Financial Report 2020/21

Full of Energy

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Financial review

Axpo achieved a good result in the 2020/21 financial year (1 October 2020 to 30 September 2021), recording an adjusted EBIT of CHF 500 million (previous year: CHF 826 million), with all segments (Generation & Distribution, Trading & Sales, CKW) making a positive contribution. As expected, the operating result was lower than in the previous year, but cash flow was increased. The financial year was characterised by high volatility in energy prices, which rose sharply in the final month of the reporting period in particular, and by a positive trend on the capital markets. The rise in energy prices was significantly higher at the short end than at the longer end. Prices for the 2022 calendar year increased by more than 170% for electricity and by more than 290% for gas over the course of the financial year. In the income statement, the exceptionally sharp rise in prices led to a marked shift in profit to subsequent years due to the accounting treatment of the financial instruments used for hedging, particularly in the Trading & Sales business area. At the same time, the higher valuations of hedging and trading positions caused by the rise in prices resulted in a marked expansion of the balance sheet. Axpo has so far benefited from the rising 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 higher prices will have a positive impact on results over the coming years.

CHF million	2020/21	2019/20	Variance
Adjusted EBIT	500	826	–326
Result for the period	607	570	37
Free cash flow	562	319	243
Equity	7 228	6 734	493
Net debt	–223	–1 181	957

EBITDA fell by CHF 43 million year on year to CHF 1,126 million (previous year: CHF 1,168 million). Reported EBIT was CHF 516 million (previous year: CHF 791 million). The positive trend on the financial markets led to an increase in net income to CHF 607 million (previous year: CHF 570 million). Cash flow from operating activities increased from CHF 594 million in the previous year to CHF 888 million, and net investments totalled CHF 327 million (previous year: CHF 275 million), meaning that free cash flow increased from CHF 319 million to CHF 562 million. Equity increased by CHF 493 million year on year to CHF 7,228 million, while the positive free cash flow reduced net debt from CHF 1,181 million as at 30 September 2020 to CHF 223 million as at 30 September 2021.

CHF million	2020/21	2019/20	Variance
Total income	6 056	4 808	1 248
Expenses for energy procurement, grid usage and goods purchased	–3 608	–2 330	–1 278
Operating expenses	–1 397	–1 380	–17
Share of result of partner plants and other associates	74	70	4
EBITDA	**1 126**	**1 168**	**–43**
Depreciation and amortisation	–610	–377	–233
EBIT	**516**	**791**	**–276**
One-off effects	–15	34	–50
Adjusted EBIT	**500**	**826**	**–326**
Financial result	235	–191	426
Income taxes	–144	–30	–114
Result for the period	**607**	**570**	**37**

The Axpo Group's total income of CHF 6,056 million was CHF 1,248 million higher than in the previous year (CHF 4,808 million). The increase was largely attributable to higher hedges from the growth in the end-customer business in Italy and Spain as a result of the rise in prices, which helped increase income from energy trading from CHF 640 million to CHF 1,127 million. However, expenses for energy procurement were also higher. The positive price effect of CHF 175 million from electricity prices hedged up to three years in advance also contributed to the increase, while the volume effect of CHF 104 million from lower electricity production had a negative impact. Production from nuclear power plants fell by 6% or 1.2 TWh year on year, primarily due to the extended overhaul-related shutdown of the Leibstadt nuclear power plant. Swiss hydro power plants produced 9.9 TWh of electricity, a decrease of 1%. The expansion of wind and solar energy resulted in a 12% increase in electricity production from these renewable sources to 1.7 TWh (previous year: 1.5 TWh). Several wind farms and solar plants were also sold in the reporting year, boosting total income by CHF 165 million compared with the previous year. The increase in other operating income was mainly attributable to the one-off expropriation compensation of CHF 79 million received from Swissgrid.

Expenses for energy procurement, grid usage and cost of goods purchased increased by CHF 1,278 million year on year to CHF 3,608 million. This was due in particular to the price-related increase in the cost of procuring electricity and gas for the end-customer business referred to above. Expenses for materials and third-party supplies increased from CHF 226 million in the previous year to CHF 240 million due to higher maintenance expenses for the Beznau nuclear power plant. Personnel expenses increased by CHF 31 million year on year to CHF 792 million (previous year: CHF 761 million). While the sale of Avectris reduced the headcount by 460 full-time equivalents, this was offset by an expansion of the workforce elsewhere, resulting in higher personnel expenses, chiefly in the growth businesses of renewable energy, origination and building technology. The number of employees (FTEs) as at the balance sheet date was slightly lower

overall, falling from 5,350 as at the end of 2019/20 to 5,338 as at 30 September 2021. Other operating expenses decreased by CHF 27 million compared with the previous year due to lower capital taxes and higher utilisation of nuclear provisions compared with the previous year.
Scheduled depreciation and amortisation was almost unchanged year on year at around CHF 380 million. The annual impairment test carried out for power plants resulted in a non-cash impairment of CHF 232 million. This impairment was mainly attributable to the Limmern pumped storage plant. Although market prices are currently higher, there has been a further deterioration in the forecast medium to long-term deployment and marketing opportunities for this highly flexible power plant, making it necessary to recognise another substantial impairment charge.
Earnings before interest and tax (EBIT) came to CHF 516 million in the 2020/21 financial year (previous year: CHF 791 million). The following three special effects are not included in the adjusted EBIT: the out-performance of CHF 168 million by the decommissioning and waste disposal funds (STENFO) compared with the target return (previous year: underperformance of CHF 34 million), the additional one-off compensation of CHF 79 million for the transfer of the electricity grid to Swissgrid, and additional impairment losses of CHF 232 million on power plants. Adjusted EBIT thus came to CHF 500 million, down CHF 326 million compared with the previous year. This decrease was primarily attributable to the accounting-related shifts in profit referred to above.
The financial result improved by CHF 426 million year on year to CHF 235 million. The general trend on the capital markets led to a higher STENFO return of CHF 313 million compared with the previous year and higher gains of CHF 62 million on the securities portfolio. Currency gains of CHF 12 million (previous year: losse of CHF 30 million) were also recorded in the past financial year. Income taxes increased to CHF 144 million (previous year: CHF 30 million), which corresponds to an income tax rate of 19%. The Group thus closed the 2020/21 financial year with an overall result for the period of CHF 607 million (previous year: CHF 570 million).

Generation & Distribution

CHF million	2020/21	2019/20	Variance
Total income	2 473	1 960	513
Operating expenses	–1 883	–1 584	–299
Share of result of partner plants and other associates	58	60	–2
Depreciation and amortisation	–532	–271	–261
EBIT	**115**	**164**	**–49**
One-off effects	52	26	26
Adjusted EBIT	**167**	**190**	**–23**

The Generation & Distribution segment reported an EBIT figure of CHF 115 million in the reporting year (previous year: CHF 164 million). Adjusted EBIT – in other words excluding the higher/lower STENFO return, the one-off expropriation compensation received from Swissgrid and the impairment losses on power plants – fell by CHF 23 million year on year to CHF 167 million. The higher electricity prices had a positive impact of CHF 145 million on earnings. Several wind farms and solar plants were also sold in the reporting year, contributing CHF 82 million to earnings. Lower production from the nuclear and hydro power plants compared with the previous year had a negative impact of CHF 70 million on earnings, while utilisation of provisions for onerous energy procurement contracts fell by CHF 55 million compared with 2019/20. Shifts in income from internal electricity price hedging had a negative impact of CHF 119 million on the earnings of Generation & Distribution.

Trading & Sales

CHF million	2020/21	2019/20	Variance
Gross margin asset-backed trading	353	248	105
Gross margin origination	518	217	301
Gross margin proprietary trading	86	287	–201
Gross margin	**957**	**752**	**205**
Operating expenses	–426	–383	–43
EBIT performance view	**531**	**369**	**162**
Hedging effects / other reconciliation items	–272	129	–401
EBIT	**259**	**498**	**–239**

Trading & Sales once again exceeded the exceptionally good operating result it achieved in the previous year. Its operating performance (performance view), excluding shifts in profit due to hedging effects (accounting mismatches), improved by more than 40% year on year to CHF 531 million. The main contributors were asset-backed trading and origination business. As expected, proprietary trading, which took advantage of the high market volatility in spring 2020 caused by the Covid-19 pandemic, made a lower contribution to earnings than in the previous year. While in the previous year hedging effects had a positive impact of CHF 129 million on earnings, shifts in income from hedges had a negative impact of CHF 272 million on the EBIT figure for the reporting year.

CKW

CHF million	2020/21	2019/20	Variance
Total income	916	820	95
Operating expenses	–680	–637	–43
Share of result of partner plants and other associates	10	7	4
Depreciation and amortisation	–71	–65	–6
EBIT	**175**	**124**	**50**
One-off effects	–67	9	–76
Adjusted EBIT	**107**	**133**	**–26**

CKW increased its reported EBIT figure by CHF 50 million to CHF 175 million. The increase includes both positive effects from the STENFO performance and the expropriation compensation received from Swissgrid, totalling CHF 67 million overall. Excluding these two special effects, adjusted EBIT decreased by CHF 26 million year on year to CHF 107 million. Energy production made a lower contribution to earnings than in the previous year. The slightly higher electricity prices compared with the previous year were offset by lower production volumes, which were primarily due to the extended overhaul-related shutdown of the Leibstadt nuclear power plant. In addition, reversals of provisions were CHF 17 million lower than in the previous year, while the trading result also fell by CHF 13 million year on year.

Cash flow statement

CHF million	2020/21	2019/20	Variance
Cash flow from operating activities	888	594	295
Net investment in non-current assets	–327	–275	–52
Free cash flow	**562**	**319**	**243**
Cash flow from financing activities	–385	–362	–23
Cash and cash equivalents as at 30.9.	1 818	1 513	305

Cash flow from operating activities increased by CHF 295 million year on year to CHF 888 million (previous year: CHF 594 million). The further improvement in the operating performance of Trading & Sales resulted in an additional cash inflow of CHF 300 million compared with the previous year. The higher cash flow from Trading & Sales included significant cash outflows from the hedging of the Group's own production, which led to a substantial increase in net working capital, but also significant cash inflows from margin calls in connection with energy trading. Income taxes paid rose year on year from CHF 45 million to CHF 126 million. Gross investments were CHF 125 million higher in the 2020/2021 financial year, at CHF 482 million, with investments in wind and solar energy in particular increasing from CHF 107 million to CHF 249 million. This was offset by higher divestments of CHF 84 million and payments of CHF 49 million received from the decommissioning and waste disposal funds, resulting in net investments of CHF 327 million (previous year: CHF 275 million). As a result of the higher operating cash flow and the slight rise in net investments, free cash flow increased to CHF 562 million (previous year: CHF 319 million). Cash and cash equivalents therefore increased by CHF 305 million in the reporting period to CHF 1,818 million as at 30 September 2021.

Balance sheet

CHF million	2020/21	2019/20	Variance
Non-current assets	19 167	14 022	5 146
Current assets	25 509	7 653	17 856
Total assets	**44 676**	**21 675**	**23 002**
Equity	7 228	6 734	493
Non-current liabilities	15 216	9 984	5 232
Current liabilities	22 232	4 956	17 276
Total liabilities and equity	**44 676**	**21 675**	**23 002**
Net debt	**–223**	**–1 181**	**957**

The sharp rise in energy prices, chiefly towards the end of the reporting year, resulted in a marked expansion of the balance sheet. The Group had total assets of CHF 44.7 billion as at 30 September 2021 (previous year: CHF 21.7 billion). The rise in energy prices led to a more than sixfold increase in both the positive and negative replacement values of derivative financial instruments. 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 2021, production hedged for three years stood at around 70 TWh. Equity grew by CHF 493 million in the reporting period to CHF 7,228 million, while the equity ratio fell to 16.1% (previous year: 31.1%) as a result of the balance sheet expansion. Liquidity increased from CHF 3.8 billion to CHF 4.3 billion in the reporting period, with financial liabilities reduced from CHF 5.0 billion to CHF 4.5 billion. This resulted in a fall in net financial liabilities to CHF 223 million as at 30 September 2021 (previous year: CHF 1,181 million).
The Board of Directors will propose to the Annual General Meeting that a total of CHF 80 million, the same amount as in the previous year, be paid out to shareholders in the form of dividends.

Consolidated statement of comprehensive income

CHF million	Notes	2020/21	2019/20
Income statement			
Revenues from energy sales and grid usage	2.1	5 766.3	4 639.4
Capitalised production costs		55.1	56.3
Other operating income		234.8	112.1
Total income	2.1	**6 056.2**	**4 807.8**
Expenses for energy procurement, grid usage and goods purchased	2.2	–3 607.5	–2 329.5
Expenses for materials and third-party supplies		–240.3	–226.3
Personnel expenses	5.1	–791.6	–760.9
Other operating expenses	2.3	–364.9	–392.4
Share of result of partner plants and other associates	6.3	73.9	69.7
Earnings before interest, tax, depreciation and amortisation (EBITDA)		**1 125.8**	**1 168.4**
Depreciation, amortisation and impairments	2.4	–610.1	–377.2
Earnings before interest and tax (EBIT)		**515.7**	**791.2**
Financial income	2.5	489.1	81.1
Financial expense	2.5	–253.8	–272.1
Earnings before tax (EBT)		**751.0**	**600.2**
Income tax expense	2.6	–143.9	–29.9
Result for the period		**607.1**	**570.3**

CHF million	Notes	2020/21	2019/20
Other comprehensive income			
Currency translation differences	4.1	5.7	–10.3
Share of currency translation differences - other associates	4.1, 6.3	1.1	0.6
Changes to cash flow hedges - group companies	4.1	–352.1	51.0
Changes to cash flow hedges - other associates	4.1, 6.3	5.2	1.5
Income and expenses to be reclassified subsequently to profit or loss, net after income tax		**–340.1**	**42.8**
Remeasurement of defined benefit plans - group companies	4.1	262.7	191.9
Remeasurement of defined benefit plans - other associates	4.1, 6.3	52.3	37.4
Income and expenses not to be reclassified subsequently to profit or loss, net after income tax		**315.0**	**229.3**
Other comprehensive income after tax		**–25.1**	**272.1**
Total comprehensive income		**582.0**	**842.4**
Allocation of the result for the period:			
Axpo Holding shareholders		579.5	548.5
Non-controlling interests		27.6	21.8
Allocation of total comprehensive income:			
Axpo Holding shareholders		565.5	805.1
Non-controlling interests		16.5	37.3
Earnings per share:			
Earnings per share in CHF		15.7	14.8

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

Consolidated balance sheet

CHF million	Notes	30.9.2021	30.9.2020
Assets			
Property, plant and equipment	3.1	4 374.2	4 723.8
Right-of-use assets	3.2	153.8	176.3
Intangible assets	3.3	887.4	978.6
Investments in partner plants and other associates	6.3	1 596.9	1 477.8
Derivative financial instruments	4.5	6 553.2	1 570.7
Financial receivables	4.3	2 016.5	2 081.6
Investment properties		40.6	41.0
Other receivables	3.5	3 369.9	2 823.8
Deferred tax assets	2.6	174.7	148.0
Total non-current assets		**19 167.2**	**14 021.6**
Assets held for sale	6.2	242.3	34.8
Inventories	3.4	994.3	659.2
Trade receivables		1 594.7	891.8
Financial receivables	4.3	1 069.3	950.1
Current tax assets		41.7	20.0
Derivative financial instruments	4.5	12 181.3	1 359.6
Other receivables	3.5	7 567.2	2 224.7
Cash and cash equivalents	4.2	1 818.0	1 512.7
Total current assets		**25 508.8**	**7 652.9**
Total assets		**44 676.0**	**21 674.5**

CHF million	Notes	30.9.2021	30.9.2020
Equity and liabilities			
Share capital	4.1	370.0	370.0
Retained earnings	4.1	7 030.7	6 234.2
Other reserves	4.1	−704.9	−397.2
Total equity excluding non-controlling interests		**6 695.8**	**6 207.0**
Non-controlling interests	4.1	531.8	527.2
Total equity including non-controlling interests		**7 227.6**	**6 734.2**
Financial liabilities	4.4	3 680.0	4 137.1
Derivative financial instruments	4.5	7 278.5	1 409.7
Other liabilities	3.6	385.3	394.6
Deferred tax liabilities	2.6	191.6	203.3
Provisions	3.7	3 680.8	3 839.5
Total non-current liabilities		**15 216.2**	**9 984.2**
Liabilities held for sale	6.2	263.0	28.7
Trade payables		662.9	326.4
Financial liabilities	4.4	811.5	891.8
Current tax liabilities		166.5	92.6
Derivative financial instruments	4.5	14 548.4	1 338.3
Other liabilities	3.6	5 088.8	2 099.9
Provisions	3.7	691.1	178.4
Total current liabilities		**22 232.2**	**4 956.1**
Total liabilities		**37 448.4**	**14 940.3**
Total equity and liabilities		**44 676.0**	**21 674.5**

