	2020/21
Fair value of plan assets as at 1.10.	2 900.9	2 773.9
Interest income on plan assets	4.4	3.9
Employer contributions	52.8	49.3
Employee contributions	31.8	29.4
Benefits paid in (+) / out (–)	– 62.5	– 97.6
Effect from change in scope of consolidation	0.0	– 211.2
Others	4.5	0.0
Return on plan assets excluding interest income	– 293.4	353.2
Fair value of plan assets as at 30.9.	**2 638.5**	**2 900.9**

Reconciliation of effect of asset ceiling

CHF million	2021/22	2020/21
Adjustment to asset ceiling at 1.10.	0.0	0.0
Change in effect of asset ceiling excl. interest expense/income	253.0	0.0
Adjustment to asset ceiling at 30.9.	**253.0**	**0.0**

Change in the present value of the defined benefit obligation

CHF million	2021/22	2020/21
Present value of defined benefit obligation as at 1.10.	2 717.2	2 906.9
Interest expense on defined benefit obligation	4.1	4.1
Current service cost	62.8	57.5
Employee contributions	31.8	29.4
Benefits paid in (+) / out (–)	– 62.5	– 97.6
Effect from change in scope of consolidation	0.0	– 221.7
Administration cost excluding asset management cost	1.4	1.4
Others	4.5	0.0
Actuarial gains (–) / losses (+) on defined benefit obligation	– 384.5	37.2
Present value of defined benefit obligation as at 30.9.	**2 374.8**	**2 717.2**

Breakdown of defined benefit obligation

CHF million	30.9.2022	30.9.2021
Present value of defined benefit obligation for active members	1 292.9	1 394.0
Present value of defined benefit obligation for pensioners	1 081.9	1 323.2

Actuarial gains / losses on defined benefit obligation

CHF million	2021/22	2020/21
Actuarial gains (–) / losses (+) on defined benefit obligation from:		
changes in financial assumptions	– 455.8	93.9
changes in demographic assumptions	0.0	– 76.9
experience adjustments	71.3	20.2
Actuarial gains (–) / losses (+) on defined benefit obligation	**– 384.5**	**37.2**

Actuarial assumptions

in %	30.9.2022	30.9.2021
Discount rate for active members	2.1	0.2
Discount rate for pensioners	2.0	0.1
Expected future salary increase	1.0	0.5
Expected future pension increase	0.0	0.0
Long-term expected rate of change in the CMI model (BVG 2020)	1.25	1.25

Sensitivity analysis of the defined benefit obligation

The calculation of the defined benefit obligation is especially sensitive to changes in the discount rate, assumptions regarding salary trends and changes in life expectancy. The discount rate and expected salary change were reduced/increased by 0.25%. Sensitivity to mortality rates was calculated by reducing/raising the mortality rate by a fixed factor such that the life expectancy for the majority of age categories was raised/reduced by approximately one year. The following table summarises the present value of the defined benefit obligation which would result from applying the above-mentioned assumptions:

CHF million	30.9.2022	30.9.2021
Discount rate (–0.25% change)	2 443.7	2 811.8
Discount rate (+0.25% change)	2 309.6	2 628.4
Salary increase (–0.25% change)	2 368.8	2 708.4
Salary increase (+0.25% change)	2 380.6	2 726.0
Life expectancy (–1 year change)	2 300.4	2 610.8
Life expectancy (+1 year change)	2 447.3	2 822.5

Estimate of employer and employee contributions for subsequent period

CHF million	30.9.2022	30.9.2021
Expected employer contributions	52.2	48.1
Expected employee contributions	31.6	28.8

Major categories of plan assets

CHF million	30.9.2022	30.9.2021
Cash and cash equivalents	23.8	47.6
Equity instruments	1 000.3	1 171.1
Debt instruments	786.4	856.1
Real estate	139.3	138.7
Others	290.3	295.3
Total plan assets at fair value (quoted market price)	**2 240.1**	**2 508.8**
Real estate	398.4	392.1
Total plan assets at fair value (non-quoted market price)	**398.4**	**392.1**
Total plan assets at fair value	**2 638.5**	**2 900.9**

Maturity profile of the defined benefit obligation

CHF million	30.9.2022	30.9.2021
Weighted average duration of defined benefit obligation in years	11.3	13.5

Accounting principles

Defined benefit plan

The defined benefit obligation of the PKE attributable to the Axpo Group is calculated annually by an independent actuary using the projected unit credit method. The discount rate is determined on the basis of the yield on Swiss and foreign corporate bonds that are listed on the Swiss Stock Exchange (SIX). Only institutions whose bonds are rated with one of the two highest credit quality categories (AAA and AA) are considered. Wage growth is based on Axpo's long-term expectations. Additionally, wage increases according to valid collective working agreements or other contractual commitments are considered. Life expectancy is calculated using a projection of future improvements in mortality according to the Continuous Mortality Investigation (CMI) model, which is based on actual mortality data observed in Switzerland.
The service cost encompasses current service cost, past service cost, and gains and losses from plan settlements. Gains or losses from plan curtailments are part of the past service cost. The service cost is recognised in the income statement under personnel expenses.
Net interest expense is calculated by multiplying the net pension liability (or asset) at the beginning of the financial year by the discount rate, taking into account any changes during the year as a result of contributions and pension payments. Remeasurement components comprise actuarial gains and losses from the development in the present value of the defined benefit obligation arising from changes in the assumptions and experience adjustments, as well as the return on plan assets minus amounts included in the net interest expense, and changes in the unrecognised assets minus effects included in net interest expense. The net interest expense is recognised in the income statement under personnel expenses.
Remeasurement components are recognised in other comprehensive income and cannot be recycled. The amount recognised in the consolidated financial statements corresponds to the surplus or deficit of the defined benefit plans (net pension liability or asset).
Risk sharing has been factored into financial assumptions since the 2019/20 financial year. Another factor taken into account is that, under the Swiss pension fund plan (and the corresponding laws, ordinances and directives on occupational pensions), employees are also obligated to pay additional contributions to remedy any underfunding. In such an event, the employer's restructuring contributions must be at least as high as the sum of the employees' contributions.

Defined contribution plans

In the case of pension schemes with defined contribution plans, the employer contributions paid or owed are recognised in the income statement.

Significant judgments and estimation uncertainties

Defined benefit plan

The recognised pension obligation is calculated based on statistical and actuarial assumptions. In particular, the present value of the defined benefit obligation depends on assumptions related to the discount rate, future wage and salary increases, and the expected increase in pension benefits. Additional assumptions include statistical data such as the probability of employees leaving the company and the life expectancy of insured members. The assumptions may deviate substantially from actual results due to changes in market conditions and the economic environment, higher or lower exit rates, longer or shorter life expectancy of insured members and other estimated factors. These deviations may have an impact on the pension obligations reported in future reporting periods.

6. Scope of consolidation

6.1 Changes in scope of consolidation

Reporting year 2021/22

In the reporting period, Axpo signed an agreement with an investor regarding the sale of a photovoltaic system portfolio with newly constructed photovoltaic systems in France. The transaction was closed on 25 October 2021. The companies are allocated to the Generation & Distribution business area (see Note 2.1 "Segment information").

In May 2022, Axpo sold the wind farms Genonville, Grand Pièce, Arcy-Précy and Butte de Menonville, all located in France, to Greencoat Renewable plc. The transaction was closed in the 2021/22 reporting period. The wind farm companies are allocated to the Generation & Distribution business area (see Note 2.1 "Segment information").

Furthermore, a wind farm located in Bisaccia (Italy) was sold to Edison S.p.A. in July 2022 . The companies are allocated to the Generation & Distribution business area (see Note 2.1 "Segment information").

The CKW Group made three acquisitions through CKW Conex AG in the 2021/22 financial year, purchasing 100% of the shares in each case. The companies acquired were Bruno Stutz AG, Berikon, Möckel + Günter Elektro AG, Würenlos and Elektro Camenzind + Partner AG, Hünenberg. The companies are allocated to the CKW business area.

Previous year 2020/21

Axpo sold its 65.6% stake in the IT subsidiary Avectris AG to GIA Informatik AG in Oftringen on 18 December 2020. The company is not allocated to any operating segment (see Note 2.1 "Segment information").

A sales price of CHF 111.6 million was achieved for the sale of subsidiaries leading to a change in control (entire sales price of all disposals and shareholder loans). In this context, cash and cash equivalents in the amount of CHF 27.9 million were sold. The photovoltaic and wind farm portfolios are allocated to the Generation & Distribution business area.

The CKW Group made three acquisitions through CKW Conex AG in the 2020/21 financial year, purchasing 100% of the shares in each case. The companies acquired were Elektro Basilisk AG, Basel, Solarville AG, Winterthur and Eugen Eckert AG, Suhr. Eugen Eckert AG was merged with CKW Conex AG with effect from 30 September 2021. The companies are allocated to the CKW business area.

Accounting principles

Scope of consolidation

Subsidiaries are companies controlled by the Axpo Group and are included in the consolidated financial statements using the full consolidated method. The Group controls a company if it is exposed, or has rights, to variable returns from its involvement with the company and has the ability to affect those returns through its power over the company. Investments in entities over which the Axpo Group exercises significant influence without having control over its financial and business policy are classified as associates and are accounted for using the equity method. As at the date of acquisition, the fair value of the proportional net assets is calculated and, together with any goodwill, recognised in the balance sheet under investments in partner plants and other associates. In subsequent reporting periods, this amount is adjusted for any change in the Axpo Group's share of the additional capital and income earned, impairments, impairment reversals as well as any dividends.