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 1.10.2019	**370.0**	**5 473.2**	**–440.7**	**5 402.5**	**504.0**	**5 906.5**
Other comprehensive income after tax		212.2	44.4	**256.6**	15.5	**272.1**
Result for the period		548.5		**548.5**	21.8	**570.3**
Total comprehensive income		**760.7**	**44.4**	**805.1**	**37.3**	**842.4**
Dividend		0.0		**0.0**	–6.0	**–6.0**
Change in scope of consolidation		6.6	–0.9	**5.7**	–6.8	**–1.1**
Non-controlling interests acquired		–6.3	0.0	**–6.3**	–1.3	**–7.6**
Equity as at 30.9.2020	**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**

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

Consolidated cash flow statement

CHF million	Notes	2020/21	2019/20
Earnings before tax (EBT)		751.0	600.2
Financial result	2.5	–235.3	191.0
Earnings before interest and tax (EBIT)		**515.7**	**791.2**
(Gain)/loss on disposal of non-current assets and non-current assets and liabilities held for sale		–156.5	16.5
Non-cash expenses and income	4.2	3 236.0	218.2
Change in net working capital	4.2	–2 748.4	–352.0
Change in derivative financial instruments and other financial result		–209.5	95.3
Change in provisions (excluding interest, net)	3.7	329.8	–193.2
Dividends received		47.4	62.0
Income taxes paid		–126.4	–44.5
Cash flow from operating activities		**888.1**	**593.5**
Property, plant and equipment:			
Investments net of capitalised borrowing costs	3.1	–441.0	–291.1
Disposals and cost contributions		6.1	11.3
Leases:			
Receipt of deferred considerations		3.2	0.0
Intangible assets:			
Investments (excluding goodwill)	3.3	–16.6	–25.0
Disposals		0.4	0.5
Acquisition of subsidiaries (net of cash acquired)		–17.4	–13.3
Disposals of subsidiaries (net of cash transferred)	6.1	83.7	0.0
Cash flow from non-current assets and liabilities held for sale		0.3	41.9
Investments in partner plants and other associates:			
Investments	6.3	–4.4	–27.0
Disposals and capital repayments		10.0	30.9

CHF million	Notes	2020/21	2019/20
Other financial assets:			
Investments		–329.1	–435.8
Disposals and repayments		137.7	172.0
Receivables from state funds		48.5	–2.8
Investment properties and change in other financial assets		0.6	1.6
Financial receivables (current)		261.6	143.6
Interest received		46.1	35.2
Cash flow from/used in investing activities		**–210.3**	**–358.0**
Financial liabilities (current and non-current):			
Proceeds	4.4	2 455.7	2 352.4
Repayment	4.4	–2 649.1	–2 586.4
Other liabilities (non-current):			
Proceeds		13.3	12.0
Other cash flows from financing activities		12.4	–8.1
Dividend payments (including non-controlling interests)	4.1	–86.4	–5.9
Interest paid		–130.4	–126.3
Cash flow from/used in financing activities		**–384.5**	**–362.3**
Foreign currency translation effect on cash and cash equivalents		12.0	–15.9
Change in cash and cash equivalents		**305.3**	**–142.7**
Cash and cash equivalents at the beginning of the reporting period	4.2	**1 512.7**	**1 655.4**
Cash and cash equivalents at the end of the reporting period	4.2	**1 818.0**	**1 512.7**

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 5,338 staff as at 30 September 2021 (previous year: 5,350).
The 2020/21 financial year was characterised by sharply rising energy prices and positive developments on the capital markets. The increase in energy prices intensified significantly again in the final month of the reporting year. These market developments are reflected in the balance sheet and equity as at 30 September 2021. The effects of the market developments can be seen mainly in the following tables in the Notes: 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 financial year 2020/21 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 8 December 2021 and are still to be approved by the Annual General Meeting on 14 January 2022.

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 on the balance sheet date. The income statement, cash flow statement and other movement positions are translated at the average exchange rate for the reporting period. Exchange differences arising from the translation of the balance sheet and the 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**	**30.9.2021**	**30.9.2020**	**2020/21**	**2019/20**
EUR	1	1.0830	1.0804	1.0872	1.0749
USD	1	0.9353	0.9228	0.9097	0.9603

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 2020:

Standard	Title	Effective from
Amendments to IFRS 16	COVID-19-Related Rent Concessions	1 June 2020
Framework for financial reporting		1 January 2020
Amendments to IFRS 3	Definition of Business	1 January 2020
Amendments to IAS 1 and IAS 8	Definition of Material	1 January 2020
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform - phase 1	1 January 2020

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 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
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	Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policy	1 January 2023
Amendments to IAS 8	Definition of Accounting Estimates	1 January 2023
Amendments to IAS 12	Deferred Tax Related to Assets and Liabilities Arising form a Single Transaction	1 January 2023

The Axpo Group will review its reporting on those new or amended standards that come into force on or after 1 January 2021 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 of 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

In the financial year 2020/21, Axpo Group concluded an agreement with an investor for the sale of photovoltaic portfolios with newly built photovoltaic plants in France. The closing for one of these photovoltaic portfolios took place on 25 October 2021. The corresponding assets and liabilities were recognised as “held for sale” as at 30 September 2021.
There are no further 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 using 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 as well as 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, Axpo Services AG and Avectris group (until sale in December 2020), which are not operating segments, as well as consolidation effects are combined under "Reconciliation".

Segment income statement 2020/21

CHF million	Generation & Distribution	Trading & Sales	CKW	Reconciliation	**Total**
Revenues from energy sales and grid usage by external customers	805.3	4 087.8	845.0	28.2	**5 766.3**
Revenues from energy sales and grid usage by other segments	1 510.7	528.5	8.8	–2 048.0	**0.0**
Capitalised production costs	32.8	0.0	19.3	3.0	**55.1**
Other operating income	124.2	46.2	42.6	21.8	**234.8**
Total income	**2 473.0**	**4 662.5**	**915.7**	**–1 995.0**	**6 056.2**
Operating expenses	–1 883.2	–4 379.4	–680.2	1 938.5	**–5 004.3**
Share of result of partner plants and other associates	57.8	0.3	10.4	5.4	**73.9**
Depreciation, amortisation and impairments	–532.2	–24.6	–71.4	18.1	**–610.1**
Earnings before interest and tax (EBIT)	**115.4**	**258.8**	**174.5**	**–33.0**	**515.7**
Financial result					**235.3**
Earnings before tax (EBT)					**751.0**
Income tax expense					**–143.9**
Result for the period					**607.1**

Segment income statement 2019/20

CHF million	Generation & Distribution	Trading & Sales	CKW	Reconciliation	**Total**
Revenues from energy sales and grid usage by external customers	673.1	3 108.1	780.1	78.1	**4 639.4**
Revenues from energy sales and grid usage by other segments	1 234.3	125.8	4.4	–1 364.5	**0.0**
Capitalised production costs	32.4	0.0	20.5	3.4	**56.3**
Other operating income	19.9	29.6	15.4	47.2	**112.1**
Total income	**1 959.7**	**3 263.5**	**820.4**	**–1 235.8**	**4 807.8**
Operating expenses	–1 583.9	–2 745.9	–637.2	1 257.9	**–3 709.1**
Share of result of partner plants and other associates	59.5	0.0	6.6	3.6	**69.7**
Depreciation, amortisation and impairments	–271.4	–19.7	–65.4	–20.7	**–377.2**
Earnings before interest and tax (EBIT)	**163.9**	**497.9**	**124.4**	**5.0**	**791.2**
Financial result					**–191.0**
Earnings before tax (EBT)					**600.2**
Income tax expense					**–29.9**
Result for the period					**570.3**

Segment assets and supplementary information as per 30.9.2021

CHF million	Generation & Distribution	Trading & Sales	CKW	Reconciliation	Total
Additions to non-current assets [1]	360.3	32.8	89.4	34.1	**516.6**
Investments in partner plants and other associates	1 186.2	5.3	286.3	119.1	**1 596.9**
Segment assets [2]	6 299.8	29 922.5	2 857.0	5 596.7	**44 676.0**
thereof "assets held for sale"	192.4	0.0	0.0	49.9	**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 of segment assets includes assets not allocated (non-operative 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).

Segment assets and supplementary information as per 30.9.2020

CHF million	Generation & Distribution	Trading & Sales	CKW	Reconciliation	Total
Additions to non-current assets [1]	41.2	14.1	96.7	262.1	**414.1**
Investments in partner plants and other associates	1 097.8	5.1	285.8	89.1	**1 477.8**
Segment assets [2]	9 553.3	6 228.1	2 432.0	3 461.1	**21 674.5**
thereof "assets held for sale"	33.0	0.0	0.0	1.8	**34.8**

1) Additions to property, plant and equipment, assets under construction, prepayments on 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 of segment assets includes assets not allocated (non-operative 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 2020/21	Non-current assets [1] 2020/21	Revenues from contracts with customers 2019/20	Non-current assets [1] 2019/20
Switzerland	2 986.6	9 299.1	2 673.9	9 445.0
Italy	906.7	247.4	1 031.0	269.8
Spain	171.5	0.8	72.2	1.0
Germany	35.4	37.4	10.8	44.1
Portugal	216.3	0.7	157.5	0.8
France	206.3	487.5	132.8	378.3
Other countries	116.9	12.6	74.7	1.8
Total	**4 639.7**	**10 085.5**	**4 152.9**	**10 140.8**

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.

The table “Information by country” no longer shows revenues from energy sales and grid usage, but revenues from contracts with customers. The exclusion of the result from energy derivatives trading, which varies greatly from one country to another from one balance sheet date to the next, provides the reader of the financial statements with more reliable and meaningful information. The comparative figures for the financial year 2019/20 have been adjusted accordingly.

Information by product

CHF million	Revenues from energy sales and grid usage 2020/21	Revenues from energy sales and grid usage 2019/20
Energy	3 612.5	3 235.7
Grid usage	516.2	487.7
Net revenues from energy business and grid usage	**4 128.7**	**3 723.4**
Other net revenue	511.0	429.5
Total revenues from contracts with customers	**4 639.7**	**4 152.9**
Result from energy derivatives trading	1 126.6	486.5
Total	**5 766.3**	**4 639.4**

Result from energy derivatives trading also contains positive results of economic hedge contracts entered into to hedge retail sales contracts. Onerous contract provisions for these sale contracts are recognised in the “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 30.9.2019	**28.8**	**25.3**
Change in scope of consolidation	0.2	1.9
Revenues included in contract liabilities at the beginning of the period	0.0	–10.9
Reclassification from contract assets to trade receivables	–21.4	0.0
Change due to adjustment of progress	22.8	11.4
Other changes	3.7	–0.3
Impairment losses	–0.2	0.0
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**

Capitalised contract costs of CHF 21.7 million (previous year: CHF 8.0 million) are included in Note 3.5 “Other receivables” under the long-term position “Other (non-financial instruments)”. Capitalised contract costs in the amount of CHF 10.1 million were amortised in financial year 2020/21 (previous year: CHF 3.1 million). Amortisation is charged over the term of the customer contracts. No impairment losses were recognised on capitalised contract costs in the current financial 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 in 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 the 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.

Net 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 of the balance sheet date is shown as "Revenues not yet invoiced (financial instruments)" under other receivables.

Net revenue from energy business and grid usage include 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 his 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 as well as at a point in time.

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

CHF million	2020/21	2019/20
Expenses for energy procurement and grid usage from third parties and associates	–2 866.9	–1 519.2
Expenses for energy procurement and grid usage from partner plants	–583.2	–743.6
Increase in provisions for onerous energy procurement contracts (excluding interest) (Note 3.7.1)	–0.1	–0.2
Reversal in provisions for onerous energy procurement contracts (excluding interest) (Note 3.7.1)	3.9	2.5
Cost of goods	–161.2	–69.0
Total	**–3 607.5**	**–2 329.5**

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	2020/21	2019/20
IT expenses	–119.5	–107.5
Charges, fees and capital taxes	–111.7	–122.2
Loss allowances on receivables	–22.3	–24.4
Other operating expenses	–111.4	–138.3
Total	**–364.9**	**–392.4**

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, loss 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 financial year 2020/21

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
	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							**–610.1**
Provisions for onerous energy procurement contracts (net change)			**–0.1**	**3.9**	**0.0**	**0.0**	**3.8**

Allocation of impairment losses, impairment reversals and changes in provisions for onerous energy procurement contracts for the financial year 2019/20

CHF million			Generation & Distribution	Trading & Sales	CKW	Reconciliation	Total
Production abroad	Property, plant and equipment	Impairment losses	–61.5	0.0	0.0	0.0	–61.5
		Impairment reversals	77.8	0.0	0.0	0.0	77.8
Investments Switzerland	Goodwill	Impairment losses	–27.3	0.0	0.0	0.0	–27.3
Investments Switzerland	Other associates	Impairment losses	0.0	0.0	0.0	–5.3	–5.3
Investments abroad	Other associates	Impairment reversals	19.8	0.0	0.0	0.0	19.8
Total impairment losses/reversals on assets			**8.8**	**0.0**	**0.0**	**–5.3**	**3.5**
Depreciation and amortisation on property, plant and equipment, right-of-use assets and intangible assets							–380.7
Total depreciation, amortisation and impairments							**–377.2**
Provisions for onerous energy procurement contracts (net change)			**0.4**	**1.9**	**0.0**	**0.0**	**2.3**

The impairment losses on production facilities in the financial year 2020/21 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. The reversal of impairment losses in the financial year 2019/20 of CHF 5.8 million net on power plant facilities, investments and energy procurement contracts was attributable to power plant-specific factors.

Discount rates

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

in %	After-tax discount rate 30.9.2021	After-tax discount rate 30.9.2020
Gas-fired combined-cycle power plants, Italy	n.a	4.5
Wind production, France	n.a	3.6
Wind production, Germany	n.a	2.9-3.1
Hydraulic plants, Switzerland	3.8	4.2
Photovoltaic, Switzerland	3.8	n.a
Goodwill Axpo Italia S.p.A.	4.5	4.8
Goodwill Urbasolar Group	3.5	3.6
Goodwill others	n.a	4.2-4.3

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:

in %	Break-even after-tax discount rate 30.9.2021	Break-even after-tax discount rate 30.9.2020
Axpo Italia S.p.A.	12.3	17.7
Urbasolar Group	11.3	6.4
Others	n.a	13.2

Accounting principles

Impairment of 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 expenditures, 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 of 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. 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 rights. The time horizon for the calculation extends over 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 extends over the concession period or the term of the procurement contract and the operating life of the plant, respectively.

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 of 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 4,374.2 million (previous year: CHF 4,723.8 million; see Note 3.1 "Property, plant and equipment"), right-of-use assets of CHF 153.8 million (previous year: CHF 176.3 million; see Note 3.2 "Leases") as well as energy procurement and plant usage rights and concessions totalling CHF 548.9 million (previous year: CHF 608.3 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, 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 575.5 million for onerous energy procurement contracts (previous year: CHF 644.6 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	2020/21	2019/20
Interest income	54.1	36.7
Income from state funds	337.9	25.4
Income from investment properties	2.6	3.3
Net exchange rate gains	11.5	0.0
Realised/unrealised gains from financial assets "at fair value through profit or loss", net	67.2	5.0
Other financial income	15.8	10.7
Total financial income	**489.1**	**81.1**
Interest expense	–147.5	–142.1
Interest expense provision for post-operation, decommissioning and disposal	–82.4	–81.2
Investment property expense	–1.1	–1.0
Net exchange rate losses	0.0	–29.7
Other financial expense	–22.8	–18.1
Total financial expense	**–253.8**	**–272.1**
Total	**235.3**	**–191.0**

The realised and unrealised exchange rate gains and losses as well as the realised and unrealised gains and losses from the other financial instruments are presented net.
The interest expense of CHF 147.5 million (previous year: CHF 142.1 million) includes interest of CHF 12.6 million (previous year: CHF 17.0 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 2020/21	Other comprehensive income 2020/21	Income statement 2019/20	Other comprehensive income 2019/20
Net profit/loss included in the financial result				
On financial assets and liabilities at fair value through profit or loss (held for trading)	–2.1	0.0	0.2	0.0
On derivatives designated as hedges	–39.6	10.0	–46.9	–34.6
On financial assets and liabilities at fair value through profit or loss (mandatory)	67.2	0.0	5.0	0.0
At amortised cost	–22.0	0.0	–16.3	0.0
Interest income and expense				
Interest income from financial assets not accounted for at fair value through profit or loss	54.1	0.0	36.5	0.0
Interest expense from financial liabilities not accounted for at fair value through profit or loss	–134.1	0.0	–125.2	0.0

2.6 Income taxes

CHF million	2020/21	2019/20
Current income taxes	–184.8	–111.8
Deferred income taxes	40.9	81.9
Total income taxes directly recognised in the income statement	**–143.9**	**–29.9**
Total income taxes directly recognised in other comprehensive income	**–4.9**	**–62.5**

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	2020/21	2019/20
Earnings before tax (EBT)	751.0	600.2
Expected tax rate (ordinary tax rate at head office)	18.55%	18.61%
Income tax at expected tax rate	**–139.3**	**–111.7**
Non-tax-deductible expenses	–26.0	–30.4
Effect from previous periods	0.5	2.7
Effect of tax rate changes	1.7	–11.5
Effect of income not subject to tax or tax privileged[1)]	57.9	19.7
Unrecorded tax-loss carry forwards	–25.9	–9.6
Utilisation of unaccounted tax-loss carry forwards from previous reporting years	0.6	127.2
Earnings taxable at different tax rates	–10.4	–10.6
Reassessment of deferred tax assets	–2.5	–4.7
Other effects	–0.5	–1.0
Total income taxes (current and deferred)	**–143.9**	**–29.9**

1) The main effect of income not subject to tax or tax privileged comes from the sale of subsidiaries.

The ordinary tax rate at the head office comprises direct federal tax (8.5%) and cantonal and municipal taxes of the Canton of Aargau (14.28%). Due to the deductibility of both taxes from taxable income, this results in an effective ordinary tax rate for the head office of 18.55% (previous year: 18.61%).

Deferred taxes by origin of temporary differences

CHF million	Assets 30.9.2021	Liabilities 30.9.2021	Assets 30.9.2020	Liabilities 30.9.2020
Property, plant and equipment	424.5	68.4	382.5	68.7
Right-of-use assets	1.4	33.2	4.6	32.5
Intangible assets	4.2	78.8	4.6	99.3
Investments	4.6	25.3	4.8	18.8
Positive derivative financial instruments (current and non-current)	2.4	779.1	5.8	17.4
Other assets (non-current)	0.2	70.1	0.3	31.1
Trade receivables	21.6	0.6	22.1	0.7
Other receivables (current)	43.4	19.8	5.0	19.6
Provisions (current and non-current)	98.7	400.8	14.5	337.3
Negative derivative financial instruments (current and non-current)	787.5	33.0	24.8	29.8
Other liabilities (non-current)	36.1	2.8	55.9	5.6
Other liabilities (current)	27.0	0.2	21.7	1.1
Capitalised tax-loss carry forwards	43.6	0.0	60.0	0.0
Deferred taxes, gross	**1 495.2**	**1 512.1**	**606.6**	**661.9**
Offsetting of assets and liabilities	–1 320.5	–1 320.5	–458.6	–458.6
Deferred taxes, net	**174.7**	**191.6**	**148.0**	**203.3**

As in the previous year, as at 30 September 2020 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 1.10.2019, gross	**609.2**	**688.0**
Change in scope of consolidation	2.0	0.5
Change in other comprehensive income	–5.9	54.3
Change in the income statement	2.4	–79.5
Foreign currency translation	–1.1	–1.4
Balance as at 30.9.2020, gross	**606.6**	**661.9**
Offsetting of assets and liabilities	–458.6	–458.6
Balance as at 30.9.2020, net	**148.0**	**203.3**
Balance as at 30.9.2020, 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**

Expiry dates of tax-loss carry forwards, non-capitalised

CHF million	30.9.2021	30.9.2020
Expiring in the following year	88.9	79.6
Expiring within 2 to 5 years	295.6	377.5
Expiring in more than 5 years	698.9	536.6
Total	**1 083.4**	**993.7**

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 is 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. An agreement was concluded with the canton of Valais in the past fiscal year that met Axpo's financial expectations. 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 1.10.2019	**2 632.0**	**1 455.1**	**304.5**	**69.5**	**377.9**	**4 839.0**
thereof acquisition costs	11 725.4	3 519.1	590.8	229.9	571.7	16 636.9
thereof accumulated depreciation and impairments	–9 093.4	–2 064.0	–286.3	–160.4	–193.8	–11 797.9
Change in scope of consolidation	–1.2	0.0	2.5	3.4	0.6	5.3
Additions (investments) [3]	2.0	7.5	0.5	5.7	273.4	289.1
Disposals	–3.4	–6.4	–0.6	–7.7	–0.5	–18.6
Adjustments to acquisition costs IFRIC 1	13.8	0.0	0.0	0.0	0.0	13.8
Reclassification to/from "assets held for sale"	–29.3	0.0	0.0	0.0	0.0	–29.3
Reclassifications	92.3	47.9	2.1	26.1	–275.3	–106.9
Depreciation in reporting period	–168.1	–74.2	–14.5	–23.7	0.0	–280.5
Impairment losses	–61.5	0.0	0.0	0.0	0.0	–61.5
Impairment reversals	77.8	0.0	0.0	0.0	0.0	77.8
Foreign currency translation	–3.4	0.0	0.0	0.0	–1.0	–4.4
Carrying amount as at 30.9.2020	**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	–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 (previous year: CHF 25.9 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 (previous year: CHF 42.9 million) leased out under operating lease agreements.
3) Investments in the amount of CHF 4.1 million (previous year: CHF 2.0 million) were capitalised and deferred in previous years. Payment was made in 2020/2021 and 2019/20.

In the financial year 2020/21, the acquisition costs of the "power plants" were reduced by a net amount of CHF 72.7 million. The consideration of the provisional 2021 cost studies resulted in a reduction of the acquisition costs for the Beznau nuclear power plant (KKB) in the amount of CHF 88.8 million. In the same financial year, acquisition costs were increased by CHF 13.8 million (previous year: CHF 13.8 million). In addition, the acquisition costs for wind farms in France increased by CHF 2.3 million. These changes in estimate were taken into account in accordance with IFRIC 1 in the line item "Adjustment to acquisition costs IFRIC 1" in the account "Power plants" as well as in the provision "Post-operation, decommissioning, disposal" and "Other provisions" (see also Note 3.7.1 "Provisions", "Significant judgments and estimation uncertainties", section provisions for "Post-operation, decommissioning, disposal").
Reclassifications totalling CHF 325.1 million (previous year: CHF 275.3 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.
Furthermore, photovoltaic systems with a carrying amount of CHF 81.0 million, which were reclassified to inventories in the previous year due to the change in strategy, were reclassified back to property, plant and equipment.
In the financial year 2020/21, property, plant and equipment with a carrying amount of CHF 115.6 million (previous year: CHF 29.3 million) were classified as held for sale and reclassified to assets held for sale.
In the previous year, land and buildings with a carrying amount of CHF 18.6 million which are no longer used for operational purposes were reclassified to investment properties.

Transmission systems
The Electricity Supply Act (StromVG) entered into force on 1 January 2008. The law requires all transmission systems to be transferred to the national grid operator Swissgrid AG within five years. On 3 January 2013, on the basis of the non-cash contribution agreements, transmission system owners EGL Grid AG, Nordostschweizerische Kraftwerke Grid AG and CKW Grid AG, and on 5 January 2015 additional facilities owned by Kraftwerke Linth-Limmern AG, Kraftwerke Sarganserland AG, Kraftwerke Vorderrhein AG and Axpo Power AG (grids) were transferred. The non-cash contributors were compensated based on provisional contribution values in the form of Swissgrid shares and loans.
ElCom issued the decisions relating to the coverage differences in 2011 and 2012 for Nordostschweizerische Kraftwerke Grid AG, EGL Grid AG and CKW Grid AG on 12 January 2021 and 9 February 2021 respectively, thereby determining the regulatory values as at 31 December 2012. No appeals were filed against the decisions. They became legally valid in March 2021. Based on the decisions, valuation adjustment 2 was carried out to determine the definitive transfer values and was audited by an independent company. As part of valuation adjustment 2, additional sale proceeds of CHF 79.1 million were recognised under "Other operating income". The interest portion of CHF 23.5 million was recognised under "Financial result".

Investment commitments
Long-term contractual obligations of CHF 487.0 million (previous year: CHF 463.8 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 453.0 million (previous year: CHF 546.9 million) was pledged as collateral for financial liabilities. The major part of the pledged property, plant and equipment is related to the wind farms as well as the photovoltaic systems.

Asset under construction
Advance payments to contractors and suppliers included in assets under construction amounted to CHF 1.4 million (previous year: CHF 10.9 million).

Capitalised borrowing costs
In the 2020/21 and 2019/20 reporting years, no borrowing costs were capitalised.

Accounting principles

Property, plant and equipment

Property, plant and equipment (including nuclear fuel rods) are recognised at acquisition or manufacturing costs less accumulated depreciation and impairment losses. Unscheduled depreciation is only recognised in the case 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 the restoration of 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 case 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 1.10.2019	**131.7**	**12.5**	**5.6**	**149.8**
thereof acquisition costs	131.7	12.5	5.6	149.8
thereof accumulated amortisation and impairments	0.0	0.0	0.0	0.0
Change in scope of consolidation	2.6	0.0	0.3	2.9
Additions (investments)	43.5	1.5	0.9	45.9
Disposals	–0.2	–2.2	0.0	–2.4
Reclassification to/from "assets held for sale"	–1.1	0.0	0.0	–1.1
Amortisation in reporting period	–15.5	–1.5	–2.1	–19.1
Foreign currency translation	0.3	0.0	0.0	0.3
Carrying amount as at 30.9.2020	**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

The following amounts are recognised in the income statement for the financial year in connection with leases:

CHF million	2020/21	2019/20
Lessee		
Other operating income		
Net gain (+)/loss (-) remeasurement of leases	0.3	0.2
Other operating expenses		
Expense for short-term leases	0.6	0.9
Expense for low-value underlying lease assets	1.3	0.5
Expense related to variable lease payments not included in lease liabilities (not linked to index or interest rate)	1.5	0.0
Depreciation, impairments and impairment reversals		
Depreciation right-of-use asset	19.3	19.1
Financial expense		
Interest expense for leases	2.1	2.1

The total cash outflows for leases amounted to CHF 26.3 million in financial year 2020/21 (previous year: CHF 22.3 million).

Lessor

Axpo provides customers with energy production systems such as photovoltaic, wind power plants or combined heat and power plants. As of the reporting date, the receivables from finance leases amounted to CHF 9.2 million (previous year: CHF 10.9 million). The undiscounted future payments from finance leases amounted to CHF 10.0 million (previous year: CHF 11.3 million). Future payments of CHF 262.2 million (previous year: CHF 266.2 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 lessee and lessor.

Lessee

Lessee transactions in which Axpo is the lessee are accounted for in accordance with the right-of-use model, irrespective of the economical (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 asset and lease liability; 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 sub-lease contracts received that qualify as a finance lease 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 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 as well as 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 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 1.10.2019	**659.6**	**216.0**	**171.9**	**1 047.5**
thereof acquisition costs	2 986.3	492.0	467.1	3 945.4
thereof accumulated amortisation and impairments	−2 326.7	−276.0	−295.2	−2 897.9
Change in scope of consolidation	0.0	7.5	0.1	7.6
Additions (investments)	0.3	17.5	24.7	42.5
Disposals	0.0	−7.8	−0.6	−8.4
Reclassifications	4.5	0.0	−3.9	0.6
Amortisation in reporting period	−54.7	0.0	−26.4	−81.1
Impairment losses	0.0	−27.3	0.0	−27.3
Foreign currency translation	−1.4	−0.8	−0.6	−2.8
Carrying amount as at 30.9.2020	**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	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

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	30.9.2021	30.9.2020
Axpo Italia S.p.A.	73.8	73.6
Urbasolar Group	104.2	104.0
Others	11.0	27.5
Total	**189.0**	**205.1**

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	30.9.2021	30.9.2020
Inventories held for own use		
Gas inventories	8.0	3.0
Nuclear fuel	99.2	99.2
Certificates	2.4	2.5
Work in progress	85.4	158.8
Materials	100.7	92.1
Inventories of other energy sources	1.3	1.5
Loss allowances	–80.7	–97.0
Total	**216.3**	**260.1**
Inventories held for trading		
Gas inventories	580.9	179.6
Certificates	197.1	219.5
Total	**778.0**	**399.1**
Total	**994.3**	**659.2**

In the previous year, inventories included wind farms and photovoltaic systems, which were reclassified to property, plant and equipment in fiscal year 2020/21 (see also Note 3.1 "Property, plant and equipment").
Inventories valued at CHF 44.5 million (previous year: CHF 127.9 million) are pledged at the balance sheet date. These relate to the wind farms available for sale.

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, stocks of materials for providing operating services as well as 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 provision for CO_2 emissions in excess of the CO_2 emission certificates already allocated is measured at fair value at the end of the reporting period. 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 which are built for sale in the ordinary course of business 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 as well as 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	30.9.2021	30.9.2020
Non-current other receivables (non-financial instruments)		
Receivables from state funds	3 032.6	2 743.3
Receivables from pension plans (Note 5.3)	183.7	0.0
Other	141.1	73.0
Allowance for doubtful debts	–4.1	–4.2
Total	**3 353.3**	**2 812.1**
Non-current other receivables (financial instruments)		
Other	47.8	42.9
Loss allowances	–31.2	–31.2
Total	**16.6**	**11.7**
Total non-current other receivables	**3 369.9**	**2 823.8**
Current other receivables (non-financial instruments)		
Accrued income and prepaid expenses	83.5	93.1
Advance payments	68.1	52.1
Contract assets	39.4	36.1
Variation margin futures own use[1)]	1 492.7	0.0
Other	139.9	142.6
Allowance for doubtful debts	–10.1	–12.5
Total	**1 813.5**	**311.4**
Current other receivables (financial instruments)		
Accrued income and prepaid expenses	38.6	34.1
Revenues not yet invoiced	2 873.5	1 262.1
Credit support annex receivables	1 732.5	193.1
Initial margin for exchanges	978.6	303.6
Other	131.3	121.5
Loss allowances	–0.8	–1.1
Total	**5 753.7**	**1 913.3**
Total current other receivables	**7 567.2**	**2 224.7**
Total	**10 937.1**	**5 048.5**

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 6.6 million in non-current lease receivables (previous year: CHF 8.6 million) and the line item "Current other receivables (financial instruments)" includes CHF 2.6 million in current lease receivables (previous year: CHF 2.2 million).
The netted receivables and payables included in "Revenues not yet invoiced" and "Operating expenses not yet invoiced" totalled CHF 2,201.4 million (previous year: CHF 1,225.1 million; see Note 3.6 "Other liabilities").
In the previous year, the variation margin in the amount of CHF 36.0 million was negative and thus was recognised in the position "Other", "Current other liabilities (non-financial instruments)" (see also 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 amounts paid into the Decommissioning Fund for Nuclear Facilities and the Waste Disposal Fund for Nuclear Power Plants are capitalised as refund claims. The future costs for disposal and decommissioning will be reimbursed to the operators by these state funds in accordance with the law. According to the provisions of the Ordinance on the Decommissioning and Waste Disposal Fund for Nuclear Facilities (SEFV), operators must pay any future long-term shortfalls or are entitled to the payment of a surplus at the time of final settlement. The occurrence of any shortfalls or surpluses can only be identified in the future.

For the calculation of the fund contribution, the SEFV provides model parameters for inflation at 0.5% and the investment return at 2.1%.

In March 2021, the Administrative Commission of the Decommissioning and Waste Disposal Fund (VK STENFO) decreed the definitive contributions for the years 2017-2021 based on the 2016 cost studies. Accordingly, Axpo no longer had to pay any fund contributions for the years 2020 and 2021. Based on the provisional order, Axpo paid annual contributions of CHF 2.8 million to the decommissioning fund.

Based on the new 2021 cost studies, the new provisional contributions for the years 2022-2026 are expected to be determined in December 2021, respectively the definitive contributions in 2023.