Capital consolidation

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ends. Net assets acquired are measured at their fair value and accounted for using the acquisition method. Any difference between the higher purchase price and the net assets acquired is capitalised as goodwill. A negative difference is immediately recognised in the income statement. Transaction costs incurred in connection with an acquisition are recognised in the income statement.

Intragroup transactions

Electricity produced by partner plants is invoiced to the shareholders at annual production cost on the basis of existing partnership agreements and regardless of market prices. Market prices generally apply for the invoicing of other goods and services between group companies and related parties. Intercompany profits and transactions within the Axpo Group are eliminated in the consolidated financial statements.

6.2 Assets and liabilities held for sale

CHF million	30.9.2022	30.9.2021
Assets held for sale		
Property, plant and equipment (Note 3.1)	151.5	145.2
Right-of-use assets (Note 3.2)	0.8	9.5
Intangible assets (Note 3.3)	0.1	0.2
Derivative financial instruments (current and non-current)	0.0	9.5
Financial receivables (non-current)	0.0	21.5
Other assets (current and non-current)	32.5	56.4
Total	**184.9**	**242.3**
thereof Generation & Distribution segment	171.4	192.4
thereof not allocated to any operating segment	13.5	49.9
Liabilities held for sale		
Financial liabilities (current and non-current) (Note 4.4)	5.4	247.6
Derivative financial instruments (current and non-current)	0.0	10.9
Other liabilities (current and non-current)	29.6	4.5
Total	**35.0**	**263.0**
thereof Generation & Distribution segment	22.0	13.5
thereof not allocated to any operating segment	13.0	249.5

In October 2021 and May 2022, wind farms and a portfolio of photovoltaic systems, which were classified as held for sale in the previous year, were sold. As at 30 September 2021, the book value of these assets amounted to CHF 210.8 million and the liabilities to CHF 226.5 million.

The distortions on the energy markets led to feed-in tariffs for photovoltaic systems being significantly below market prices. Therefore, management decided for the second portfolio of photovoltaic systems, also classified as held for sale in the previous year, to evaluate the possibility of selling the produced energy on the market instead of applying a feed-in tariff scheme. In the context of this analysis, an exit from the feed-in tariff scheme is also being examined, which would be a change in strategy. This evaluation is delaying the sales negotiations and thus a sale of the portfolio within the next twelve months from the balance sheet date is unlikely. Consequently, the portfolio's assets and liabilities have been reclassified to its original balance sheet items during the 2021/22 reporting period.

Power plants accounted for under property, plant and equipment and its associated assets and liabilities in the amount of CHF 184.9 million and CHF 35.0 million respectively were advertised for sale in the reporting period. As at 30 September 2022, the requirements for classification as held for sale were met.

The sale of all assets and liabilities held for sale is expected within the next twelve months.

6.3 Investments in partner plants and other associates

CHF million	Partner plants	Other associates	Total
Carrying amount as at 1.10.2021	**949.1**	**647.8**	**1 596.9**
Change in scope of consolidation	0.0	2.2	2.2
Additions	21.6	22.3	43.9
Disposals	0.0	– 129.7	– 129.7
Impairment losses	0.0	– 3.3	– 3.3
Impairment reversals	0.0	7.7	7.7
Reclassification positive/negative investment value	0.0	– 4.2	– 4.2
Dividend	– 29.8	– 45.3	– 75.1
Share of result	32.7	69.9	102.6
Cash flow hedges (other comprehensive income)	0.0	26.6	26.6
Currency translation differences (other comprehensive income)	0.0	– 4.7	– 4.7
Remeasurement of defined benefit plans (other comprehensive income)	– 28.0	– 5.2	– 33.2
Deferred taxes (other comprehensive income)	4.8	– 2.3	2.5
Foreign currency translation	– 0.4	– 8.4	– 8.8
Carrying amount as at 30.9.2022	**950.0**	**573.4**	**1 523.4**

New wind farms and photovoltaic systems that had previously been included in the scope of consolidation as other associates due to their project status became operational during the reporting period and are therefore treated as fully consolidated subsidiaries. The disposal of the negative equity is presented in the line item “Change in scope of consolidation”.

The line item “Additions” includes the contribution of the share capital not yet paid in at Kernkraftwerk Gösgen-Däniken AG of CHF 21.6 million (proportionally), an increase in the stake in Swissgrid AG due to the issuance of shares in relation with the valuation adjustment 2 in the amount of CHF 16.9 million, and the foundation of new entities.

The line item “Disposals” includes the sale of the investment in Repower AG and Parque Eólico la Peñuca S.L , the capital reduction of CHF 6.0 million (proportionally) carried out at Trans Adriatic Pipeline AG and the disposal of further associates with negative equity.

With respect to partner plants and other associates, the Axpo Group holds a significant investment in the Kernkraftwerk Leibstadt AG and Kernkraftwerk Gösgen-Däniken AG nuclear partner plants. The tables below show the key financial figures of these two partner plants mentioned before. These are the figures as they appear in the financial statements of the companies, reconciled to IFRS:

Key financial figures of material partner plants

CHF million	Gross value 30.9.2022 Kernkraftwerk Leibstadt AG	Gross value 30.9.2022 Kernkraftwerk Gösgen-Däniken AG	Gross value 30.9.2021 Kernkraftwerk Leibstadt AG	Gross value 30.9.2021 Kernkraftwerk Gösgen-Däniken AG
Balance sheet				
Non-current assets	4 289.7	3 445.0	4 975.1	3 976.1
Current assets	775.0	590.2	239.2	161.1
Total assets	**5 064.7**	**4 035.2**	**5 214.3**	**4 137.2**
Non-current liabilities	4 234.0	3 499.4	4 456.0	3 605.5
Current liabilities	340.8	148.3	247.7	178.5
Equity	489.9	387.5	510.6	353.2
Total equity and liabilities	**5 064.7**	**4 035.2**	**5 214.3**	**4 137.2**
Share	34.63%	35.95%	34.63%	35.95%
Carrying amount of the investment	**169.7**	**139.4**	**176.8**	**127.0**
Dividends received	7.0	6.3	7.0	6.3

CHF million	Gross value 2021/22 Kernkraftwerk Leibstadt AG	Gross value 2021/22 Kernkraftwerk Gösgen-Däniken AG	Gross value 2020/21 Kernkraftwerk Leibstadt AG	Gross value 2020/21 Kernkraftwerk Gösgen-Däniken AG
Income statement				
Income	926.1	816.0	527.1	409.9
Expenses	– 904.8	– 797.4	– 505.8	– 391.2
Result for the period	**21.3**	**18.6**	**21.3**	**18.7**
Statement of comprehensive income				
Other comprehensive income	– 21.8	– 27.0	41.7	47.9
Total comprehensive income	– 0.5	– 8.4	63.0	66.6
Share	34.63%	35.95%	34.63%	35.95%
Share of result	7.4	6.7	7.4	6.7
Share of other comprehensive income	– 7.6	– 9.7	14.4	17.2
Share of total comprehensive income	**– 0.2**	**– 3.0**	**21.8**	**23.9**

The tables below show the aggregated key financial figures for the other, individually immaterial, investments in partner plants and other associates (pro rata):

Key financial figures of partner plants and other associates as at 30 September 2022

CHF million	Individually disclosed investments aggregated	Partner plants	Other associates	Total
Carrying amount of the investments	309.1	640.9	573.4	1 523.4
Balance sheet				
Non-current assets	2 724.0	1 816.9	1 780.3	6 321.2
Current assets	480.5	150.6	356.5	987.6
Total assets	**3 204.5**	**1 967.5**	**2 136.8**	**7 308.8**
Non-current liabilities	2 724.1	1 015.0	1 241.5	4 980.6
Current liabilities	171.3	312.1	301.3	784.7
Equity	309.1	640.4	594.0	1 543.5
Total equity and liabilities	**3 204.5**	**1 967.5**	**2 136.8**	**7 308.8**
Income statement				
Income	614.1	443.3	920.4	1 977.8
Expenses	– 600.0	– 424.7	– 850.5	– 1 875.2
Result for the period	**14.1**	**18.6**	**69.9**	**102.6**
Statement of comprehensive income				
Total other comprehensive income	– 17.3	– 5.9	14.4	– 8.8
Total comprehensive income	**– 3.2**	**12.7**	**84.3**	**93.8**

Key financial figures of partner plants and other associates as at 30 September 2021

CHF million	Individually disclosed investments aggregated	Partner plants	Other associates	Total
Carrying amount of the investments	303.8	645.3	647.8	1 596.9
Balance sheet				
Non-current assets	3 152.1	1 846.7	1 833.7	6 832.5
Current assets	140.7	116.3	439.5	696.5
Total assets	**3 292.8**	**1 963.0**	**2 273.2**	**7 529.0**
Non-current liabilities	2 839.1	1 009.6	1 307.6	5 156.3
Current liabilities	149.9	308.3	315.9	774.1
Equity	303.8	645.1	649.7	1 598.6
Total equity and liabilities	**3 292.8**	**1 963.0**	**2 273.2**	**7 529.0**
Income statement				
Income	329.9	435.0	600.0	1 364.9
Expenses	– 315.8	– 415.8	– 559.4	– 1 291.0
Result for the period	**14.1**	**19.2**	**40.6**	**73.9**
Statement of comprehensive income				
Total other comprehensive income	31.6	8.3	18.6	58.5
Total comprehensive income	**45.7**	**27.5**	**59.2**	**132.4**

Accounting principles

Investments in partner plants and other associates

For associated companies, the Axpo Group differentiates between partner plants and other associates. Partner plants are companies that design, construct, maintain or operate power plants, grids or nuclear storage facilities, or companies that administer energy procurement rights. Shareholders in partner plants have obliged themselves reciprocally within the scope of the partnership agreements to purchase the pro-rata output of energy produced and to pay the pro-rata annual costs (including interest and repayment of loans). Due to the legal obligation to pay the annual costs, the acquisition of an investment in a partner plant may result in a provision for an onerous energy procurement contract rather than an asset for an energy procurement right. Partner plants as well as other associates are accounted for using the equity method.

Furthermore, the owners of nuclear plants have a limited obligation to make supplementary contributions to the decommissioning and disposal funds in the event that a single primary contributor is unable to make its payments.

All significant partner plants and other associates are measured using uniform principles in accordance with IFRS. Where no financial statements prepared in accordance with IFRS are available, a reconciliation to IFRS accounts is prepared. The reporting date of certain partner plants and other associates deviates from that of the Axpo Group. The most recent financial statements available for these companies were used for the preparation of the consolidated financial statements of the Axpo Group. Adjustments were made in the consolidated financial statements for the effect of significant transactions and events which took place between the balance sheet date of the most recent financial statements and 30 September.

Significant judgments and estimation uncertainties

Classification of partner plants

The Axpo Group holds a majority interest in certain partner plants. Due to the special circumstances regarding partner plants, the question of whether the Axpo Group has control over these partner plants through its majority interest must be assessed. The definition of control in accordance with IFRS 10 requires an investor to hold rights that give it power over the relevant activities of the investee. In the case of a corporation, voting rights constitute such rights. However, IFRS 10 also makes it clear that the (voting) rights must not only exist in principle, but also represent (economically) substantive rights. This means that the holder of the rights must have the practical ability to exercise such rights. Therefore, when assessing whether Axpo has control over individual partner plants, other factors in addition to the proportion of voting rights must be considered. Axpo holds a majority interest in certain partner plants and operates these plants jointly with other commercial energy companies in the Swiss market. At the same time, these partners also hold interests in other partner plants in which Axpo does not hold a majority interest. Given these mutual dependencies/interests and the conditions governing the Swiss energy market, Axpo has concluded that the voting rights it holds in some cases do not represent substantive rights, despite a majority interest being held, and that it therefore does not have control. These partner plants are classified as associates and are accounted for using the equity method. The assessment of whether and in which cases the factors mentioned above prevent Axpo as a majority shareholder from exercising control is a management judgment.

6.4 Subsidiaries with material non-controlling interests

A list of subsidiaries can be found in Note 6.6 “Investments”. The Axpo Group has material non-controlling interests in the CKW Group and Kraftwerke Linth-Limmern AG. The tables below summarise the key financial figures of these subsidiaries. The information represents amounts as included in the subsidiaries’ financial statements, reconciled to IFRS values before intercompany eliminations:

Key financial figures (before intercompany eliminations)

CHF million	2021/22		2020/21	
	CKW Group	Kraftwerke Linth-Limmern AG	CKW Group	Kraftwerke Linth-Limmern AG
Non-controlling interests	19%	15%	19%	15%
Balance sheet				
Non-current assets	1 858.2	2 437.5	1 693.5	2 495.7
Current assets	1 371.8	35.5	1 163.5	10.2
Total assets	**3 230.0**	**2 473.0**	**2 857.0**	**2 505.9**
Non-current liabilities	650.7	1 699.7	485.7	1 826.7
Current liabilities	1 290.3	407.5	545.1	317.2
Equity	1 289.0	365.8	1 826.2	362.0
Equity attributable to the non-controlling interests	244.9	54.9	347.0	54.3
Total equity and liabilities	**3 230.0**	**2 473.0**	**2 857.0**	**2 505.9**
Income statement				
Total income	1 185.7	201.0	915.7	183.9
Result for the period	**– 12.4**	**5.5**	**159.1**	**1.9**
Profit for the period attributable to non-controlling interests	– 2.4	0.8	30.2	0.3
Statement of comprehensive income				
Total comprehensive income	– 415.5	5.5	63.8	1.9
Total comprehensive income attributable to non-controlling interests	– 78.9	0.8	12.1	0.3
Dividends paid to non-controlling interests	– 2.1	– 0.3	– 1.4	– 0.3
Cash flow statement				
Cash flow from operating activities	– 124.7	87.6	75.7	130.0
Cash flow from investing activities	162.5	– 6.3	– 32.8	87.2
Cash flow from financing activities	– 100.4	– 81.3	– 17.4	– 217.2

6.5 Transactions with related parties

Based on their shareholdings, the Canton of Zurich (18.3%), Electricity Utilities of the Canton of Zurich (18.4%), the Canton of Aargau (14.0%) and AEW Energie AG (14.0%) exert a significant influence over the Axpo Group. Transactions involving these shareholders and other important companies controlled by them are disclosed under “Shareholders”.

An overview of the partner plants and other associates is given in Note 6.6 “Investments”. Transactions between the Axpo Group and PKE-CPE Vorsorgestiftung Energie are shown in Note 5.3 “Employee benefits”. With the exception of regular payments, no transactions were effected between the Axpo Group, members of the Board of Directors, members of the Executive Board and other key parties.

The principal terms and conditions governing relationships with related parties are explained under “Intragroup transactions” in Note 6.1 “Changes in scope of consolidation”.

Open balance sheet items with related parties as at 30 September 2022 and transactions between the Axpo Group and related parties in the 2021/22 financial year

CHF million	Shareholders	Partner plants	Associates
Balance sheet			
Non-current assets	400.1	55.7	410.3
Current assets	913.2	106.8	188.9
Non-current liabilities	841.3	2.7	196.4
Current liabilities	454.4	707.9	155.5
Income statement			
Total income	89.2	76.2	292.3
Operating expenses	– 49.9	– 1 247.8	– 347.3
Financial result	– 3.3	– 6.0	11.2
Income tax	– 30.4	0.0	0.0

Open balance sheet items with related parties as at 30 September 2021 and transactions between the Axpo Group and related parties in the 2020/21 financial year

CHF million	Shareholders	Partner plants	Associates
Balance sheet			
Non-current assets	78.7	60.4	412.4
Current assets	516.0	194.2	295.9
Non-current liabilities	286.5	2.5	34.8
Current liabilities	102.7	140.0	76.3
Income statement			
Total income	200.4	56.6	128.8
Operating expenses	– 28.7	– 584.3	– 220.5
Financial result	– 2.7	– 7.2	37.2
Income tax	– 18.2	0.0	0.0

6.6 Investments

	Domicile	Balance sheet date	Currency	Registered capital in millions	Share of votes in %	Share of capital in %	Purpose
Group companies							
Axpo AG	Baden	30.09.	CHF	0.1	100.0	100.0	S
Axpo Grid AG	Baden	30.09.	CHF	100.0	100.0	100.0	N
Axpo WZ-Systems AG	Lupfig	30.09.	CHF	0.4	100.0	100.0	D
BLUnet Schweiz AG	Lupfig	30.09.	CHF	0.1	100.0	100.0	D
Deltanet AG	Dietikon	30.09.	CHF	0.1	100.0	100.0	D
Axpo Hydro AG	Baden	30.09.	CHF	200.0	100.0	100.0	P
Axpo Biomasse AG	Baden	30.09.	CHF	30.3	100.0	100.0	P
Axpo Kompogas Engineering AG	Baden	30.09.	CHF	2.5	100.0	100.0	S
Axpo Kompogas Samstagern AG	Richterswil	30.09.	CHF	2.0	75.1	75.1	P
Axpo Kompogas Wauwil AG	Wauwil	30.09.	CHF	3.5	97.1	97.1	P
Berom SA [1]	Brügg	30.06.	CHF	0.4	100.0	100.0	D
Fricompost Freiburgische Grünentsorgungs-gesellschaft AG	Hauterive	30.09.	CHF	0.5	100.0	100.0	S
green2energy AG [2]	Brügg b. Biel	30.06.	CHF	0.1	51.0	51.0	I
Kompogas Utzenstorf AG	Utzenstorf	30.09.	CHF	2.3	59.3	59.3	P
Kompogas Winterthur AG	Winterthur	30.09.	CHF	4.0	52.0	52.0	P
Axpo Hydro Surselva AG	Domat/Ems	30.09.	CHF	0.1	100.0	100.0	P
Axpo Kleinwasserkraft AG	Baden	30.09.	CHF	11.0	100.0	100.0	P
Axpo Tegra AG	Domat/Ems	30.09.	CHF	2.1	100.0	100.0	P
Kraftwerk Eglisau-Glattfelden AG	Glattfelden	30.09.	CHF	20.0	100.0	100.0	P
Kraftwerk Fätschbach AG	Glarus Süd	30.09.	CHF	1.0	100.0	100.0	P
Kraftwerk Löntsch AG	Glarus	30.09.	CHF	9.0	100.0	100.0	P

1) Change of company name to Berom SA (formerly Berom AG).
2) Formation in the 2021/22 financial year.