3.6 Other liabilities

CHF million	30.9.2021	30.9.2020
Non-current other liabilities (non-financial instruments)		
Assigned energy procurement and usage rights	57.8	61.6
Pension liability (Note 5.3)	0.0	133.0
Other	276.1	162.7
Total	**333.9**	**357.3**
Non-current other liabilities (financial instruments)		
Other	51.4	37.3
Total	**51.4**	**37.3**
Total non-current other liabilities	**385.3**	**394.6**
Current other liabilities (non-financial instruments)		
Accrued expenses and deferred income	107.3	102.2
Advance payments	88.0	107.2
Contract liabilities	23.7	27.4
Other	212.5	124.2
Total	**431.5**	**361.0**
Current other liabilities (financial instruments)		
Accrued expenses and deferred income	37.2	40.1
Operating expenses not yet invoiced	3 146.3	1 395.1
Credit support annex liabilities	1 353.3	170.0
Other	120.5	133.7
Total	**4 657.3**	**1 738.9**
Total current other liabilities	**5 088.8**	**2 099.9**
Total	**5 474.1**	**2 494.5**
Maturities of the non-current other liabilities at the end of the financial year:		
Due within 1 year	3.4	3.6
Due within 1 to 5 years	218.7	112.7
Due in more than 5 years	163.2	278.3
Total	**385.3**	**394.6**

The netted receivables and payables included in "Revenues not yet invoiced" and "Operating expenses not yet invoiced" amount to CHF 2,201.4 million (previous year: CHF 1,225.1 million; see Note 3.5 "Other receivables").
The line item "Other" of the current other liabilities (financial instruments) mainly contains credit support annexes received. 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 1.10.2020	**3 142.4**	**644.6**	**0.0**	**230.9**	**4 017.9**
Change in scope of consolidation	0.0	0.0	0.0	–6.5	–6.5
Increase	13.8	0.1	527.1	54.6	595.6
Interest	82.4	7.8	0.0	4.8	95.0
Reversal	–93.0	–3.9	0.0	–67.5	–164.4
Usage	–53.7	–71.7	0.0	–45.1	–170.5
Reclassification to/from "liabilities held for sale"	0.0	0.0	0.0	–1.1	–1.1
Reclassifications	0.0	–1.4	0.0	11.5	10.1
Foreign currency translation	0.0	0.0	–4.5	0.3	–4.2
Balance as at 30.9.2021	**3 091.9**	**575.5**	**522.6**	**181.9**	**4 371.9**
Current portion of provisions	51.8	76.4	522.6	40.3	691.1
Non-current portion of provisions	3 040.1	499.1	0.0	141.6	3 680.8
Total	**3 091.9**	**575.5**	**522.6**	**181.9**	**4 371.9**

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	51.8	76.4	522.6	40.3	691.1
Due in 1 to 5 years	202.0	210.5	0.0	105.9	518.4
Due in more than 5 years	2 838.1	288.6	0.0	35.7	3 162.4
Total	**3 091.9**	**575.5**	**522.6**	**181.9**	**4 371.9**

Provisions for "Post-operation, decommissioning, disposal"

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

The line item "Increase" of the "Post-operation, decommissioning, disposal" provision contains the amount of CHF 13.8 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")

The inclusion of the new provisional 2021 cost studies led to a release of the provisions in the amount of CHF 93.0 million, of which CHF 88.8 million was recognised in accordance with IFRIC 1 as a change in accounting estimate in the provision "Post-operation, decommissioning, disposal" and in the same amount in the related assets under property, plant and equipment in "Power plants" (see Note 3.1 "Property, plant and equipment") and did not affect profit or loss. A further CHF 4.2 million was reversed through profit or loss.

Provisions for "Onerous energy procurement contracts"

The provisions for "Onerous energy procurement contracts" in the amount of CHF 575.5 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 522.6 million and relate to physical energy delivery contracts to households and small to medium-sized entities. 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").

"Other provisions"

On the basis of the Federal Court ruling of 20 July 2016 concerning the calculation of electricity tariffs and the associated uncertainty regarding the calculation basis for production costs for the tariff years since 2013/14 that have not yet been assessed, a provision of CHF 47.9 million was recognised in the balance sheet as at 30 September 2020. Interest of CHF 1.7 million was recognised for the provision in the financial year 2020/21. In its final letter dated 7 July 2021, the Swiss Federal Electricity Commission (ElCom) approved CKW's submissions and set the binding chargeable energy costs. CHF 30.0 million of the provision was used, while the remaining CHF 31.3 million was released. The provision is recognised in the CKW segment.

The line item "Increase" of the "Other provisions" includes the amount CHF 5.9 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 on the one hand with CHF 2.3 million on "Power plants" (see Note 3.1 "Property, plant and equipment") and on the other hand with CHF 3.6 million on "Work in progress" (see Note 3.4 "Inventories"). As at 30 September 2021, the item "Other provisions" includes dismantling costs for the decommissioning of wind farms in the amount of CHF 25.8 million (previous year: CHF 21.5 million).
The position also contains provisions for storage contracts in the amount of CHF 18.1 million (previous year: CHF 23.9 million) as well as provisions for contracts belonging to the origination business but which are measured at cost amounting to CHF 17.3 million (previous year: CHF 28.3 million) and provisions for personnel expenses, including bonus accruals.

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 to dispose of the radioactive waste. At the time the plant was commissioned, the expected costs were capitalised and the corresponding provision was set up. In addition, the disposal costs additionally incurred each year as a result of the operation of the power plant were capitalised and depreciated on a straight-line basis over the average useful life of the fuel elements and the corresponding provision was set up. The cost studies for decommissioning nuclear power plants and for disposing of nuclear waste are performed every five years in accordance with the Ordinance on the Decommissioning and Waste Disposal Fund (SEFV) and reviewed by the Federal Nuclear Safety Inspectorate (ENSI) and external experts. The most recent cost study was performed in 2016.
In 2020 and 2021, the 2021 cost studies were prepared and submitted to the Administrative Commission of the Funds. Based on the 2021 cost studies, the Administrative Commission of the Funds issued provisional contributions for the years 2022–2026 in December 2021. This will be followed in 2022 by reviews of the 2021 cost studies by international experts commissioned by the Administrative Commission of the Funds and by the Swiss Federal Nuclear Safety Inspectorate (ENSI). ENIS is expected to submit the proposal for setting decommissioning and waste management costs to the Administrative Commission of the Federal Department of the Environment, Transport, Energy and Communications (DETEC) at the end of 2022. Based on the DETEC decision, which is expected in mid-2023, the operators' annual contributions to the two funds for the period 2022–2026 will be definitively assessed.
The present value of the estimated decommissioning and disposal costs is accrued and compounded annually. The same amount was capitalised during operation together with the acquisition or production costs of the plant and depreciated on a straight-line basis over the useful life.
Provisions are calculated based on an inflation rate of 1.0% and a discount rate of 2.75%.

Significant judgments and estimation uncertainties	
Provisions for "Post-operation, decommissioning, disposal"	The valuation of the provision for post-operation, decommissioning and disposal is material for the assessment of the Axpo Group's balance sheet. Changes in cost estimates and changes in legal or regulatory requirements for the decommissioning of nuclear power plants and the disposal of nuclear waste can have a significant impact on the Axpo Group's financial performance. The reassessment of the provisions for decommissioning and waste disposal took into account the findings of the 2021 cost study. Axpo has no indications from the review process that the cost basis used is not appropriate. Following the disaster at the nuclear reactor in Fukushima in March 2011, ENSI had requested that the operators of all Swiss nuclear power plants immediately provide additional proof of the plants' safety in the event of an earthquake. The Beznau nuclear power plant provided this proof within the time allotted and ENSI confirmed the seismic safety of the Beznau nuclear power plant in its final statement in July 2012. In a petition to ENSI dated 19 August 2015, local residents living near the Beznau nuclear power plant called the 2012 assessment into question. They demanded that the regulatory framework for nuclear power plants be applied differently when assessing seismic safety and, ultimately, based on the change in practice, requested that the Beznau nuclear power plant be temporarily decommissioned with immediate effect due to insufficient seismic safety. In its final ruling of 27 February 2017 regarding this petition, ENSI fully validated its current practice for assessing seismic safety and dismissed all of the residents' demands. The residents have appealed against this to the Federal Administrative Court, which dismissed the appeal in its entirety in its ruling of 22 January 2019 and confirmed ENSI's practice and its decision. The residents appealed the ruling to the Federal Supreme Court, which dismissed the appeal in all material respects in April 2021.
Other provisions	Other provisions are recognised on the basis of the facts and management's estimates as of 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 20.8 million (previous year: CHF 51.5 million) to various companies. These relate to companies with share capital that is not fully paid up (see Note 6.6 "Investments") as well as project companies that call up additional capital from investors based on the progress of a project.

Additional contingent liabilities
Concession municipalities initiated proceedings against a partner plant in December 2017, demanding the refund of grid usage fees paid for additional energy. The maximum obligation is in the low double-digit millions. The proceedings are currently still pending with ElCom.
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 89.1 million during the reporting period (previous year: CHF 101.9 million). 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 hydroelectric plants

With the entry into force of the new Energy Act (EnG) on 1 January 2018, the operators of large-scale hydroelectric power plants that have to sell their power on the market for less than the full generation costs are entitled to a market premium. In order to be entitled to a market premium, Axpo must submit an application based on the previous year's business figures by May 31 of each 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 first ruling, the Swiss Federal Office of Energy (SFOE) initially pays out only 80% of the provisional amount requested and withholds the remaining 20% for technical reasons. The remaining amount will only be paid out with the second ruling.

The first ruling for the application year 2021 is expected to be sent to the applicants in mid-December 2021. The payment will be made in January 2022 after becoming legally binding. Since both the total amount of funds available for the market premium and any objections by applicants to the first decision have an influence on the final entitlement, the entitlement for 2021 will only be known after the legally binding second ruling, which is expected in December 2022. Due to the lack of a first ruling and the lack of legal force of this first ruling, Axpo has not recognised any receivables or corresponding income from this ruling in the financial year 2020/21 for the 2021 application year.

The financial year 2020/21 includes market premium payments of CHF 35.8 million for the 2020 application 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 business area Trading & Sales) and monitored accordingly. Compliance with the risk tolerance is primarily monitored using funds from operations (FFO) and net debt as the key performance indicator.

CHF million	30.9.2021	30.9.2020
Funds from operations (FFO)		
Funds from operations (FFO)	3 761.7	759.1
Gearing		
Current financial liabilities	811.5	891.8
Non-current financial liabilities	3 680.0	4 137.1
Total eligible debt	**4 491.5**	**5 028.9**
Cash and cash equivalents	–1 818.0	–1 512.7
Time deposits	–760.6	–876.8
Financial assets at fair value (through profit or loss)	–1 689.6	–1 458.9
Total liquidity	**–4 268.2**	**–3 848.4**
Net debt	**223.3**	**1 180.5**

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 26 "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 as well as total comprehensive income for financial year 2020/21

CHF million	Notes	Retained earnings	Reserves from hedge accounting	Foreign currency differences	**Total reserves excl. non-controlling interests**	Non-controlling interests	**Total reserves incl. non-controlling interests**
Balance as at 30.9.2020		**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**

Development of retained earnings and other reserves as well as total comprehensive income for financial year 2019/20

CHF million	Notes	Retained earnings	Reserves from hedge accounting	Foreign currency differences	**Total reserves excl. non-controlling interests**	Non-controlling interests	**Total reserves incl. non-controlling interests**
Balance as at 1.10.2019		**5 473.2**	**–47.0**	**–393.7**	**5 032.5**	**504.0**	**5 536.5**
Result for the period		**548.5**	**0.0**	**0.0**	**548.5**	**21.8**	**570.3**
Foreign currency translation differences		0.0	0.0	–9.6	**–9.6**	–0.1	**–9.7**
Cash flow hedges							
Fair value adjustment for energy price risk	4.5.3	0.0	125.5	0.0	**125.5**	0.7	**126.2**
Gains (–) / losses (+) transferred to the income statement	4.5.3	0.0	20.5	0.0	**20.5**	1.5	**22.0**
Fair value adjustment for foreign currency risk	4.5.3	0.0	–13.9	0.0	**–13.9**	0.0	**–13.9**
Gains (–) / losses (+) transferred to the income statement	4.5.3	0.0	–46.9	0.0	**–46.9**	0.0	**–46.9**
Fair value adjustment for interest rate risk	4.5.3	0.0	–15.9	0.0	**–15.9**	–4.8	**–20.7**
Deferred tax/income tax thereon		0.0	–15.3	0.0	**–15.3**	1.1	**–14.2**
Items recyclable in the income statement		**0.0**	**54.0**	**–9.6**	**44.4**	**–1.6**	**42.8**
Remeasurement of defined benefit plans	5.3	257.5	0.0	0.0	**257.5**	20.1	**277.6**
Deferred tax/income tax thereon		–45.3	0.0	0.0	**–45.3**	–3.0	**–48.3**
Items not recyclable in the income statement		**212.2**	**0.0**	**0.0**	**212.2**	**17.1**	**229.3**
Other comprehensive income		**212.2**	**54.0**	**–9.6**	**256.6**	**15.5**	**272.1**
Total comprehensive income		**760.7**	**54.0**	**–9.6**	**805.1**	**37.3**	**842.4**
Dividend		0.0	0.0	0.0	**0.0**	–6.0	**–6.0**
Change in scope of consolidation		6.6	–0.8	–0.1	**5.7**	–6.8	**–1.1**
Non-controlling interests acquired		–6.3	0.0	0.0	**–6.3**	–1.3	**–7.6**
Balance as at 30.9.2020		**6 234.2**	**6.2**	**–403.4**	**5 837.0**	**527.2**	**6 364.2**

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

CHF million	30.9.2021	30.9.2020
Petty cash and cash at banks	1 743.0	1 177.8
Short-term investments	75.0	334.9
Total	**1 818.0**	**1 512.7**
Thereof		
in CHF	749.7	990.4
in EUR	687.2	263.3
in other currencies	381.1	259.0
Total	**1 818.0**	**1 512.7**

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	2020/21	2019/20
Depreciation, amortisation and impairments	610.0	377.2
Share of result of partner plants and other associates	–73.9	–69.7
Unrealised result on derivative financial instruments	2 696.0	–122.3
Loss allowances on net working capital	10.0	24.1
Other non-cash items	–6.1	8.9
Total	**3 236.0**	**218.2**

Change in net working capital

CHF million	2020/21	2019/20
Change in inventories	35.8	–38.9
Change in trade receivables	–716.3	–54.9
Change in other receivables	–5 318.7	–285.8
Change in trade payables	349.1	–91.4
Change in other liabilities	2 901.7	119.0
Total	**–2 748.4**	**–352.0**

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	30.9.2021	30.9.2020
Financial assets at fair value (through profit or loss)	1 610.3	1 458.9
Loan receivables	477.6	543.4
Time deposits	20.0	175.0
Loss allowances	–91.4	–95.7
Total non-current financial receivables	**2 016.5**	**2 081.6**
Financial assets at fair value (through profit or loss)	79.3	0.0
Loan receivables	86.6	109.5
Time deposits	740.8	703.0
Other financial receivables	162.8	138.7
Loss allowances	–0.2	–1.1
Total current financial receivables	**1 069.3**	**950.1**
Total	**3 085.8**	**3 031.7**

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 24 months and an interest rate of between –0.65% and 0.38% (previous year: between –0.6% and 0.97%).

Loan receivables from related parties outstanding at the balance sheet date

CHF million	Maturity date	Interest rate 30.9.2021	30.9.2021	30.9.2020
Global Tech I Offshore Wind GmbH	31.12.2030	6.00%	106.2	100.0
Società EniPower Ferrara S.r.l.	20.06.2023	0.97% [1]	28.8	43.2
Swissgrid AG	05.01.2024	3.41% / 3.93%	63.6	119.9
Terravent AG	31.03.2042	0.75%	17.6	18.6
Trans Adriatic Pipeline AG	28.12.2034	1.16%– 1.75% [2]	205.5	193.2
Other loan receivables < CHF 10 million			142.5	178.0
Total acquisition value			**564.2**	**652.9**
Loss allowances			–91.4	–95.6
Total carrying amount			**472.8**	**557.3**

1) Variable interest rate linked to positive or negative 6-month EURIBOR plus 1.2%.
2) 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 56.4 million was made in 2020/21 and a further partial repayment of CHF 56.4 million is planned within the next 12 months. This portion is reported under current financial receivables.

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 1.10.2020	**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**

CHF million	Bonds	Loan liabilities	Lease liabilities	Other financial liabilities	Total
Balance as at 1.10.2019	**3 794.6**	**971.5**	**146.9**	**379.9**	**5 292.9**
Cash relevant					
Increase	132.9	550.5	0.0	1 669.0	2 352.4
Repayment	–498.8	–382.9	–19.0	–1 685.7	–2 586.4
Not cash relevant					
New lease contracts	0.0	0.0	45.9	0.0	45.9
Change in scope of consolidation	0.0	–0.4	2.9	0.0	2.5
Reclassification to/from "liabilities held for sale"	0.0	–26.3	–1.1	0.0	–27.4
Contract modifications	0.0	0.0	–1.7	0.0	–1.7
Interest	1.7	0.0	2.1	0.0	3.8
Valuation change	0.2	0.0	0.0	0.0	0.2
Reclassifications	–4.4	–20.3	0.0	–9.0	–33.7
Foreign currency translation	–1.9	–3.0	0.4	–15.1	–19.6
Balance as at 30.9.2020	**3 424.3**	**1 089.1**	**176.4**	**339.1**	**5 028.9**
Maturities as at 30.9.2020					
Due within 1 year	286.0	234.4	32.3	339.1	891.8
Due within 1 to 5 years	1 929.0	359.6	53.9	0.0	2 342.5
Due in more than 5 years	1 209.3	495.1	90.2	0.0	1 794.6
Total	**3 424.3**	**1 089.1**	**176.4**	**339.1**	**5 028.9**

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

CHF million	Duration	Effective interest rate 30.9.2021	Carrying amount 30.9.2021	Carrying amount 30.9.2020
Kraftwerke Linth-Limmern AG Nominal CHF 170.0 m, 0.5%	2015–2021	0.53%	0.0	169.9
Kraftwerke Linth-Limmern AG Nominal CHF 170.0 m, 1.5%	2016–2022	1.56%	169.9	169.8
Kraftwerke Linth-Limmern AG Nominal CHF 200.0 m, 2.75%	2010–2022	2.97%	199.8	199.5
Kraftwerke Linth-Limmern AG Nominal CHF 200.0 m, 2.75%	2011–2023	2.87%	199.7	199.5
Kraftwerke Linth-Limmern AG Nominal CHF 245.0 m, 2.0%	2017–2023	2.05%	244.7	244.6
Kraftwerke Linth-Limmern AG Nominal CHF 270.0 m, 1.25%	2014–2024	1.31%	269.6	269.4
Axpo Holding AG Nominal CHF 350.0 m, 1.75%	2016–2024	1.79%	349.6	349.5
Axpo Holding AG Nominal CHF 300 m, 3.13%	2010–2025	3.25%	299.0	298.7
Kraftwerke Linth-Limmern AG Nominal CHF 175.0 m, 2.38%	2013–2026	2.41%	175.1	175.1
Axpo Holding AG Nominal CHF 133.0 m, 1.0%	2020–2027	1.00%	132.9	132.8
Kraftwerke Linth-Limmern AG Nominal CHF 125.0 m, 2.88%	2011–2031	3.11%	122.9	122.7
Kraftwerke Linth-Limmern AG Nominal CHF 150.0 m, 2.88%	2012–2042	2.90%	149.4	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			**2 673.0**	**2 841.3**

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 2,983.5 million (previous year: CHF 3,156.1 million).

Private placements outstanding at the balance sheet date

CHF million	Maturity	Interest rate 30.9.2021	Carrying amount 30.9.2021	Carrying amount 30.9.2020
Private placements in EUR	2022–2036	1.0%–3.0%	180.2	351.0
Private placements in CHF	2022–2041	0.6%–3.9%	236.0	232.0
Total			**416.2**	**583.0**

The fair value of the private placements outstanding at the balance sheet date amounted to CHF 435.0 million (previous year: CHF 616.8 million).

Loans and lease liabilities outstanding at the balance sheet date

CHF million	Maturity	Interest rate 30.9.2021	Carrying amount 30.9.2021	Carrying amount 30.9.2020
Loan liabilities with a carrying amount > CHF 10 million				
Loan liabilities in EUR	2025–2042	1.0%–2.8%	367.6	438.1
Loan liabilities in CHF	2022–2032	0.3%–2.4%	225.0	185.0
Total			**592.6**	**623.1**
Loan liabilities with a carrying amount < CHF 10 million				
Loan liabilities in EUR	2020–2039	0.0%–7.0%	241.0	287.6
Loan liabilities in CHF	2021–2051	0.1%–3.0%	104.3	178.4
Total			**345.3**	**466.0**
Lease liabilities				
Lease liabilities in EUR	2021–2061	0.7%–4.0%	117.0	118.4
Lease liabilities in CHF	2021–2058	0.0%–1.2%	30.2	49.9
Lease liabilities other currencies	2021–2027	1.5%–18.6%	6.7	8.1
Total			**153.9**	**176.4**

4.5 Risk management

4.5.1 General principles

Financial risk management is conducted in accordance with the principles established by the Board of Directors. These principles govern the hedging of exchange rate, interest rate, market and credit risks. There are also instructions for the management of liquidity and other financial assets as well as short- and long-term financing. The responsible units in the Axpo Group manage their financial risks within the framework of the risk policy defined for their division. The aim is to reduce financial risks, taking into account the hedging costs and the risks to be entered into. If appropriate, derivative financial instruments are used to hedge physical underlying transactions. In order to minimise counterparty risk, transactions are only entered into with selected counterparties. Individual limits have also been defined to avoid risk concentrations with counterparties.

4.5.2 Financial risk management – overview

Risk	Source of risk	Risk mitigation
Market price risk		
Energy price risk	Unexpected changes in energy prices might negatively impact the Axpo Group.	Value-at-Risk limits Volume limits
Currency risk	Currency risks arise from business transactions and from recognised assets and liabilities if they 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
Interest rate risk	Any financial assets, financial liabilities or cash and cash equivalents that are subject to variable interest rates expose the Axpo Group to interest rate 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 Establishing of internal credit lines Request of guarantees
Liquidity risk	Cash outflows (margin payments) arising at short notice due to energy price movements.	High cash balance Credit lines

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.
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-traders' 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.
The business model for the management and sale of the company's own energy production reports the first sale to the OTC market as sale to customers. 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.

Energy price risks

The Axpo Group defines energy price risks as risks arising from 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. The market risks that arise as a result of price developments on energy markets are particularly serious. The Axpo Group is exposed to such risks primarily via the energy it sells in unregulated market segments and on the open market.

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 re-distributors, 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.

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 business area Trading & Sales, 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 business area Trading & Sales.

Exposure to the risks of fluctuating energy prices by the generation and sales companies in the Axpo Group is hedged. Fixed-price contracts that are accounted for as energy derivatives and which are settled gross, are designated as hedging instruments in cash flow hedges. The hedged item is the highly probable forecast sale of energy that will occur on gross settlement of the hedging contract itself. The price risks are hedged in their entirety and a hedging ratio of 1:1 is applied. The economic relationship between the underlying and the hedging transaction is based on the fact that the key parameters of the underlying and the hedging instruments, such as maturity date, nominal value and currency, are identical.

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

CHF million	Cash flow hedge 30.9.2021	Cash flow hedge 30.9.2020
Hedged item		
Nominal amount, net	218.3	357.6
Line item in the balance sheet	Highly probable forecast transaction	Highly probable forecast transaction
Change in value used for calculating hedge effectiveness	466.2	–126.2
Hedging instrument		
Nominal amount, net	218.3	357.6
Carrying amount asset	36.7	9.3
Carrying amount liability	230.0	10.7
Line item in the balance sheet	Derivative financial instruments	Derivative financial instruments
Change in fair value for calculating hedge effectiveness	–466.2	126.2
Change in the value of the hedging instrument recognised in equity	–494.5	126.2
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	–117.5	–22.0
Line item in profit or loss affected by the reclassification of the hedge reserve	Revenues from energy sales and grid usage by external customers	Revenues from energy sales and grid usage 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 30.9.2021				Maturity as at 30.9.2020			
	2021/22	2022/23	2023/24	2024/25	2020/21	2021/22	2022/23	2023/24
Cash flow hedge								
Commodity contracts – purchases								
Nominal amount in CHF million	96.7	46.6	8.5	0.0	82.1	15.9	0.2	0.0
Average price CHF	66.7	72.8	76.7	0.0	47.6	47.9	45.1	0.0
Commodity contracts – sales								
Nominal amount in CHF million	211.1	103.6	46.8	8.6	343.2	102.0	9.2	1.4
Average price CHF	55.3	64.5	63.8	61.7	45.5	45.4	51.0	51.2

Sensitivity analysis of the energy price risk

The remaining energy price risks from trading and non-hedged energy from own power plants are quantified daily using the Value-at-Risk (VaR) method, assuming a holding period of five days and a confidence interval of 99%. VaR defines a potential loss which, with 99% probability, will not be exceeded, taking into account past market developments.

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

CHF million	30.9.2021	30.9.2020
VaR business area Trading & Sales	93.9	41.7
VaR business area CKW	0.9	0.3

Changing energy prices lead to higher positive and negative replacement values and higher or lower inventories held for trading as well as an increase in the related given and received credit support annexes (CSAs).

CHF million	30.9.2021	30.9.2020
PaR Add-On business area Trading & Sales	91.9	22.7

Currency risk

Due to its international activities, the Axpo Group is exposed to currency risks. These result from 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 also 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 30.9.2021	Replacement value 30.9.2021	Nominal value 30.9.2020	Replacement value 30.9.2020
Currency forward contracts measured at fair value through profit or loss				
Currency forward contracts CHF/EUR	179.8	0.8	197.7	0.9
Currency forward contracts EUR/CHF	260.7	0.8	272.5	0.0
Currency forward contracts EUR/USD	45.4	1.3	109.6	–0.4
Currency forward contracts USD/EUR	–95.4	–2.8	120.2	3.9

In accordance with the Group's policy on exchange rate risks, exposure to currency risk arising from the trading business, origination business and sales in the Nordic country companies and the subsidiaries in Italy is reduced mainly by means of forward contracts concluded by the foreign group companies concerned. 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 and 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:

CHF million	Cash flow hedge 30.9.2021	Cash flow hedge 30.9.2020
Hedged item		
Nominal amount, net	2 897.9	2 883.3
Line item in the balance sheet	Highly probable forecast transaction	Highly probable forecast transaction
Change in value used for calculating hedge effectiveness	–4.7	–51.7
Hedging instrument		
Nominal amount, net	2 897.9	2 883.3
Carrying amount asset	26.7	68.8
Carrying amount liability	22.0	17.1
Line item in the balance sheet	Derivative financial instruments	Derivative financial instruments
Change in fair value for calculating hedge effectiveness	4.7	51.7
Change in the value of the hedging instrument recognised in equity	–7.5	–13.9
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	40.9	31.1
Amount reclassified from the hedge reserve to profit or loss as the hedged future cash flows are no longer expected to occur	–1.3	15.8
Line item in profit or loss affected from 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 30.9.2021				Maturity as at 30.9.2020			
	2021/22	2022/23	2023/24	2024/25	2020/21	2021/22	2022/23	2023/24
Cash flow hedge								
Currency forward contracts – purchases								
Nominal amount in CHF million	793.8	774.3	973.1	356.7	939.4	964.1	725.5	254.3
Average price CHF	1.11	1.06	1.08	1.08	1.13	1.10	1.06	1.06

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:

		30.9.2021		30.9.2020	
CHF million	+/– change	+/– effect on income statement	+/– effect on equity	+/– effect on income statement	+/– effect on equity
CHF / USD foreign currency risk	10%	–5.0	0.0	–8.2	0.0
CHF / EUR foreign currency risk	10%	–57.1	–20.2	–102.6	–5.4

Interest rate risk

Financial assets and liabilities subject to variable interest rates, as well as cash and cash equivalents, expose the Group to a cash flow interest rate risk. Financial liabilities issued with mainly fixed interest rates exhibit an interest rate risk in terms of present value.

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. Axpo Group Treasury monitors the ratio between variable and fixed-interest net debts.

Interest-bearing financial assets and liabilities

The interest-bearing financial assets and liabilities held by the Axpo Group include cash and cash equivalents, time deposits, loans, bonds as well as bank liabilities, received loans and issued bonds. The interest rate profile at the balance sheet date is as follows:

CHF million	Fixed rate 30.9.2021	Variable rate 30.9.2021	Fixed rate 30.9.2020	Variable rate 30.9.2020
Financial assets at fair value through profit or loss (mandatory)	**1 234.4**	**0.0**	**1 072.0**	**0.0**
Financial assets at fair value (through profit or loss)	1 234.4	0.0	1 072.0	0.0
Financial assets measured at amortised cost	**1 105.3**	**4 777.5**	**1 244.0**	**2 310.5**
Petty cash and cash at banks	0.0	1 743.0	0.0	1 177.8
Short-term investments	0.0	75.0	0.0	334.9
Financial receivables (non-current)	146.0	260.2	355.6	267.1
Financial receivables (current)	947.5	42.5	875.3	74.8
Other receivables (non-current)	7.3	2.2	9.1	0.4
Other receivables (current)	4.5	2 654.6	4.0	455.5
Total interest-bearing financial assets	**2 339.7**	**4 777.5**	**2 316.0**	**2 310.5**
Financial liabilities measured at amortised cost [1]	**4 178.2**	**1 707.2**	**4 443.8**	**810.2**
Financial liabilities (non-current)	3 629.0	51.0	4 000.7	136.4
Financial liabilities (current)	541.4	252.8	426.8	450.4
Other liabilities (non-current)	2.4	0.0	0.0	0.0
Other liabilities (current)	5.4	1 403.4	16.3	223.4
Total interest-bearing financial liabilities	**4 178.2**	**1 707.2**	**4 443.8**	**810.2**
Net exposure	**–1 838.5**	**3 070.3**	**–2 127.8**	**1 500.3**

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 interest-bearing financial liabilities relating to the construction of photovoltaic systems 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.

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

CHF million	Cash flow hedge 30.9.2021	Cash flow hedge 30.9.2020
Hedged item		
Nominal amount	184.9	264.7
Carrying amount liability	184.9	264.7
Line item in the balance sheet	Financial liabilities	Financial liabilities
Change in value used for calculating hedge effectiveness	4.2	18.1
Hedging instrument		
Nominal amount	184.9	264.7
Carrying amount asset	0.3	0.0
Carrying amount liability	10.5	27.8
Line item in the balance sheet	Derivative financial instruments	Derivative financial instruments
Change in fair value for calculating hedge effectiveness	–4.2	–18.1
Change in the value of the hedging instrument recognised in equity [1]	4.9	–18.1
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 30.9.2021					Maturity as at 30.9.2020				
	2021/22	2022/23	2023/24	2024/25	Later	2020/21	2021/22	2022/23	2023/24	Later
Cash flow hedge										
Interest rate swaps – fix to variable										
Nominal amount in CHF million	13.8	13.8	13.8	13.8	129.7	51.5	14.7	14.7	14.7	169.1
Average interest rate in %	0.8	0.8	0.8	0.8	0.8	1.3	1.3	1.3	1.3	1.0

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:

		30.9.2021		30.9.2020	
CHF million	+/– change	+/– effect on income statement	+/– effect on equity	+/– effect on income statement	+/– effect on equity
Interest rate risk	1%	43.6	1.9	31.2	0.1

Share price risks

The Axpo Group holds securities which are classified as "at fair value through profit or loss". The securities are invested according to a core-satellite strategy and are managed professionally via asset management mandates. The portfolio is divided into a broadly diversified, index-tracking (passive) core investment and several actively managed individual (fund) positions, known as satellites. The portfolio structure of the core investment, which is based on BVG guidelines, has been approved by the Board of Directors and compliance with these guidelines is regularly checked.
A value-at-risk calculation is used to assess the market price risk of the entire portfolio, indicating the maximum probable loss during a one-year period at a probability of 95.0%. The potential loss due to price fluctuations of "financial assets at fair value through profit or loss" amounts to CHF –58.5 million (previous year: CHF –57.7 million) and would affect the Axpo Group's income statement.
The receivables from state funds are not a financial instrument according to IAS 32 and therefore are not part of the risk assessment.

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 line item "Financial assets at fair value through profit or loss" includes equity, real estate and bond funds that partially invest in listed investments and partially in investments that are periodically traded through financial institutes. The fair value is the published exchange price, insofar as the financial instruments are traded on an active market. The fair value of non-quoted debt and equity instruments is determined by the fund manager. The fair value is equivalent to the net asset value established by the fund manager and the valuation is checked internally and adjustments are made where necessary.