	Domicile	Balance sheet date	Currency	Registered capital in millions	Share of votes in %	Share of capital in %	Purpose
Group companies							
Kraftwerk Rüchlig AG	Aarau	30.09.	CHF	20.0	100.0	100.0	P
Kraftwerke Ilanz AG	Ilanz	30.09.	CHF	50.0	85.0	85.0	P
Kraftwerke Sarganserland AG	Pfäfers	30.09.	CHF	50.0	98.5	98.5	P
Kraftwerke Vorderrhein AG	Disentis/Mustér	30.09.	CHF	80.0	81.5	81.5	P
KWWB Villnachern AG	Villnachern	30.09.	CHF	7.0	100.0	100.0	P
Axpo Power AG	Baden	30.09.	CHF	360.0	100.0	100.0	P
Axpo Suisse AG	Baden	30.09.	CHF	0.1	100.0	100.0	V
Elblox AG in Liquidation [3)]	Baden	30.09.	CHF	0.1	92.0	92.0	D
Kraftwerke Linth-Limmern AG	Glarus Süd	30.09.	CHF	350.0	85.0	85.0	P
Muttsee AlpinSolar AG	Linthal	30.09.	CHF	1.6	51.0	51.0	P
Axpo Services AG	Baden	30.09.	CHF	0.1	100.0	100.0	D
AXPO SERVICES EMEA, S.L. [4)]	Madrid (ES)	30.09.	EUR	0.0	100.0	100.0	D
Axpo Solutions AG	Baden	30.09.	CHF	1 567.0	100.0	100.0	V
Albula-Landwasser Kraftwerke AG	Filisur	30.09.	CHF	22.0	75.0	75.0	P
Axpo Albania sh.a.	Tirana (AL)	31.12.	ALL	19.2	100.0	100.0	V
Axpo BH d.o.o.	Mostar (BA)	31.12.	BAM	1.0	100.0	100.0	V
Axpo d.o.o. Beograd	Belgrade (RS)	30.09.	RSD	49.3	100.0	100.0	V
Axpo International SA	Luxembourg (LU)	30.09.	EUR	3.8	100.0	100.0	D
Axpo Austria GmbH	Vienna (AT)	30.09.	EUR	0.0	100.0	100.0	V
Axpo Benelux SA	Brussels (BE)	30.09.	EUR	0.5	100.0	100.0	V
Axpo Bulgaria EAD	Sofia (BG)	31.12.	BGN	18.1	100.0	100.0	D
Axpo CKW France SAS	Paris (FR)	30.09.	EUR	0.1	100.0	100.0	D

3) In liquidation.
4) Formation in the 2021/22 financial year.

	Domicile	Balance sheet date	Currency	Registered capital in millions	Share of votes in %	Share of capital in %	Purpose
Group companies							
Axpo Deutschland GmbH	Leipzig (DE)	30.09.	EUR	3.5	100.0	100.0	V
Axpo Energy Romania S.A.	Bucharest (RO)	30.09.	RON	12.0	100.0	100.0	V
Axpo France SAS	Lyon (FR)	30.09.	EUR	0.4	100.0	100.0	V
Axpo Iberia S.L.	Madrid (ES)	30.09.	EUR	11.0	100.0	100.0	V
Axpo Energia Portugal, Unipessoal LDA	Lisbon (PT)	30.09.	EUR	0.1	100.0	100.0	V
Axpo Storage ES1 SL 5)	Lisbon (PT)	30.09.	EUR	0.0	100.0	100.0	I
Axpo Tunisia S.L.	Tunis (TN)	30.09.	TND	0.2	100.0	100.0	V
Axpo Italia S.p.A.	Rome (IT)	30.09.	EUR	3.0	100.0	100.0	V
ASPM Energia S.r.l. 5)	Rome (IT)	30.09.	EUR	0.2	100.0	100.0	D
Axpo Energy Solutions Italia S.p.A.	Rome (IT)	30.09.	EUR	2.0	100.0	100.0	V
Axpo Storage IT1 S.r.l. 5)	Rome (IT)	30.09.	EUR	0.0	100.0	100.0	I
Axpo Storage IT2 S.r.l. 5)	Rome (IT)	30.09.	EUR	0.0	100.0	100.0	I
Axpo Polska Sp.z.o.o.	Warsaw (PL)	30.09.	PLN	241.3	100.0	100.0	V
Axpo Renewable Germany GmbH	Leipzig (DE)	30.09.	EUR	0.0	100.0	100.0	S
Volkswind GmbH 6)	Ganderkesee (DE)	30.09.	EUR	0.0	100.0	100.0	D
Axpo Servizi Produzione Italia S.p.A.	Rome (IT)	30.09.	EUR	0.3	100.0	100.0	D
Axpo Turkey Enerji A.S.	Istanbul (TR)	30.09.	TRY	12.5	100.0	100.0	V
Axpo UK Limited	London (GB)	30.09.	GBP	9.5	100.0	100.0	V
Axpo UK Trading Limited	London (GB)	30.09.	GBP	0.2	100.0	100.0	V
Calenia Energia S.p.A.	Rome (IT)	30.09.	EUR	0.1	85.0	85.0	P

5) Formation in the 2021/22 financial year.
6) Volkswind GmbH is the parent company of the Volkswind Group, which has business activities in the area of wind farm development and operation. The company controls and holds majority stakes in fully consolidated group companies and associates accounted for using the equity method. They are not listed here.

	Domicile	Balance sheet date	Currency	Registered capital in millions	Share of votes in %	Share of capital in %	Purpose
Group companies							
Gold Energy-Comercializadora de Energía, S.A.	Strasbourg (FR)	31.12.	EUR	1.5	83.3 [7)]	83.3 [7)]	V
Parc éolien de St Riquier 2 SAS	Strasbourg (FR)	30.09.	EUR	0.2	100.0	100.0	P
Parc éolien Plaine Dynamique SAS	Strasbourg (FR)	30.09.	EUR	0.0	100.0	100.0	P
Rizziconi Energia S.p.A.	Rome (IT)	30.09.	EUR	0.5	100.0	100.0	P
Urbasolar SAS [8)]	Montpellier (FR)	30.04.	EUR	2.1	100.0	100.0	D
Axpo Kosovo L.L.C.	Pristina (XK)	31.12.	EUR	0.1	100.0	100.0	V
Axpo MK dooel Skopje	Skopje (MK)	31.12.	MKD	6.1	100.0	100.0	V
Axpo Nordic AS	Oslo (NO)	30.09.	NOK	59.0	100.0	100.0	V
Axpo Finland Oy	Helsinki (FI)	30.09.	EUR	0.3	100.0	100.0	V
Axpo Sverige AB	Malmö (SE)	30.09.	SEK	52.0	100.0	100.0	V
Axpo Singapore Pte. Ltd.	Singapore (SG)	30.09.	USD	13.0	100.0	100.0	V
Axpo Storage FR1 SASU [9)]	Singapore (SG)	30.09.	EUR	0.0	100.0	100.0	I
Axpo Storage FR2 SASU [9)]	Singapore (SG)	30.09.	EUR	0.0	100.0	100.0	I
Axpo Trgovina d.o.o.	Zagreb (HR)	30.09.	HRK	0.8	100.0	100.0	V
Axpo U.S. LLC	Wilmington DE (US)	30.09.	USD	80.5	100.0	100.0	V
Energia de la Zarza S.L.	Madrid (ES)	30.09.	EUR	0.1	100.0	100.0	I
Limited Liability Company "Axpo Ukraine"	Kiev (UA)	31.12.	UAH	29.5	100.0	100.0	V

7) Axpo Iberia S.L., Madrid, holds a direct share of 16.7%.
8) Urbasolar SAS is the parent company of the Urbasolar Group, which has business activities in the area of solar plant development and construction. The company controls and holds majority stakes in fully consolidated group companies and associates accounted for using the equity method. They are not listed here. Due to the different reporting date, interim financial statements as at 31.07. are prepared using a roll forward. Adjustment entries are used to account for the effects of material business transactions between 30.04. and 31.07.
9) Formation in the 2021/22 financial year.