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 certificates forward contracts are measured at the balance sheet date based on forward prices. The prices used are prices noted at 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-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-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.

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

Three-level hierarchy

	30.9.2021				30.9.2020			
CHF million	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	3.9	45 019.6	1 224.9	46 248.4	4.4	3 763.9	224.5	3 992.8
Currency forward contracts	0.0	8.6	0.0	8.6	0.0	10.1	0.0	10.1
Interest rate swaps	0.0	0.1	0.0	0.1	0.0	0.0	0.0	0.0
Derivative financial instruments at fair value through other comprehensive income with recycling (hedge accounting)								
Energy derivatives	0.0	172.7	0.0	172.7	0.0	20.9	0.0	20.9
Currency forward contracts	0.0	26.7	0.0	26.7	0.0	68.8	0.0	68.8
Interest rate swaps	0.0	0.3	0.0	0.3	0.0	0.0	0.0	0.0
Financial assets at fair value through profit or loss (mandatory)								
Financial assets (non-current)	1 040.1	551.6	18.6	1 610.3	945.5	494.7	18.7	1 458.9
Financial assets (current)	0.0	79.3	0.0	79.3	0.0	0.0	0.0	0.0
Non-financial assets at fair value through profit or loss								
Inventories	85.5	632.7	59.8	778.0	151.5	212.6	35.0	399.1
Total	**1 129.5**	**46 491.6**	**1 303.3**	**48 924.4**	**1 101.4**	**4 571.0**	**278.2**	**5 950.6**
Assets not measured at fair value in the balance sheet								
Financial receivables (non-current)	0.0	420.2	0.0	420.2	0.0	640.7	0.0	640.7
Total	**0.0**	**420.2**	**0.0**	**420.2**	**0.0**	**640.7**	**0.0**	**640.7**
Liabilities measured at fair value								
Derivative financial instruments at fair value through profit or loss (held for trading)								
Energy derivatives	3.1	48 192.2	945.0	49 140.3	0.1	3 669.3	162.8	3 832.2
Currency forward contracts	0.5	7.9	0.0	8.4	0.0	6.8	0.0	6.8
Interest rate swaps	0.0	2.0	0.0	2.0	0.0	4.1	0.0	4.1
Derivative financial instruments at fair value through other comprehensive income with recycling (hedge accounting)								
Energy derivatives	0.0	366.0	0.0	366.0	0.0	22.3	0.0	22.3
Currency forward contracts	0.0	22.0	0.0	22.0	0.0	17.1	0.0	17.1
Interest rate swaps	0.0	10.5	0.0	10.5	0.0	27.8	0.0	27.8
Total	**3.6**	**48 600.6**	**945.0**	**49 549.2**	**0.1**	**3 747.4**	**162.8**	**3 910.3**
Liabilities not measured at fair value in the balance sheet								
Financial liabilities (non-current)	2 780.8	1 098.8	0.0	3 879.6	2 985.3	1 369.2	0.0	4 354.5
Total	**2 780.8**	**1 098.8**	**0.0**	**3 879.6**	**2 985.3**	**1 369.2**	**0.0**	**4 354.5**

1) Gross values without considering the netting agreements.

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 1.10.2019	**394.1**	**–196.7**	**197.4**
Purchases	28.0	–0.8	27.2
Sales	–0.2	0.0	–0.2
Profit or loss recognised in the income statement	–15.9	–11.7	–27.6
Transfer to Level 3	7.3	–0.5	6.8
Transfer out of Level 3	–123.7	39.8	–83.9
Foreign currency translation	–11.4	7.1	–4.3
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**

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 current financial 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 82.3 million (previous year: CHF 73.7 million) and CHF –82.2 million (previous year: CHF –74.6 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 1.10.2019	**3.8**	**–102.2**	**–98.4**
Deferred profit/loss arising from new transactions	0.0	–14.7	–14.7
Profit or loss recognised in the income statement	–0.5	32.0	31.5
Foreign currency translation	0.0	3.9	3.9
Balance as at 30.9.2020	**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**

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

CHF million	Result from energy derivatives trading 2020/21	Result from energy derivatives trading 2019/20
Total profit or loss for the financial year recognised in the income statement	18.9	3.9
Total profit or loss recognised in the income statement on financial instruments held at financial year end	118.0	–115.3

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, 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 Axpo Group controls credit risks via a credit risk management system defined per business area (Trading & Sales and CKW). Credit risks are managed by setting credit limits for each transaction in the respective business area. Receivables from counterparties are continuously monitored, and new contractual parties are subjected to a credit check.

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 30.9.2021	Carrying amount 30.9.2020
Financial assets measured at amortised cost		**10 579.4**	**5 902.2**
Loan receivables (current and non-current)	4.3	472.8	557.3
Time deposits (current and non-current)	4.3	760.6	876.8
Other financial receivables (current)	4.3	162.8	138.7
Trade receivables		1 594.7	891.8
Revenues not yet invoiced	3.5	2 872.6	1 261.4
Other receivables (non-current)	3.5	16.6	11.7
Other receivables (current)	3.5	2 881.3	651.8
Cash and cash equivalents	4.2	1 818.0	1 512.7
Financial assets at fair value through profit or loss (mandatory)		**20 360.4**	**4 311.1**
Financial assets at fair value (through profit or loss)	4.3	1 689.6	1 458.9
Energy derivatives		18 662.1	2 843.1
Currency forward contracts		8.6	9.1
Interest rate swaps		0.1	0.0
Financial assets at fair value through other comprehensive income with recycling (hedge accounting)		**63.7**	**78.1**
Energy derivatives		36.7	9.3
Currency forward contracts		26.7	68.8
Interest rate swaps		0.3	0.0
Total financial assets		**31 003.5**	**10 291.4**
Contract assets	3.5	37.4	33.9
./. Total shares and participation certificates accounted for at fair value		447.6	387.0
Maximum credit default risk		**30 593.3**	**9 938.3**

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

CHF million	Carrying amount 30.9.2021	Carrying amount 30.9.2020
Western Europe	1 215.7	506.0
Southern Europe	1 935.5	901.9
Central Europe	1 038.1	644.0
Rest of Europe	244.3	83.7
Outside Europe	33.7	17.6
Total	**4 467.3**	**2 153.2**

Ageing analysis of trade accounts receivable / revenue not yet invoiced and their loss allowances

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**

Industrial and wholesale customers as at 30 September 2020

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	16.9	0.0	0.1	0.0	0.1	0.2	17.3
Rating AA	58.8	3.9	0.4	0.0	0.0	0.0	63.1
Rating A	169.3	10.9	1.5	1.9	0.0	0.0	183.6
Rating BBB	539.2	18.0	4.7	1.5	1.1	0.6	565.1
Rating BB	455.2	10.1	1.4	1.9	0.4	1.2	470.2
Rating B	275.7	11.7	2.9	2.6	1.2	16.0	310.1
Rating CCC	16.6	0.6	0.2	0.2	3.8	25.5	46.9
Rating < CCC	0.6	0.0	0.0	0.0	0.0	0.1	0.7
Acquisition cost	**1 532.3**	**55.2**	**11.2**	**8.1**	**6.6**	**43.6**	**1 657.0**
Loss allowances	–1.7	0.0	0.0	–0.1	–1.5	–31.1	–34.4
Net carrying amount	**1 530.6**	**55.2**	**11.2**	**8.0**	**5.1**	**12.5**	**1 622.6**

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**

Retail customers as at 30 September 2020

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	492.1	24.7	7.6	10.3	11.5	64.6	610.8
Acquisition cost	**492.1**	**24.7**	**7.6**	**10.3**	**11.5**	**64.6**	**610.8**
Loss allowances	–1.5	–1.6	–3.0	–4.9	–8.1	–61.1	–80.2
Net carrying amount	**490.6**	**23.1**	**4.6**	**5.4**	**3.4**	**3.5**	**530.6**

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 1.10.2019	**37.2**	**59.7**	**96.9**
Financial receivables derecognised during reporting year	–3.1	–3.6	–6.7
Financial receivables recognised during reporting year	2.9	27.1	30.0
Write-offs	–1.9	–4.5	–6.4
Changes in models/risk parameters	0.1	1.9	2.0
Foreign currency translation	–0.8	–0.4	–1.2
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**

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

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 allowance			
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

Development of credit quality of loans, time deposits and other financial receivables for financial year 2019/20

CHF million	No or low increase in default risk	Significant increase in default risk – credit impaired	Total
Acquisition cost			
Balance as at 1.10.2019	**1 562.2**	**3.7**	**1 565.9**
Additions	1 931.8	0.0	1 931.8
Repayments	–1 500.1	0.0	–1 500.1
Evaluation changes	–2.5	0.0	–2.5
Uncollectible receivables written off	0.0	–0.4	–0.4
Reclassification	12.7	0.0	12.7
Change in scope of consolidation	–2.0	0.0	–2.0
Foreign currency translation	–0.7	0.0	–0.7
Balance as at 30.9.2020	**2 001.4**	**3.3**	**2 004.7**
Counterparty rating AAA	38.0	0.0	38.0
Counterparty rating AA	560.8	0.0	560.8
Counterparty rating A	677.0	0.0	677.0
Counterparty rating BBB	152.6	0.0	152.6
Counterparty rating BB	420.5	0.0	420.5
Counterparty rating B	152.5	3.3	155.8
Balance as at 30.9.2020	**2 001.4**	**3.3**	**2 004.7**

CHF million	No or low increase in default risk	Significant increase in default risk – credit impaired	Total
Loss allowance			
Balance as at 1.10.2019	**–123.7**	**–3.7**	**–127.4**
Financial receivables derecognised during reporting year	0.4	0.0	0.4
Financial receivables recognised during reporting year	–1.7	0.0	–1.7
Write-offs	0.0	0.4	0.4
Changes in models/risk parameters	31.8	0.0	31.8
Foreign currency translation	–0.5	0.0	–0.5
Balance as at 30.9.2020	**–93.7**	**–3.3**	**–97.0**
Net carrying amount as at 30.9.2020	**1 907.7**	**0.0**	**1 907.7**
Thereof:			
Loan receivables (non-current)			447.9
Time deposits (non-current)			174.8
Loan receivables (current)			109.4
Time deposits (current)			702.0
Other financial receivables (current)			138.7
Short-term investments			334.9

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 2021 was CHF 379.6 million (previous year: CHF 57.8 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 for the first 240 days remains with Axpo.

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. The Axpo Group also holds shares of funds that invests in short- to mid-term corporate bonds from the global investment grade universe.

Derivative financial instruments

The creditworthiness of the transaction partners in the energy trading sector is promptly checked by Axpo, which assesses their credit ratings on the basis of external and internal ratings. Interest and currency derivatives are only concluded with banks rated AAA to A.

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. 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	30.9.2021	30.9.2020
Credit Support Annex (CSA)	1 353.3	170.0
Bank guarantee	383.8	306.4
Payment guarantees	1 207.5	1 161.3
Others	107.5	89.0
Total	**3 052.1**	**1 726.7**

Financial securities delivered

CHF million	30.9.2021	30.9.2020
Credit Support Annex (CSA)	1 732.5	193.1
Payment guarantees	40.1	23.5
Others	615.0	41.6
Total	**2 387.6**	**258.2**

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 2021

CHF million	Assets subject to legally enforceable netting agreements: Gross assets before balance sheet netting	Netting	Net assets after balance sheet netting	Assets that are not subject to master netting agreements or are not subject 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	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					Additional netting potential	
	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	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**

Netting of positive and negative derivative financial instruments as at 30 September 2020

CHF million	Assets subject to legally enforceable netting agreements: Gross assets before balance sheet netting	Netting	Net assets after balance sheet netting	Assets that are not subject to master netting agreements or are not subject 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	2 444.8	–1 149.7	1 295.1	1 548.0	2 843.1	–701.3	2 141.8
Forward currency contracts	2.7	–1.0	1.7	7.4	9.1	0.0	9.1
Positive derivative financial instruments at fair value through other comprehensive income with recycling (hedge accounting)							
Energy derivatives	20.5	–11.6	8.9	0.4	9.3	–6.7	2.6
Forward currency contracts	0.0	0.0	0.0	68.8	68.8	0.0	68.8
Total	**2 468.0**	**–1 162.3**	**1 305.7**	**1 624.6**	**2 930.3**	**–708.0**	**2 222.3**

CHF million	Liabilities which are subject to legally enforceable netting agreements					Additional netting potential	
	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	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	2 678.9	–1 149.7	1 529.2	1 153.3	2 682.5	–699.7	1 982.8
Forward currency contracts	4.0	–1.0	3.0	2.8	5.8	0.0	5.8
Interest rate swaps	0.1	0.0	0.1	4.0	4.1	0.0	4.1
Negative derivative financial liabilities at fair value through other comprehensive income with recycling (hedge accounting)							
Energy derivatives	21.9	–11.6	10.3	0.4	10.7	–8.3	2.4
Forward currency contracts	0.0	0.0	0.0	17.1	17.1	0.0	17.1
Interest rate swaps	0.0	0.0	0.0	27.8	27.8	0.0	27.8
Total	**2 704.9**	**–1 162.3**	**1 542.6**	**1 205.4**	**2 748.0**	**–708.0**	**2 040.0**

The netted receivables and payables included in “Revenues not yet invoiced” and “Operating expenses not yet invoiced” amount to CHF 2,201.4 million (previous year: CHF 1,225.1 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 positions 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 shorter contract term (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 2 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, trade receivables from customers who are also suppliers are offset against trade payables, provided a netting arrangement has been agreed and there exists an enforceable legal right to offset and the intention to settle net or to settle simultaneously.

4.5.5 Liquidity risks

Liquidity risk is the risk that arises if the Group is unable to meet its obligations on the due date. The Group Treasury department of the Axpo Group is responsible for liquidity management, which encompasses the planning, monitoring, provision and optimisation of liquidity. Various measures are used to ensure liquidity. Cash pooling and smoothing of cash balances within the business areas are used to achieve optimum cash management. Liquidity is also ensured via specific project financing and by refinancing on the money and capital markets. The majority of receivables in European energy trading are netted and settled on fixed payment deadlines.
By analysing the liquidity effects of risks and by adopting a conservative financing strategy, Axpo ensures that the Group always has sufficient liquid funds to meet the payment obligations in a timely manner. Such obligations arise, in particular, from the financial liabilities which must be fulfilled.

Credit lines

CHF million	30.9.2021	30.9.2020
Uncommitted credit lines from banks and financial institutions	3 588.3	3 115.2
Thereof used for loans and guarantees	2 153.4	1 544.6
Thereof remaining credit lines	1 434.9	1 570.6

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.

Maturity analysis of financial liabilities and derivative financial instruments as at 30 September 2020

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	326.4	326.4	0.0	319.0	7.4	0.0	0.0
Financial liabilities (current and non-current)	5 028.9	5 847.7	81.7	249.6	607.6	2 700.2	2 208.6
Other liabilities (current and non-current)	381.1	381.1	198.1	106.2	39.5	29.8	7.5
Operating expenses not yet invoiced	1 395.1	1 395.1	2.7	1 319.8	66.9	5.7	0.0
Total cash outflow		**7 950.3**	**282.5** [1]	**1 994.6**	**721.4**	**2 735.7**	**2 216.1**
Derivative financial instruments at fair value							
Net carrying amount of energy derivatives	159.2						
Gross cash inflow		31 658.3	9 386.5	4 594.4	8 627.0	8 418.6	631.8
Gross cash outflow		27 259.5	7 772.2	4 444.4	7 177.9	7 235.2	629.8
Net carrying amount of currency forward contracts	55.0						
Gross cash inflow		3 417.9	2.0	634.4	833.4	1 948.1	0.0
Gross cash outflow		3 374.2	3.2	620.8	804.5	1 945.7	0.0
Net carrying amount of interest rate swaps	–31.9						
Gross cash inflow		1.1	0.0	0.0	0.0	1.1	0.0
Gross cash outflow		33.0	0.0	0.0	7.5	8.6	16.9
Total net cash inflow (–) / outflow (+)		**–4 410.6**	**–1 613.1**	**–163.6**	**–1 470.5**	**–1 178.3**	**14.9**

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. Further, 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.

5. Employees

5.1 Personnel expenses and number of employees

CHF million	2020/21	2019/20
Salaries and wages	–644.9	–609.1
Employee benefit expense for defined benefit plans (Note 5.3)	–59.1	–69.0
Employee benefit expense for defined contribution plans	–4.5	–4.4
Social security and other personnel expenses	–83.1	–78.4
Total	**–791.6**	**–760.9**
Number of employees at balance sheet date		
Full-time equivalents	4 937	4 953
Apprentices	401	397
Total	**5 338**	**5 350**

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

CHF million	2020/21	2019/20
Board of Directors		
Current compensation	1.2	1.6
Total	**1.2**	**1.6**
Executive Board		
Current compensation	5.1	4.1
Pension fund contributions	1.1	0.8
Total	**6.2**	**4.9**

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 28 "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 with 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 the 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 come 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 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 were 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 as well as the history of cost sharing between Axpo and its employees as part of past restructuring measures. In the previous year the effect of the first-time application of risk sharing resulted in a reduction of the pension liability in the amount of CHF 95.5 million, which was recognised in other comprehensive income. The extended risk sharing was basically still applied in the reporting year. However, due to the improved financial situation of the pension fund, the assumptions used were adjusted accordingly, resulting in a reversal of the previous year's adjustment on the employee benefit liabilities in a similar amount.
As at 30 September 2021, all companies of the Axpo Group have an asset surplus. As the present value of the future service cost is greater than the present value of the future contributions at all Axpo companies, the asset surplus did not have to be limited for any company.

Reconciliation of pension assets / liabilities

CHF million	30.9.2021	30.9.2020
Present value of defined benefit obligation as at 30.9.	2 717.2	2 906.9
Fair value of plan assets as at 30.9.	2 900.9	2 773.9
Asset surplus (–) / deficit (+) recognised as at 30.9.	**–183.7**	**133.0**
thereof recognised as separate asset (–) (Note 3.5)	–183.7	0.0
thereof recognised as separate liability (+) (Note 3.6)	0.0	133.0

Pension costs in income statement

CHF million	2020/21	2019/20
Current service cost	57.5	67.6
Interest expense on defined benefit obligation	4.1	0.1
Interest income on plan assets	–3.9	–0.1
Administration cost excluding asset management cost	1.4	1.4
Pension cost recognised in income statement	**59.1**	**69.0**
thereof service cost and administration cost	58.9	69.0
thereof net interest expense (+) / income (–)	0.2	0.0

Pension costs in other comprehensive income

CHF million	2020/21	2019/20
Actuarial gains (–) / losses (+) on defined benefit obligation	37.2	–141.2
Gains (–) / losses (+) on plan assets excluding interest income	–353.2	–90.8
Pension cost recognised in other comprehensive income	**–316.0**	**–232.0**

Change in pension asset / liability reported in the balance sheet

CHF million	2020/21	2019/20
Pension liability as at 1.10.	133.0	338.5
Pension cost recognised in the income statement	59.1	69.0
Pension cost recognised in other comprehensive income	–316.0	–232.0
Employer contributions	–49.3	–48.7
Effect from change in scope of consolidation	–10.5	0.0
Others	0.0	6.2
Pension asset (–) / liability (+) as at 30.9.	**–183.7**	**133.0**

Change in the fair value of plan assets

CHF million	2020/21	2019/20
Fair value of plan assets as at 1.10.	2 773.9	2 643.5
Interest income on plan assets	3.9	0.1
Employer contributions	49.3	48.7
Employee contributions	29.4	29.3
Benefits paid in (+) / out (–)	–97.6	–55.1
Effect from change in scope of consolidation	–211.2	0.0
Others	0.0	16.6
Return on plan assets excluding interest income	353.2	90.8
Fair value of plan assets as at 30.9.	**2 900.9**	**2 773.9**

Change in the present value of the defined benefit obligation

CHF million	2020/21	2019/20
Present value of defined benefit obligation as at 1.10.	2 906.9	2 982.0
Interest expense on defined benefit obligation	4.1	0.1
Current service cost	57.5	67.6
Employee contributions	29.4	29.3
Benefits paid in (+) / out (–)	–97.6	–55.1
Effect from change in scope of consolidation	–221.7	0.0
Administration cost excluding asset management cost	1.4	1.4
Others	0.0	22.8
Actuarial gains (–) / losses (+) on defined benefit obligation	37.2	–141.2
Present value of defined benefit obligation as at 30.9.	**2 717.2**	**2 906.9**

Breakdown of defined benefit obligation

CHF million	30.9.2021	30.9.2020
Present value of defined benefit obligation for active members	1 394.0	1 498.0
Present value of defined benefit obligation for pensioners	1 323.2	1 408.9

Actuarial gains / losses on defined benefit obligation

CHF million	2020/21	2019/20
Actuarial gains (–) / losses (+) on defined benefit obligation from:		
changes in financial assumptions	93.9	–156.0
changes in demographic assumptions	–76.9	–6.7
experience adjustments	20.2	21.5
Actuarial gains (–) / losses (+) on defined benefit obligation	**37.2**	**–141.2**

Actuarial assumptions

in %	30.9.2021	30.9.2020
Discount rate for active members	0.2	0.2
Discount rate for pensioners	0.1	0.1
Expected future salary increase	0.5	0.5
Expected future pension increase	0.0	0.0
Long-term expected rate of change in the CMI model (BVG 2020/2015)	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 was reduced by 0.25% and the expected salary change was increased by the same figure. 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	30.9.2021	30.9.2020
Discount rate (–0.25% change)	2 811.8	2 983.9
Discount rate (+0.25% change)	2 628.4	2 834.4
Salary increase (–0.25% change)	2 708.4	2 897.2
Salary increase (+0.25% change)	2 726.0	2 916.5
Life expectancy (–1 year change)	2 610.8	2 806.5
Life expectancy (+1 year change)	2 822.5	3 005.9

Estimate of employer and employee contributions for subsequent period

CHF million	30.9.2021	30.9.2020
Expected employer contributions	48.1	51.1
Expected employee contributions	28.8	30.4

Major categories of plan assets

CHF million	30.9.2021	30.9.2020
Cash and cash equivalents	47.6	61.1
Equity instruments	1 171.1	1 043.6
Debt instruments	856.1	850.3
Real estate	138.7	144.8
Others	295.3	285.9
Total plan assets at fair value (quoted market price)	**2 508.8**	**2 385.7**
Real estate	392.1	388.2
Total plan assets at fair value (non-quoted market price)	**392.1**	**388.2**
Total plan assets at fair value	**2 900.9**	**2 773.9**

Maturity profile of the defined benefit obligation

CHF million	30.9.2021	30.9.2020
Weighted average duration of defined benefit obligation in years	13.5	13.9

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 return from 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 with 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 financial year 2019/20. 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 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").
Axpo also concluded an agreement with an investor for the sale of a photovoltaic portfolio with newly built photovoltaic plants in France.
In the context of disposals of subsidiaries resulting in a change of control status, sales prices in the amount of CHF 111.6 million (total sales price of all disposals and shareholder loans) were realised. In this context, cash and cash equivalents in the amount of CHF 27.9 million were sold. The photovoltaic and the wind farm portfolio are allocated to the operating segment "Generation & Distribution".
The CKW Group made three acquisitions through CKW Conex AG in the year under review, 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" operating segment.

Previous year 2019/20
On 6 July 2020, Avectris AG acquired 100% of Logicare AG (domiciled in Dübendorf, Switzerland). The company is not assigned to any operating segment (see Note 2.1 "Segment information"). On 27 July 2020, Axpo Grid AG acquired the remaining 20% of Axpo WZ-Systems AG (domiciled in Lupfig, Switzerland).

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 of 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, reversals on impairments 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	30.9.2021	30.9.2020
Assets held for sale		
Property, plant and equipment (Note 3.1)	145.2	29.3
Right-of-use assets (Note 3.2)	9.5	1.1
Intangible assets (Note 3.3)	0.2	0.0
Derivative financial instruments (current and non-current)	9.5	0.0
Financial receivables (non-current)	21.5	0.0
Other assets (current and non-current)	56.4	4.4
Total	**242.3**	**34.8**
thereof segment "Generation & Distribution"	192.4	33.0
thereof not allocated to any operating segment	49.9	1.8
Liabilities held for sale		
Financial liabilities (current and non-current) (Note 4.4)	247.6	27.3
Derivative financial instruments (current and non-current)	10.9	0.8
Other liabilities (current and non-current)	4.5	0.6
Total	**263.0**	**28.7**
thereof segment "Generation & Distribution"	13.5	27.3
thereof not allocated to any operating segment	249.5	1.4

In the reporting year 2019/20, photovoltaic systems and related assets with a book value of CHF 34.2 million and liabilities of CHF 28.7 million were put out to tender and shown in the "Assets held for sale" and "Liabilities held for sale" account. As at 30 September 2020, the requirements for classification as "held for sale" were met. However, the lockdown imposed due to COVID, which is beyond Axpo's control, led to delays in the entire settlement process. But since the intentions to sell have not changed and the management continues to assume that the sale can be realised within the next twelve months, the assets and liabilities remain in the "assets held for sale" or "liabilities held for sale" accounts.
In the 2020/21 reporting year, photovoltaic plants and wind farms recognised under property, plant and equipment and the associated assets with a carrying amount of CHF 210.8 million and liabilities with a carrying amount of CHF 226.5 million were put up for sale. Financing activities are not allocated to any operating segment.
Assets held for sale in the amount of CHF 228.9 million (previous year: CHF 33.6 million) were pledged as collateral for financial liabilities.
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 1.10.2020	**906.1**	**571.7**	**1 477.8**
Change in scope of consolidation	0.0	5.6	5.6
Additions	0.7	3.3	4.0
Disposals	0.0	–8.4	–8.4
Impairment losses	–0.3	–0.7	–1.0
Impairment reversals	0.0	24.9	24.9
Reclassification positive/negative investment value	0.0	–4.5	–4.5
Dividend	–30.6	–3.6	–34.2
Share of result	33.3	40.6	73.9
Cash flow hedges (other comprehensive income)	0.0	6.3	6.3
Currency translation differences (other comprehensive income)	0.0	1.1	1.1
Remeasurement of defined benefit plans (other comprehensive income)	48.6	15.0	63.6
Deferred taxes (other comprehensive income)	–8.7	–3.8	–12.5
Foreign currency translation	0.0	0.3	0.3
Carrying amount as at 30.9.2021	**949.1**	**647.8**	**1 596.9**

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 "Additions" contains the capital increases at various partner plants and associated companies as well as new start-ups.
The line "Disposals" includes, among other things, the reduction of share capital at Trans Adriatic Pipeline AG of CHF 7.1 million (pro rata).

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 30.9.2021		Gross value 30.9.2020	
	Kernkraftwerk Leibstadt AG	Kernkraftwerk Gösgen-Däniken AG	Kernkraftwerk Leibstadt AG	Kernkraftwerk Gösgen-Däniken AG
Balance sheet				
Non-current assets	4 975.1	3 976.1	4 606.0	3 599.9
Current assets	239.2	161.1	378.2	199.8
Total assets	**5 214.3**	**4 137.2**	**4 984.2**	**3 799.7**
Non-current liabilities	4 456.0	3 605.5	4 341.4	3 386.2
Current liabilities	247.7	178.5	174.9	109.3
Equity	510.6	353.2	467.9	304.2
Total equity and liabilities	**5 214.3**	**4 137.2**	**4 984.2**	**3 799.7**
Share	34.63%	35.95%	34.63%	35.95%
Carrying amount of the investment	**176.8**	**127.0**	**162.0**	**109.4**
Dividends received	7.0	6.3	7.0	6.3

CHF million	Gross value 2020/21		Gross value 2019/20	
	Kernkraftwerk Leibstadt AG	Kernkraftwerk Gösgen-Däniken AG	Kernkraftwerk Leibstadt AG	Kernkraftwerk Gösgen-Däniken AG
Income statement				
Income	527.1	409.9	501.0	439.2
Expenses	–505.8	–391.2	–479.7	–420.5
Result for the period	**21.3**	**18.7**	**21.3**	**18.7**
Statement of comprehensive income				
Other comprehensive income	41.7	47.9	30.2	33.1
Total comprehensive income	63.0	66.6	51.5	51.8
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	14.4	17.2	10.5	11.9
Share of total comprehensive income	**21.8**	**23.9**	**17.9**	**18.6**

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 2021

CHF million	Individual 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**

Key financial figures of partner plants and other associates as at 30 September 2020

CHF million	Individual disclosed investments aggregated	Partner plants	Other associates	Total
Carrying amount of the investments	271.4	634.7	571.7	1 477.8
Balance sheet				
Non-current assets	2 889.2	1 857.6	1 807.9	6 554.7
Current assets	202.8	108.4	290.3	601.5
Total assets	**3 092.0**	**1 966.0**	**2 098.2**	**7 156.2**
Non-current liabilities	2 720.7	1 154.4	1 279.1	5 154.2
Current liabilities	99.9	177.5	224.8	502.2
Equity	271.4	634.1	594.3	1 499.8
Total equity and liabilities	**3 092.0**	**1 966.0**	**2 098.2**	**7 156.2**
Income statement				
Income	331.4	438.6	461.6	1 231.6
Expenses	–317.3	–419.3	–425.3	–1 161.9
Result for the period	**14.1**	**19.3**	**36.3**	**69.7**
Statement of comprehensive income				
Total other comprehensive income	22.4	5.3	11.8	39.5
Total comprehensive income	**36.5**	**24.6**	**48.1**	**109.2**

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 were available, a reconciliation to IFRS accounts was 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	2020/21		2019/20	
	CKW Group	Kraftwerke Linth-Limmern AG	CKW Group	Kraftwerke Linth-Limmern AG
Non-controlling interests	19%	15%	19%	15%
Balance sheet				
Non-current assets	1 693.5	2 495.7	1 889.1	2 558.9
Current assets	1 163.5	10.2	542.9	121.1
Total assets	**2 857.0**	**2 505.9**	**2 432.0**	**2 680.0**
Non-current liabilities	485.7	1 826.7	419.2	2 080.5
Current liabilities	545.1	317.2	231.0	237.6
Equity	1 826.2	362.0	1 781.8	361.9
Equity attributable to the non-controlling interests	347.0	54.3	338.5	54.3
Total equity and liabilities	**2 857.0**	**2 505.9**	**2 432.0**	**2 680.0**
Income statement				
Total income	915.7	183.9	820.4	190.8
Result for the period	**159.1**	**1.9**	**104.1**	**1.9**
Profit for the period attributable to non-controlling interests	30.2	0.3	19.8	0.3
Statement of comprehensive income				
Total comprehensive income	63.8	1.9	172.3	1.9
Total comprehensive income attributable to non-controlling interests	12.1	0.3	32.7	0.3
Dividends paid to non-controlling interests	–1.4	–0.3	–1.8	–0.3
Cash flow statement				
Cash flow from operating activities	75.7	130.0	165.3	107.1
Cash flow from investing activities	–32.8	87.2	–273.2	–54.9
Cash flow from financing activities	–17.4	–217.2	–6.7	–52.2

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

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

Open balance sheet positions with related parties as at 30 September 2020 and transactions between the Axpo Group and related parties in financial year 2019/20

CHF million	Shareholders	Partner plants	Associates
Balance sheet			
Non-current assets	148.9	75.5	398.9
Current assets	498.4	137.1	126.1
Non-current liabilities	158.3	2.4	23.7
Current liabilities	57.7	201.2	40.2
Income statement			
Total income	376.0	63.8	228.1
Operating expenses	–32.6	–745.0	–197.8
Financial result	–3.1	–11.9	15.8
Income tax	–16.0	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 AG	Brügg	30.06.	CHF	0.4	100.0	100.0	D
Fricompost Freiburgische Grünentsorgungsgesellschaft AG	Hauterive	30.09.	CHF	0.5	100.0	100.0	S
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
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	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 [1)]	Linthal	30.09.	CHF	1.6	51.0	51.0	P

1) Formation in financial year 2020/21.

	Domicile	Balance sheet date	Currency	Registered capital in millions	Share of votes in %	Share of capital in %	Purpose
Group companies							
Axpo Services AG	Baden	30.09.	CHF	0.1	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
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 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
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. [2]	Rome (IT)	30.09.	EUR	0.0	100.0	100.0	I
Axpo Netherlands BV	Amsterdam (NL)	30.09.	EUR	0.1	100.0	100.0	V
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 [3]	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 Slovensko, s.r.o.	Bratislava (SK)	30.09.	EUR	0.1	100.0	100.0	V
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
Gold Energy-Comercializadora de Energía, S.A.	Vila Real (PT)	31.12.	EUR	1.5	83.3 [4]	83.3 [4]	V
Parc éolien de St Riquier 2 SAS	Strasbourg (FR)	30.09.	EUR	0.2	100.0	100.0	P

2) Formation in financial year 2020/21.