	Domicile	Balance sheet date	Currency	Registered capital in millions	Share of votes in %	Share of capital in %	Purpose
Group companies							
CKW AG [10) 11)]	Lucerne	30.09.	CHF	3.0	81.1	81.1	V
CKW Conex AG	Lucerne	30.09.	CHF	1.0	100.0	100.0	D
Bruno Stutz AG	Berikon	31.12.	CHF	0.1	100.0	100.0	D
CKW Hägendorf AG [12)]	Hägendorf	30.09.	CHF	0.1	100.0	100.0	D
CKW Bern-Köniz GmbH	Köniz	30.09.	CHF	0.0	100.0	100.0	D
CKW Lostorf AG	Lostorf	30.09.	CHF	0.1	100.0	100.0	D
Elektro Basilisk AG	Basel	30.09.	CHF	0.1	100.0	100.0	D
Elektro Camenzind + Partner AG	Hünenberg	30.09.	CHF	0.1	100.0	100.0	D
Möckel + Günter Elektro AG	Würenlos	31.12.	CHF	0.1	100.0	100.0	D
SicuroCentral AG	Lucerne	30.09.	CHF	0.1	100.0	100.0	D
Solarville AG	Winterthur	30.09.	CHF	0.3	100.0	100.0	D
swisstech elektrokontrollen gmbh	Basel	30.09.	CHF	0.0	100.0	100.0	D
CKW Fiber Services AG	Lucerne	30.09.	CHF	2.7	100.0	100.0	D
EWA-energieUri AG	Altdorf	30.09.	CHF	20.0	62.3	62.3	V
ComDataNet AG	Altdorf	30.09.	CHF	0.5	100.0	100.0	D
H2Uri AG [13)]	Altdorf	30.09.	CHF	2.8	51.0	51.0	P
Kraftwerk Bristen AG	Silenen	30.09.	CHF	6.0	60.0	60.0	P
Kraftwerk Gurtnellen AG	Gurtnellen	30.09.	CHF	8.0	70.0	70.0	P
Kraftwerk Schächen AG	Bürglen UR	30.09.	CHF	6.0	51.0	51.0	P
Kraftwerk Schächental AG	Spiringen	30.09.	CHF	0.5	56.0	56.0	P
EWS AG	Schwyz	30.09.	CHF	3.0	90.2	90.2	V
Steiner Energie AG	Malters	30.09.	CHF	0.5	100.0	100.0	V

10) Registered shares with a nominal value of CHF 29,692 held as treasury shares.
11) Change of company name to CKW AG (formerly Centralschweizerische Kraftwerke AG).
12) Change of company name to CKW Hägendorf AG (formerly Fürst Hägendorf AG).
13) Formation in the 2021/22 financial year.

	Domicile	Balance sheet date	Currency	Registered capital in millions	Share of votes in %	Share of capital in %	Purpose
Significant associated companies (partner plants)							
Aarekraftwerk Klingnau AG	Klingnau	30.09.	CHF	40.0	60.0	60.0	P
AG Kraftwerk Wägital	Schübelbach	30.09.	CHF	15.0	50.0	50.0	P
AKEB Aktiengesellschaft für Kernenergie-Beteiligungen Luzern	Lucerne	31.12.	CHF	90.0	46.0 [14]	41.4 [14]	P
Electra-Massa AG	Naters	31.12.	CHF	20.0	13.8	13.8	P
Elektrizitätswerk Rheinau AG	Rheinau	30.09.	CHF	20.0	50.0	50.0	P
ENAG Energiefinanzierungs AG	Schwyz	31.12.	CHF	50.0	61.7 [14]	59.6 [14]	P
Engadiner Kraftwerke AG	Zernez	30.09.	CHF	140.0	30.0	30.0	P
Etrans AG	Baden	31.12.	CHF	7.5	42.3	42.3	N
Forces Motrices de Mauvoisin SA	Sion	30.09.	CHF	100.0	68.3	68.3	P
Grande Dixence SA	Sion	31.12.	CHF	300.0	13.3	13.3	P
Kernkraftwerk Gösgen-Däniken AG [15]	Däniken	31.12.	CHF	350.0	37.5	36.0	P
Kernkraftwerk Leibstadt AG	Leibstadt	31.12.	CHF	450.0	52.7 [16]	34.6 [14][16]	P
Kernkraftwerk-Beteiligungsgesellschaft AG	Bern	31.12.	CHF	150.0	33.3	33.3	P

14) Due to the disposal or acquisition of sub-participations, the effective financially relevant equity interests in the partner plants deviate from the percentage of capital and voting rights held.
15) Payment of unpaid share capital of CHF 60 million.
16) The direct share of capital held by Axpo in Kernkraftwerk Leibstadt AG is 34.6%. Taking into account the 15% share of capital held by AKEB Aktiengesellschaft für Kernenergie-Beteiligungen Luzern in Kernkraftwerk Leibstadt AG, the indirect share of capital held by Axpo in Kernkraftwerk Leibstadt AG is 38.3%.

	Domicile	Balance sheet date	Currency	Registered capital in millions	Share of votes in %	Share of capital in %	Purpose
Significant associated companies (partner plants)							
Kraftwerk Erstfeldertal AG	Erstfeld	30.09.	CHF	12.0	38.0	38.0	P
Kraftwerk Göschenen AG	Göschenen	30.09.	CHF	60.0	50.0	50.0	P
Kraftwerk Palanggenbach AG	Seedorf UR	31.12.	CHF	3.0	15.0	15.0	P
Kraftwerk Reckingen AG	Küssaberg (DE)	31.12.	EUR	1.2	20.0	20.0	P
Kraftwerk Ryburg-Schwörstadt AG	Rheinfelden	30.09.	CHF	30.0	13.5	13.5	P
Kraftwerk Sarneraa AG	Alpnach	30.09.	CHF	2.0	18.0	18.0	P
Kraftwerk Schaffhausen AG	Schaffhausen	30.09.	CHF	10.0	30.0	30.0	P
Kraftwerk Tschar AG	Obersaxen Mundaun	30.09.	CHF	9.2	51.0	51.0	P
Kraftwerke Hinterrhein AG	Thusis	30.09.	CHF	100.0	19.5	19.5	P
Kraftwerke Mattmark AG	Saas-Grund	30.09.	CHF	90.0	66.7 [17)]	58.3 [17)]	P
Kraftwerke Zervreila AG	Vals	31.12.	CHF	50.0	21.6	21.6	P
Officine Idroelettriche della Maggia SA	Locarno	30.09.	CHF	100.0	30.0	30.0	P
Officine Idroelettriche di Blenio SA	Blenio	30.09.	CHF	60.0	17.0	17.0	P
Rheinkraftwerk Neuhausen AG	Neuhausen	31.12.	CHF	1.0	40.0	40.0	P
Rheinkraftwerk Säckingen AG	Bad Säckingen (DE)	31.12.	EUR	5.0	25.0	25.0	P

17) Due to the disposal or acquisition of sub-participations, the effective financially relevant equity interests in the partner plants deviate from the percentage of capital and voting rights held.

	Domicile	Balance sheet date	Currency	Registered capital in millions	Share of votes in %	Share of capital in %	Purpose
Significant associated companies (other associates)							
Albula Netz AG	Filisur	31.12.	CHF	1.7	33.3	60.0	N
Alleanza Luce&Gas S.p.A.	Villanova Di Castenaso (IT)	31.12.	EUR	5.0	5.0	5.0	D
BiEAG Biomasse Energie AG	Hünenberg	30.09.	CHF	5.4	40.4	74.1	P
BV Kompostieranlage Oensingen AG	Oensingen	30.09.	CHF	0.3	50.0	50.0	P
Global Tech I Offshore Wind GmbH	Hamburg (DE)	31.12.	EUR	1.0	24.1	24.1	P
Grischelectra AG	Chur	30.09.	CHF	1.0 [18)]	20.0	20.0	V
Kompogas Bioriko AG	Klingnau	30.09.	CHF	0.1	50.0	50.0	P
KW Seedorf AG	Seedorf UR	30.09.	CHF	1.0	20.0	20.0	P
NIS AG	Sursee	31.12.	CHF	1.0 [19)]	25.0	25.0	S
Ökopower AG	Ottenbach	31.12.	CHF	0.5	50.0	50.0	S
Oxygen Technologies GmbH	Freiburg im Breisgau (DE)	31.12.	EUR	0.04	21	94.5	D
Realta Biogas AG	Cazis	30.09.	CHF	0.7	41.7	41.7	P
Società EniPower Ferrara S.r.l.	San Donato Milanese (IT)	31.12.	EUR	140.0	49.0	49.0	P
Sogesa Société de Gestion des Energies SA	Val de Bagnes	30.09.	CHF	2.0	30.0	30.0	V
SV Kompostieranlage Bellach AG	Bellach	30.09.	CHF	0.1	50.0	50.0	S
Swiss Green Gas International AG	Bern	31.12.	CHF	6.4	25.0	25.0	V
Swissgrid AG	Aarau	31.12.	CHF	334.5	37.6	37.6	N
Terravent AG	Lucerne	30.09.	CHF	18.0	20.9	20.9	S
Trans Adriatic Pipeline AG	Aarau	31.12.	CHF	1 145.3	5.0	5.0	I
Windpark Lindenberg AG	Lucerne	30.09.	CHF	0.1	25.0	25.0	P
Zwilag Zwischenlager Würenlingen AG	Würenlingen	31.12.	CHF	5.0	24.3	24.3	S

18) Of which CHF 0.2 million paid in.
19) Of which CHF 0.8 million paid in.

Company’s business activities:
D = Services I = Project company N = Grid P = Production
V = Energy supply and trading S = Other

Share of votes in %:
Direct legal share of voting rights

Share of capital in %:
Direct share of capital
(including sub-participations)

Statutory Auditor's Report

To the General Meeting of Axpo Holding AG, Baden

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Axpo Holding AG and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 30 September 2022 and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion the consolidated financial statements (pages 10 to 139) give a true and fair view of the consolidated financial position of the Group as at 30 September 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.

Basis for Opinion

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISAs) and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, as well as the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including the International Independence Standard) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Key Audit Matters

Valuation of property, plant and equipment (PPE), intangible assets, energy procurement contracts as well as investments in partner plants

Classification and valuation of energy derivatives

Completeness and accuracy of provisions for the decommissioning and nuclear waste disposal

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

KPMG AG, Badenerstrasse 172 ,CH-8036 Zurich

Valuation of property, plant and equipment (PPE), intangible assets, energy procurement agreements as well as investments in partner plants

Key Audit Matter

As at 30 September 2022, the company recognised net impairment reversals on assets and net reversals of provisions amounting to CHF 3'150.5 million, whereby the line item "Depreciation, amortisation and impairments loss/reversals" was credited with CHF 2'696.9 million. The reduction in provisions for onerous energy procurement contracts was credited in the line item "Expenses for energy procurement, grid usage and cost of goods purchased" with CHF 453.6 million. The carrying amounts of PPE and intangible assets (inclusive goodwill) increased by CHF 2'692.5 million.

Axpo Group owns PPE, intangible assets, energy procurement contracts and investments in partner plants whose profitability and valuation depend on various valuation parameters. Especially future energy prices, the volatility of energy prices, expected production costs, developments in exchange rates of foreign currencies, the useful lives and discount rates are subject to significant estimates.

In this respect, Management assesses every year whether there are indications for material impairments or impairment reversals, or a need to adjust provisions due to significant changes that could influence the relevant valuation parameters.

Should there be such indications, the carrying value is compared to the recoverable amount (value in use) or the expected loss and corresponding impairment losses or reversals of impairment losses are recognized.

The value in use or expected loss is determined by modeling the discounted cash flows based on the estimated valuation parameters.

Our response

Our audit procedures consisted, among others, of assessing the methodological and mathematical accuracy of the model used for the valuation and of determining the adequacy of the assumptions made for material valuation parameters.

We critically reviewed Management's assessment regarding indicators for material impairment, impairment reversals or a need to adjust provisions.

For PPE, intangible assets, energy procurement contracts and investments in partner plants with indicators for material impairments, impairment reversals or a need to adjust provisions we performed the following audit procedures on samples selected for their qualitative and quantitative aspects:

- Challenge the robustness of the most important parameters used to calculate the recoverable amount or expected loss, especially by comparing the future expected energy prices, the volatility of energy prices, foreign currency rates and the discounting interest rates with data of external studies and market data. Management also uses these parameters to identify signs of value impairment or impairment reversals.
- Reconcile the cost estimates used with budget figures, and performed a retrospective analysis of prior-year cost estimates to determine their accuracy;
- Verify the useful lives used for the valued PPE and intangible assets by reconciling these with Axpo-internal accounting policies;
- Examine the contractual and concession durations of valued energy procurement contracts and investments in partner plants;
- Recalculate the differences between carrying value and recoverable amount or expected loss, and assessed whether any resulting material impairment or impairment reversal as well as any need to adjust provisions have been recognized correctly in the financial accounting.

For further information on PPE, intangible assets, energy procurement contracts as well as investments in partner plants, please consult the following sections of the notes to the consolidated financial statements:

— Notes 2.2, 2.4, 3.1, 3.3, 3.7.1 and 6.3

Classification and valuation of energy derivatives

Key Audit Matter

Fair value of energy derivatives as at 30 September 2022 are disclosed in the line item "Derivative financial instruments" in non-current assets (CHF 17'013.2 million) and in current assets (CHF 22'672.7 million), as well as in the non-current liabilities (CHF 23'452.2 million) and current liabilities (CHF 24'819.9 million).

Fluctuations in the replacement values as well as the settlement of the relevant contracts affect the income statement, other comprehensive income and equity, depending on their classification as "own-use" contracts, as energy trading transactions or hedges. Moreover, the classification of derivative financial instruments influences the presentation and disclosure requirements of such contracts.

For subsequent valuation of the energy derivatives as at balance sheet date, models with observable input parameters are used. The definition of such input parameters and the use of suitable valuation models are subject to considerable discretion. Moreover, the assessment of an energy derivative's purpose is decisive for its correct classification and is also subject to considerable discretion.

The valuation is based on the complete and correct recording of all contractual parameters. The recording of the contracts is subject to operational risk in the business workflows that stem from the organizational structure of Axpo Group and the numerous energy products traded.

Our response

We have performed the following audit procedures with regard to the reported energy derivatives, using both valuation specialists and data analysis techniques:

- Testing of controls implemented to ensure the complete and accurate recording of energy derivatives; we thereby focused on the segregation of duties and the reconciliation of internal contractual data with external confirmations as well as on the IT controls relevant to the business workflows for energy derivatives and interfaces between the IT solutions used in the information flow;
- We examined the calculation methods used in the models for consistency and appropriateness with the support from valuation specialists. Together with valuation specialists, we also reviewed whether appropriate energy price curves had been used;
- We also re-calculated the energy derivatives' valuation for a substantial part of the portfolio using our own valuation methods and applying independently procured market data; the remaining derivatives were assessed on a sample basis to ensure they were correctly valued.

For further information on the energy derivatives, refer to the following sections of the notes to the consolidated financial statements:

— Notes 2.1 and 4.5

Completeness and accuracy of provisions for the decommissioning and nuclear waste disposal

Key Audit Matter

As at 30 September 2022, Axpo Group discloses provisions in the amount of CHF 4'268.0 million. Thereof CHF 3'078.4 million relate to future obligations for the decommissioning and nuclear waste disposal.

Axpo Group is legally obliged to decommission its nuclear power plants at the end of their operational life and to adequately dispose of the nuclear waste. The respective future costs are re-estimated periodically by swissnuclear (nuclear power task force of swisselectric) whose findings are submitted to the administrative commission of the nuclear disposal fund which determines the provisional cost contributions. For the 2021/22 consolidated financial statements, the 2021 cost analysis was used as the basis for the provision recognised for nuclear decommissioning and nuclear waste management. The provisioning budget contained in the 2021 cost analysis as well as its modeling and mathematical accuracy were reviewed by an external expert. Moreover, the Swiss Federal Nuclear Safety Inspectorate (ENSI) together with experts consulted will examine in 2021 whether the costs in the cost analysis were estimated realistically and presented in sufficient detail and transparently.

The cost estimates as well as the discount rates applied and the resulting completeness and accuracy of the provisions are subject to significant uncertainty because of the long-term horizon as well as the partially missing empirical data, especially in the area of waste disposal. Due to ENSI's review of the 2021 cost analysis, there is a possibility that the provision will be subject to future changes.

Our response

For our audit, we primarily relied on the 2021 cost analysis prepared by swissnuclear as well as its methodological review by the external expert. During our audit, we assessed the professional expertise of swissnuclear and of the external expert.

Among others we performed the following specific audit procedures:

- Reconciliation of the amount, increase and use of the provision in the accounting records as at balance sheet date with the amounts stated in the cost analysis and their recording in accordance with requirements of IFRS;
- Reconciliations of the use of the current provision for nuclear waste disposal by inspecting invoices on a sample basis;
- Critical comparison of the discount rate with data from external studies, past experience and market data.
- Critical appraisal of the disclosure to the provisions in the consolidated financial statements in accordance with the requirements of IFRS.

For further information on the provisions for the decommissioning and nuclear waste disposal, refer to the following sections of the notes to the consolidated financial statements:

— Note 3.7.1

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Other Information in the Annual Report

The Board of Directors is responsible for the other information in the annual report. The other information comprises all information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements of the company and our auditor's reports thereon.

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

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

Responsibility of the Board of Directors for the Consolidated Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with Swiss law, ISAs and Swiss Auditing Standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group Audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

In accordance with article 728a para. 1 item 3 CO and the Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

KPMG AG

Daniel Haas Licensed Audit Expert Auditor-in-Charge	Silvan Jurt Licensed Audit Expert

Zurich, 7. December 2022

Income statement of Axpo Holding AG

CHF million	Notes	2021/22	2020/21
Income			
Income from investments	3	159.4	803.0
Financial income	4	596.3	120.0
Other operating income		0.0	0.7
Impairment reversals on investments		0.0	30.0
Total income		**755.7**	**953.7**
Expenses			
Financial expenses	4	– 651.0	– 97.6
Personnel expenses		– 0.2	– 0.2
Other operating expenses		– 40.5	– 28.0
Taxes		0.2	– 4.0
Total expenses		**– 691.5**	**– 129.8**
Extraordinary expenses		0.0	– 12.5
Net profit for the year		**64.2**	**811.4**

Balance sheet of Axpo Holding AG

CHF million	Notes	30.9.2022	30.9.2021
Assets			
Cash and cash equivalents		2 707.5	859.0
Trade receivables	5	0.0	0.2
Current financial receivables	6	2 202.0	1 963.5
Current derivatives (positive replacement values)	7	237.8	43.0
Other current receivables	8	11.2	8.5
Accrued income and prepaid expenses	9	4.7	1.5
Total current assets		**5 163.2**	**2 875.7**
Financial assets	10	985.5	1 420.3
Non-current derivatives (positive replacement values)	11	422.9	35.2
Investments	12	4 386.1	4 505.2
Total non-current assets		**5 794.5**	**5 960.7**
Total assets		**10 957.7**	**8 836.4**

CHF million	Notes	30.9.2022	30.9.2021
Equity and liabilities			
Trade payables	13	0.2	0.3
Current interest-bearing liabilities	14	3 003.5	2 485.2
Current bonds	15	110.3	0.0
Current derivatives (negative replacement values)	16	230.3	61.4
Other current liabilities	17	5.0	3.8
Accrued expenses and deferred income	18	16.4	12.3
Total current liabilities		**3 365.7**	**2 563.0**
Non-current bonds	19	1 782.0	781.6
Loans payable	20	570.0	570.0
Non-current derivatives (negative replacement values)	21	389.0	50.5
Other non-current liabilities	22	7.3	12.2
Total non-current liabilities		**2 748.3**	**1 414.3**
Total liabilities		**6 114.0**	**3 977.3**
Share capital	23	370.0	370.0
Statutory capital reserves (capital contribution reserve)		2 633.0	2 633.0
Voluntary retained earnings		63.0	63.0
Accumulated profit	24	1 777.7	1 793.1
Total equity	**25**	**4 843.7**	**4 859.1**
Total equity and liabilities		**10 957.7**	**8 836.4**

Notes to the statutory financial statements of Axpo Holding AG

1 General information

Axpo Holding AG is a public limited company incorporated under Swiss law with its registered office in Baden. The annual average number of full-time employees was 1 (previous year: 1).

2 Accounting principles

The annual financial statements are prepared in accordance with Swiss law. The Board of Directors of Axpo Holding AG approved these statutory financial statements on 7 December 2022, and they are still to be approved by the Annual General Meeting on 20 January 2023. The policies applied in the statutory financial statements are presented below unless otherwise required by law. The option to create and release hidden reserves was exercised in order to ensure the long-term growth of the company.

Foreign currency translation
For more information about foreign currency translation, see “Foreign currency exchange rates” in Note 1.2 of the consolidated financial statements of the Axpo Group.

Cash pooling
Axpo Holding AG has a cash pooling system (zero balancing). The current financial receivables and current interest-bearing payables from group companies are transferred daily to the account of Axpo Holding AG at the pool bank. The balance per group company or associated company is recognised under receivables from or liabilities to group companies and related parties.

Trade receivables
Trade receivables are recorded at their nominal value less loss allowances.

Derivatives (replacement values)
Derivative financial instruments are used to hedge foreign currency positions and interest rate risks. The financial derivatives that are open on the balance sheet date are measured at stock market value or at fair value on the balance sheet date and reported in the income statement under financial expense or financial income. The positive and negative derivative financial instruments are recognised in the corresponding balance sheet items.

Financial assets
Loan receivables are recognised at their nominal value less any loss allowances. Securities are measured at the lower of cost or fair value.

Investments
Investments in subsidiaries and associates are recognised at cost, subject to any impairment losses.

Liabilities
Liabilities are recognised at nominal value.

Transactions with shareholders as well as investments and group companies
The investors of Axpo Holding AG are recognised as “shareholders”. “Investments and group companies” includes all fully consolidated group companies, equity-accounted associates of Axpo Holding AG and significant investments of shareholders.

Waiver of cash flow statement and additional information in the notes
Since the Axpo Group has prepared its consolidated financial statements in accordance with a recognised accounting standard (IFRS), as stipulated by law, it

has dispensed with the presentation of additional information on interest-bearing liabilities and audit fees in the notes as well as a cash flow statement.

3 Income from investments

CHF million	2021/22	2020/21
Dividend income and sale of: Axpo Grid AG, Baden	20.0	0.0
Axpo Power AG, Baden	0.0	396.0
Centralschweizerische Kraftwerke AG, Lucerne	101.1	14.4
Axpo Solutions AG, Baden	0.0	300.0
Others	38.3	92.6
Total	**159.4**	**803.0**

4 Financial income/expense

Financial income mainly includes interest income, realised and unrealised gains on financial investments, foreign exchange gains and gains on derivatives. A capital gain of CHF 203.1 million was realised due to a partial sale of financial assets in the reporting year. In the previous year, this amounted to CHF 28.7 million.

Financial expense is mainly composed of realised and unrealised foreign exchange losses. Also included are interest expenses and losses on derivatives.

Increased energy prices caused cash flows in foreign currencies to increase sharply in the 2021/22 financial year, which combined with foreign currency fluctuations led to a change in foreign currency expense of CHF 464.8 million and foreign currency income of CHF 300.4 million.

5 Trade receivables

CHF million	30.9.2022	30.9.2021
Shareholders	0.0	0.1
Investments and group companies	0.0	0.1
Total	**0.0**	**0.2**

6 Current financial receivables

CHF million	30.9.2022	30.9.2021
Third parties	0.0	470.7
Investments and group companies	2 202.0	1 492.8
Total	**2 202.0**	**1 963.5**

This item contains loans and time deposits with a remaining term to maturity of less than 12 months.

7 Current derivatives (positive replacement values)

CHF million	30.9.2022	30.9.2021
Third parties	82.1	6.3
Investments and group companies	155.7	36.7
Total	**237.8**	**43.0**

Current derivative financial instruments mainly consist of the positive replacement value for currency forward contracts with a maturity of less than twelve months, open on the balance sheet date. They are used to hedge foreign currency positions. Non-current positive derivatives are shown in both a separate balance sheet line item and in Note 11.

8 Other current receivables

CHF million	30.9.2022	30.9.2021
Third parties	7.5	7.2
Investments and group companies	3.7	1.3
Total	**11.2**	**8.5**

9 Accrued income and prepaid expenses

CHF million	30.9.2022	30.9.2021
Third parties	0.8	0.1
Investments and group companies	3.9	1.4
Total	**4.7**	**1.5**

10 Financial assets

CHF million	30.9.2022	30.9.2021
Third parties	0.0	10.0
Investments and group companies	941.3	165.9
Securities	44.2	1 244.4
Total	**985.5**	**1 420.3**

The term to maturity of the loan receivables and time deposits is longer than twelve months. Securities consist mainly of collective investment instruments (bank in-house funds and investment funds).

Higher energy prices meant that more collateral had to be furnished for secured electricity supply contracts, which led to a temporarily massive increase in liquidity requirements. A majority of the financial investments were consequently sold in the 2021/22 financial year.

11 Non-current derivatives (positive replacement values)

CHF million	30.9.2022	30.9.2021
Third parties	187.2	6.2
Investments and group companies	235.7	29
Total	**422.9**	**35.2**

Non-current derivatives (positive replacement values) also include interest rate swaps. The current derivative financial instruments (positive replacement values) are stated in Note 7.

12 Investments

The overview in Note 6.6 of the consolidated financial statements of the Axpo Group sets out the details of Axpo Holding AG's direct or indirect equity interests in subsidiaries and associates.

13 Trade payables

CHF million	30.9.2022	30.9.2021
Third parties	0.2	0.3
Total	**0.2**	**0.3**

14 Current interest-bearing liabilities

CHF million	30.9.2022	30.9.2021
Third parties	1 431.7	0.0
Investments and group companies	1 571.8	2 485.2
Total	**3 003.5**	**2 485.2**

This item includes loan liabilities due in less than 12 months and current account liabilities.

15 Current bonds

CHF million	30.9.2022	30.9.2021
Private placements in CHF	100.0	0.0
Private placements in EUR	10.3	0.0
Total	**110.3**	**0.0**

16 Current derivatives (negative replacement values)

CHF million	30.9.2022	30.9.2021
Third parties	12.5	2.5
Investments and group companies	217.8	58.9
Total	**230.3**	**61.4**

Current derivative financial instruments mainly consist of the negative replacement value of currency forward contracts with a maturity of less than 12 months, open on the balance sheet date. They serve to hedge foreign currency positions. Non-current derivatives are shown in a separate balance sheet line item as well as in Note 21.

17 Other current liabilities

CHF million	30.9.2022	30.9.2021
Third parties	5.0	3.8
Total	**5.0**	**3.8**

18 Accrued expenses and deferred income

CHF million	30.9.2022	30.9.2021
Third parties	13.9	8.6
Investments and group companies	2.5	3.7
Total	**16.4**	**12.3**

19 Non-current bonds

CHF million		30.9.2022	30.9.2021
Bonds outstanding at the balance sheet date:	Nominal value		
3.125% bond 26.2.2010–26.2.2025	300.0	299.3	299.0
1.750% bond 29.7.2016–29.5.2024	350.0	349.7	349.6
1.002% bond 23.7.2020–23.7.2027	133.0	133.0	133.0
0.250% bond 4.2.2022–4.2.2025	200.0	200.0	0.0
0.625% bond 4.2.2022–4.2.2027	300.0	300.0	0.0
2.000% bond 15.9.2022–15.9.2026	300.0	300.0	0.0
2.500% bond 15.9.2022–15.3.2029	200.0	200.0	0.0
Total		**1 782.0**	**781.6**

20 Loan liabilities

CHF million	30.9.2022	30.9.2021
Due dates: Remaining term to maturity 1–5 years	570.0	570.0
Total	**570.0**	**570.0**
of which:		
Investments and group companies	570.0	570.0

21 Non-current derivatives (negative replacement values)

CHF million	30.9.2022	30.9.2021
Third parties	27.9	12.7
Investments and group companies	361.1	37.8
Total	**389.0**	**50.5**

Non-current derivatives (negative replacement values) also include interest rate swaps. Current derivatives (negative replacement values) are stated in Note 16.

22 Other current liabilities

CHF million	30.9.2022	30.9.2021
Third parties	7.3	12.2
Total	**7.3**	**12.2**

23 Share capital

CHF million		30.9.2022	30.9.2021
The share capital is divided into 37,000,000 registered shares with a par value of CHF 10 each.			
The shareholders are:	in %		
Canton Zurich	18.342	67.9	67.9
Electricity utilities of the Canton Zurich	18.410	68.1	68.1
Canton Aargau	13.975	51.7	51.7
AEW Energie AG	14.026	51.9	51.9
SAK Holding AG	12.501	46.3	46.3
EKT Holding AG	12.251	45.3	45.3
Canton Schaffhausen	7.875	29.1	29.1
Canton Glarus	1.747	6.5	6.5
Canton Zug	0.873	3.2	3.2
Total	**100.000**	**370.0**	**370.0**

24 Accumulated profit/loss

CHF million	30.9.2022	30.9.2021
Result for the year	64.2	811.4
Profit carried forward	1 713.5	981.7
Total	**1 777.7**	**1 793.1**

25 Changes in equity

CHF million	Share capital	General legal reserves	Free reserves	Accumu-lated profit/loss	Total equity
As at 30.9.2019	**370.0**	**2 633.0**	**63.0**	**915.4**	**3 981.4**
Result for the year 2019/20				145.9	145.9
As at 30.9.2020	**370.0**	**2 633.0**	**63.0**	**1 061.3**	**4 127.3**
Dividends				– 79.6	– 79.6
Result for the year 2020/21				811.4	811.4
As at 30.9.2021	**370.0**	**2 633.0**	**63.0**	**1 793.1**	**4 859.1**
Dividends				– 79.6	– 79.6
Result for the year 2021/22				64.2	64.2
As at 30.9.2022	**370.0**	**2 633.0**	**63.0**	**1 777.7**	**4 843.7**

26 Collateral provided for third-party liabilities

CHF million	30.9.2022	30.9.2021
Guarantees	6 261.5	1 823.6
Sureties	86.6	86.6
Liabilities to pay in capital on shares	7.0	0.0
Other delivery and acceptance obligations	0.1	0.2
Total	**6 355.2**	**1 910.4**

The volume of guarantees that Axpo Holding has issued for group companies has increased as a result of the increase in energy prices.

27 Remuneration paid to the Board of Directors and the Executive Board

This note was created in accordance with the requirements of the Swiss Code of Obligations and may differ from the remuneration information in Note 5.2 of the consolidated financial statements (in accordance with IFRS) as a result of differing measurement approaches. The amounts disclosed include all remuneration to the members of the Board of Directors of Axpo Holding AG and the Executive Board granted by the fully consolidated companies of the Axpo Group for the 2021/22 financial year even if the time of payment or definitive acquisition of title was after the balance sheet date of the reporting year (accrual basis). Remuneration that was not paid out directly to individual members of the Board of Directors but to their employers is also included in the following amounts.

Remuneration paid to members of the Board of Directors

Name		2021/22			2020/21		
CHF thousand	Function	Remuneration for Board of Directors mandate (fixed) [1]	Pension benefits [2]	Total	Remuneration for Board of Directors mandate (fixed) [1]	Pension benefits [2]	Total
Thomas Sieber	Chairman of the Board of Directors Member of the Remuneration and Nomination Committee Member of the Strategy Committee (until January 2022)	300	85	385	300	78	378
Dorothée Deuring	Member of the Board of Directors Member of the Audit and Finance Committee	88	7	95	88	7	95
Roland Eberle	Vice Chairman of the Board of Directors (until January 2021) Chair of the Strategy Committee (until January 2021)	0	0	0	42	3	45
Hanspeter Fässler	Vice Chairman of the Board of Directors (since January 2021) Member of the Strategy Committee Chair of the Remuneration and Nomination Committee	133	8	141	123	9	132
Martin Keller	Member of the Board of Directors Member of the Remuneration and Nomination Committee	78	6	84	78	6	84
Stefan Kessler	Member of the Board of Directors Chair of the Audit and Finance Committee	100	8	108	100	8	108
Peter Kreuzberg	Member of the Board of Directors Member of the Audit and Finance Committee Member of the Corporate Risk Council	90	11	101	90	14	104
Stephan Kuhn	Member of the Board of Directors Member of the Corporate Risk Council Member of the Strategy Committee (since January 2022)	94	7	101	88	7	95
Jakob Stark	Member of the Board of Directors (since January 2021) Member of the Strategy Committee (since January 2021)	78	6	84	59	4	63
Roger Wüthrich-Hasenböhler	Member of the Board of Directors Chair of the Strategy Committee (since January 2021) Member of the Remuneration and Nomination Committee	93	7	100	91	7	98
Total		**1 054**	**145**	**1 199**	**1 058**	**142**	**1 202**

1) The remuneration for Board of Directors mandates consists of fixed basic compensation plus additional committee allowances.
2) Employer contributions to AHV/IV and pension funds are shown under pension benefits.

Remuneration paid to the CEO and Executive Board members [1)]

CHF thousand	Christoph Brand CEO	Christoph Brand CEO	Total for Executive Board [1)]	
	2021/22	2020/21	2021/22	2020/21
Gross salaries (fix) [2)]	821	629	3 546	2 532
Gross salaries (variable) [3)]	0	585	49	2 529
Non-cash benefits [4)]	10	0	53	36
Pension benefits [5)]	193	261	830	1 084
Total	**1 024**	**1 475**	**4 478**	**6 181**

1) Compared to the previous year, the total remuneration paid to the Executive Board includes the remuneration paid to Executive Board member Henriette Wendt for the entire financial year (previous year: pro rata for four months).
2) Gross (fixed) salaries were adjusted in connection with the reduction in variable salaries in the new remuneration system that applies from the 2021/22 financial year. The target remuneration and the maximum total remuneration remain essentially unchanged. The reduction in annual short-term variable remuneration also reflects the medium to long-term structure of Axpo's business. The reduced variable remuneration is based on collective financial targets as well as targets geared towards strategy implementation; there is no individual performance-based component. The new system was approved by the BoD in June 2021, with effect from the 2021/22 financial year.
3) In the 2021/22 financial year just ended, some CHF 1,900,000 would have been set aside as gross (variable) salaries based on the terms stipulated in the employment contracts and the forecast for achieving the collective goals. However, in accordance with the provisions of Art. 10 of FiReG (Finanzieller Rettungsschirm Gesetz, a rescue package bill for the electricity sector) and the existing contract/ruling, no provisions are recognised for the 2021/22 financial year due to the ban on passing resolutions and paying out variable remuneration. Gross salaries (variable) include CHF 49,000 in replacement benefits paid to Henriette Wendt from the loss of deferred remuneration from her previous employer (the latest tranche was paid out in August 2022).
4) Private use of company vehicles and SBB rail pass. Flat-rate mobility allowances, on the other hand, are reported under gross (fixed) salaries.
5) Employer contributions to AHV/IV, the company pension fund, occupational and non-occupational accident insurance, and sick pay insurance are shown under pension benefits.

Expenses for performing directorships on behalf of Axpo are also compensated in the remuneration paid to the Executive Board members, i.e. Executive Board members may not claim separate remuneration for the performance of directorships within the Axpo Group. This remuneration totalled CHF 184,425 (previous year: CHF 169,883) and was paid to the employers of the Executive Board members.

Further information

No remuneration was paid to former members of the Board of Directors (including related parties) in the 2021/22 financial year.

Axpo Holding AG is wholly owned by the cantons of Northeastern Switzerland and their cantonal utility companies. Axpo Holding AG and its group companies have not granted any securities, loans, advances or credits to the members of the Board of Directors and the Executive Board or related parties.

28 Significant events after the balance sheet date

There were no significant events after the balance sheet date that would have an impact on the carrying amounts of the assets or liabilities or that would have to be disclosed at this point.

Appropriation of profits of Axpo Holding AG

Proposal of the Board of Directors

	in CHF
We propose that distributable profit, be appropriated as follows:	
Profit carried forward	1 713 538 953
Reported net profit	64 242 412
	1 777 781 365
Profit to be carried forward	1 777 781 365
Total	**1 777 781 365**

KPMG

Statutory Auditor's Report

To the General Meeting of Axpo Holding AG, Baden

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Axpo Holding AG, which comprise the income statement for the year then ended and the balance sheet as at 30 September 2022 and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the financial statements (pages 143 to 152) for the year ended 30 September 2022 comply with Swiss law and the company's articles of incorporation.

Basis for Opinion

We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the entity in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Report on Key Audit Matters based on the circular 1/2015 of the Federal Audit Oversight Authority

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. We have determined that there are no key audit matters to communicate in our report.

Responsibility of the Board of Directors for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

KPMG

As part of an audit in accordance with Swiss law and Swiss Auditing Standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

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

Report on Other Legal and Regulatory Requirements

In accordance with article 728a para. 1 item 3 CO and the Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

KPMG AG

Daniel Haas Licensed Audit Expert Auditor in Charge	Nadine Herzog Licensed Audit Expert

Zurich, 7 December 2022

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This Financial Report is published in German and English. The German version is binding. All statements in this report that are not based on historical facts are forward-looking statements. Such statements do not provide any guarantee regarding future performance. Such forward-looking statements naturally involve risks and uncertainties regarding future global economic conditions, exchange rates, legal provisions, market conditions, activities of competitors and other factors that are outside Axpo's control. Actual developments and results could deviate substantially from the statements contained in this document. Apart from its statutory obligations, Axpo Holding AG does not accept any obligation to update forward-looking statements.

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