3) 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.

4) Axpo Iberia S.L., Madrid, holds a direct share of 16.7%.

	Domicile	Balance sheet date	Currency	Registered capital in millions	Share of votes in %	Share of capital in %	Purpose
Group companies							
Parc éolien Plaine Dynamique SAS	Strasbourg (FR)	30.09.	EUR	0.02	100.0	100.0	P
Rizziconi Energia S.p.A.	Rome (IT)	30.09.	EUR	0.50	100.0	100.0	P
Urbasolar SAS [5)]	Montpellier (FR)	30.04.	EUR	2.07	100.0	100.0	D
WinBis S.r.l.	Rome (IT)	30.09.	EUR	0.12	100.0	100.0	P
CERBIS S.R.L.	Naples (IT)	30.09.	EUR	0.02	100.0	100.0	P
Axpo Kosovo L.L.C.	Pristina (XK)	31.12.	EUR	0.10	100.0	100.0	V
Axpo MK dooel Skopje	Skopje (MK)	31.12.	MKD	6.14	100.0	100.0	V
Axpo Nordic AS	Oslo (NO)	30.09.	NOK	59.00	100.0	100.0	V
Axpo Finland Oy	Helsinki (FI)	30.09.	EUR	0.25	100.0	100.0	V
Axpo Sverige AB	Malmö (SE)	30.09.	SEK	52.00	100.0	100.0	V
Axpo Singapore Pte. Ltd.	Singapore (SG)	30.09.	USD	13.00	100.0	100.0	V
Axpo Trgovina d.o.o.	Zagreb (HR)	30.09.	HRK	0.75	100.0	100.0	V
Axpo U.S. LLC	Wilmington DE (US)	30.09.	USD	80.50	100.0	100.0	V
Energia de la Zarza S.L.	Madrid (ES)	30.09.	EUR	0.10	100.0	100.0	I
Limited Liability Company "Axpo Ukraine"	Kiev (UA)	31.12.	UAH	29.45	100.0	100.0	V
Centralschweizerische Kraftwerke AG [6)]	Lucerne	30.09.	CHF	2.97	81.1	81.1	V
CKW Conex AG	Lucerne	30.09.	CHF	1.00	100.0	100.0	D
Elektro Basilisk AG	Basel	30.09.	CHF	0.10	100.0	100.0	D
EWB Elektro-Installationen AG	Baar	30.09.	CHF	0.15	100.0	100.0	D
Fürst Hägendorf AG	Hägendorf	30.09.	CHF	0.10	100.0	100.0	D
CKW Bern-Köniz GmbH	Köniz	30.09.	CHF	0.02	100.0	100.0	D
Fürst Lostorf AG	Lostorf	30.09.	CHF	0.10	100.0	100.0	D
SicuroCentral AG	Lucerne	30.09.	CHF	0.10	100.0	100.0	D
Solarville AG	Winterthur	30.09.	CHF	0.30	100.0	100.0	D
swisstech elektrokontrollen gmbh	Basel	30.09.	CHF	0.02	100.0	100.0	D
CKW Fiber Services AG	Lucerne	30.09.	CHF	2.70	100.0	100.0	D

5) 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.

6) Registered shares with a nominal value of CHF 29,692 held as treasury shares.

	Domicile	Balance sheet date	Currency	Registered capital in millions	Share of votes in %	Share of capital in %	Purpose
Group companies							
EWA-energieUri AG [7]	Altdorf	30.09.	CHF	20.0	62.3	62.3	V
ComDataNet AG	Altdorf	30.09.	CHF	0.5	100.0	100.0	D
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 [8]	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

7) Change of company name to EWA-energieUri AG (formerly Elektrizitätswerk Altdorf AG).
8) Change of company name to EWS AG (formerly Elektrizitätswerk Schwyz AG).

	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 [9]	41.4 [9]	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 [9]	59.6 [9]	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	Däniken	31.12.	CHF	350.0 [11]	37.5 [9]	36.0 [9]	P
Kernkraftwerk Leibstadt AG	Leibstadt	31.12.	CHF	450.0	52.7 [9]	34.6 [9][10]	P
Kernkraftwerk-Beteiligungsgesellschaft AG	Berne	31.12.	CHF	150.0	33.3	33.3	P

9) Due to the disposal or acquisition of sub-participations, the effective financially relevant equity interests in the partner plants deviates from the percentage of capital and voting rights held.
10) 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%.
11) Of which CHF 290.0 million paid in.

	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	0.7	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 [12)]	58.3 [12)]	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

12) Due to the disposal or acquisition of sub-participations, the effective financially relevant equity interests in the partner plants deviates 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 13)	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 14)	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
Parque Eólico la Peñuca S.L.	Ponferrada (ES)	31.12.	EUR	3.3	46.0	46.0	P
Realta Biogas AG	Cazis	30.09.	CHF	0.7	41.7	41.7	P
Repower AG	Brusio	31.12.	CHF	7.4	12.7	12.7	V
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	5.3	17.0	17.0	V
Swissgrid AG	Aarau	31.12.	CHF	320.4	37.3	37.3	N
Terravent AG	Lucerne	30.09.	CHF	18.0	20.9	20.9	S
Trans Adriatic Pipeline AG	Baar	31.12.	CHF	1 264.3	5.0	5.0	I
Windpark Lindenberg AG	Beinwil (Freiamt)	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

13) Of which CHF 0.2 million paid in.
14) Of which CHF 0.8 million paid in.
15) Adjustment to correct company name according to commercial register and transfer of registered office.

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)

KPMG

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 2021, 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 6 to 92) give a true and fair view of the consolidated financial position of the Group as at 30 September 2021, 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 IESBA International Code of Ethics for Professional Accountants (including the International Independence Standard), 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

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 2021, the company recognised net impairments on assets and net provisions amounting to CHF 203.5 million, whereas the item "Depreciation, amortisation and impairments" was debited with CHF 207.3 million and the item "Expenses for energy procurement, grid usage and cost of goods purchased" was credited with CHF 3.8 million. The carrying amounts of PPE and intangible assets (inclusive goodwill) decreased by CHF 231.2 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, expected production costs, developments in exchange rates of foreign currencies, the useful lives and discount rates estimates are subject to considerable discretion.

In this respect, Management assesses every year whether there are indications for impairments or impairment reversal, or provision requirements 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.

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 judgment regarding the presence of signs of impairment or impairment reversals.

For PPE, intangible assets, energy procurement contracts and investments in partner plants where there were signs of impairment or significant impairment reversals, we performed the following audit procedures on samples selected for their qualitative and quantitative aspects:

- Challenged the robustness of the most important parameters used to calculate the recoverable amount or expected loss, especially by comparing the future expected 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.
- Reconciled the cost estimates used with budget figures, and performed a retrospective analysis of prior-year cost estimates to determine their accuracy;
- Verified the useful lives used for the valued PPE and intangible assets by reconciling these with Axpo-internal accounting policies;
- Examined the contractual and concession durations of valued energy procurement contracts and investments in partner plants;
- Recalculated the differences between carrying value and recoverable value or expected loss, and assessed whether any resulting value impairment or impairment reversal as well as the creation or release of provisions have been recognised 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

KPMG

Classification and valuation of energy derivatives

Key Audit Matter

Fair value of energy derivatives as at 30 September 2021 are disclosed in the line item “Derivative financial instruments” in non-current assets (CHF 6’553.2 million) and in current assets (CHF 12’181.3 million), as well as in the non-current liabilities (CHF 7’278.5 million) and current liabilities (CHF 14’548.4 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 contract is subject to operational risk in the business workflows that stem from the organisational 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 all of the valuations of energy derivatives for a substantial part of the portfolio using our own valuation methods and applying independently procured market data; the remaining derivatives was 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 2.5 and 4.5

KPMG

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

Key Audit Matter

As at 30 September 2021, Axpo Group discloses provisions in the amount of CHF 4’371.9 million. Of these, CHF 3’091.9 million relate to future obligations in regard to the decommissioning and nuclear waste disposal.

By law, Axpo Group is obliged to decommission its nuclear power plants at the end of their operational life and to adequately dispose of the nuclear waste. The future costs for this are re-estimated periodically by swissnuclear (swisselectric’s nuclear power task force). Its findings are submitted to the administrative commission of the nuclear disposal fund. The provisional cost contributions are calculated on this basis. For the 2020/21 consolidated financial statements, the new 2021 cost analysis prepared in 2020 and 2021 was used for the first time 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 have been reviewed by an external expert. Moreover, the Swiss Federal Nuclear Safety Inspectorate (ENSI) as well as the experts involved will review in 2022 whether the costs in the cost analysis were estimated realistically and in sufficient detail, and whether these were presented transparently. ENSI's latest report refers to the 2016 cost analysis.

The cost estimates as well as the discount rates used and due to this, the provisions’ accuracy and completeness, 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. As ENSI's review of the 2021 cost analysis is still pending, an adjustment to this provision is possible.

Our response

For our audit, we primarily rely 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 as well as of the external expert.

Specifically, we performed the following audit procedures, among others:

- Comparison of the key assumptions of the 2016 cost analysis with those of the 2021 cost analysis so as to understand and validate whether the impact of the changes in provisions is plausible;
- Reconciliation of the amounts, creation and use of provisions in the financial accounting as at balance sheet date with the amounts stated in the cost analysis and their recording in accordance with IFRS requirements;
- 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

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.

- 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 audit of the consolidated financial statements. 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, 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 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, 8. December 2021

Income statement of Axpo Holding AG

CHF million	Notes	2020/21	2019/20
Income			
Income from investments	3	803.0	185.1
Financial income	4	120.0	94.4
Other operating income		0.7	0.0
Impairment reversals on investments	5	30.0	0.0
Total income		**953.7**	**279.5**
Expenses			
Financial expenses	4	–97.6	–105.0
Personnel expenses		–0.2	–0.2
Other operating expenses		–28.0	–27.0
Impairments on investments	5	0.0	–1.4
Taxes		–4.0	0.0
Total expenses		**–129.8**	**–133.6**
Extraordinary expenses	6	–12.5	0.0
Net profit for the year		**811.4**	**145.9**

Balance sheet of Axpo Holding AG

CHF million	Notes	30.9.2021	30.9.2020
Assets			
Cash and cash equivalents		859.0	819.8
Trade receivables	7	0.2	0.0
Current financial receivables	8	1 963.5	1 312.9
Current derivatives (positive replacement values)	9	43.0	94.3
Other current receivables	10	8.5	9.4
Accrued income and prepaid expenses	11	1.5	1.7
Total current assets		**2 875.7**	**2 238.1**
Financial assets	12	1 420.3	1 387.5
Non-current derivatives (positive replacement values)	13	35.2	60.7
Investments	14	4 505.2	4 080.6
Total non-current assets		**5 960.7**	**5 528.8**
Total assets		**8 836.4**	**7 766.9**

CHF million	Notes	30.9.2021	30.9.2020
Equity and liabilities			
Trade payables	15	0.3	0.4
Current interest-bearing liabilities	16	2 485.2	1 923.0
Current derivatives (negative replacement values)	17	61.4	92.1
Other current liabilities	18	3.8	0.1
Accrued expenses and deferred income	19	12.3	9.3
Total current liabilities		**2 563.0**	**2 024.9**
Bonds	20	781.6	781.1
Loans payable	21	570.0	750.0
Non-current derivatives (negative replacement values)	22	50.5	83.6
Other non-current liabilities	23	12.2	0.0
Total non-current liabilities		**1 414.3**	**1 614.7**
Total liabilities		**3 977.3**	**3 639.6**
Share capital	24	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	25	1 793.1	1 061.3
Total equity	26	**4 859.1**	**4 127.3**
Total equity and liabilities		**8 836.4**	**7 766.9**

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 8 December 2021 and they are still to be approved by the Annual General Meeting on 14 January 2022. 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. 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. 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	2020/21	2019/20
Dividend income and sale of:		
Axpo Power AG, Baden	396.0	80.0
Centralschweizerische Kraftwerke AG, Lucerne	14.4	14.4
Axpo Solutions AG, Baden	300.0	80.0
Others	92.6	10.7
Total	**803.0**	**185.1**

4 Financial income/expense

Financial income mainly includes interest income, realised and unrealised gains on financial investments, foreign exchange gains and gains on derivatives. Due to a partial sale of financial assets in the current financial year, a realised capital gain of CHF 28.7 million was achieved. In the previous year, this amounted to CHF 3.6 million.
Finanical expense is mainly composed of realised and unrealised foreign exchange losses. Also included are interest expenses and losses on derivatives.

5 Impairments and impairment reversals on investments

In the financial year 2020/21, an impairment reversal of CHF 30 million was recognised on the investment in Repower AG. In the previous year, an impairment of CHF 1.4 million had to be booked on the Repower investment.

6 Extraordinary expenses

The loans to Axpo Tegra AG were impaired by CHF 12.5 million in the financial year 2020/21.

7 Trade receivables

CHF million	30.9.2021	30.9.2020
Shareholders	0.1	0.0
Investments and group companies	0.1	0.0
Total	**0.2**	**0.0**

8 Current financial receivables

CHF million	30.9.2021	30.9.2020
Third parties	470.7	609.1
Investments and group companies	1 492.8	703.8
Total	**1 963.5**	**1 312.9**

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

9 Current derivatives (positive replacement values)

CHF million	30.9.2021	30.9.2020
Third parties	6.3	21.2
Investments and group companies	36.7	73.1
Total	**43.0**	**94.3**

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 13.

10 Other current receivables

CHF million	30.9.2021	30.9.2020
Third parties	7.2	8.7
Investments and group companies	1.3	0.7
Total	**8.5**	**9.4**

11 Accrued income and prepaid expenses

CHF million	30.9.2021	30.9.2020
Third parties	0.1	0.1
Investments and group companies	1.4	1.6
Total	**1.5**	**1.7**

12 Financial assets

CHF million	30.9.2021	30.9.2020
Third parties	10.0	0.0
Investments and group companies	165.9	254.0
Securities	1 244.4	1 133.5
Total	**1 420.3**	**1 387.5**

The remaining term to maturity of the loan receivables and time deposits is more than 12 months. Securities mainly consist of collective investment instruments (bank in-house funds and investment funds).

13 Non-current derivatives (positive replacement values)

CHF million	30.9.2021	30.9.2020
Third parties	6.2	7.7
Investments and group companies	29.0	53
Total	**35.2**	**60.7**

The current derivative financial instruments (positive replacement values) are stated in Note 9.

14 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.

15 Trade payables

CHF million	30.9.2021	30.9.2020
Third parties	0.3	0.4
Total	**0.3**	**0.4**

16 Current interest-bearing liabilities

CHF million	30.9.2021	30.9.2020
Third parties	0.0	31.0
Investments and group companies	2 485.2	1 892.0
Total	**2 485.2**	**1 923.0**

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

17 Current derivatives (negative replacement values)

CHF million	30.9.2021	30.9.2020
Third parties	2.5	1.3
Investments and group companies	58.9	90.8
Total	**61.4**	**92.1**

Current derivative financial instruments mainly consist of the negative replacement value for 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 22.

18 Other current liabilities

CHF million	30.9.2021	30.9.2020
Third parties	3.8	0.1
Total	**3.8**	**0.1**

19 Accrued expenses and deferred income

CHF million	30.9.2021	30.9.2020
Third parties	8.6	8.3
Investments and group companies	3.7	1.0
Total	**12.3**	**9.3**

20 Bonds

CHF million		30.9.2021	30.9.2020
Bonds outstanding at the balance sheet date:	Nominal value		
3.125% bond 26.2.2010 – 26.2.2025	300.0	299.0	298.7
1.750% bond 29.7.2016 – 29.5.2024	350.0	349.6	349.4
1.002% bond 23.7.2020 – 23.7.2027	133.0	133.0	133.0
Total		**781.6**	**781.1**

21 Loan liabilities

CHF million	30.9.2021	30.9.2020
Due dates:		
Remaining term to maturity 1-5 years	570.0	750.0
Total	**570.0**	**750.0**
of which:		
Investments and group companies	570.0	750.0

22 Non-current derivatives (negative replacement values)

CHF million	30.9.2021	30.9.2020
Third parties	12.7	9.3
Investments and group companies	37.8	74.3
Total	**50.5**	**83.6**

The current derivatives (negative replacement values) are stated in Note 17.

23 Other current liabilities

CHF million	30.9.2021	30.9.2020
Third parties	12.2	0.0
Total	**12.2**	**0.0**

24 Share capital

CHF million		30.9.2021	30.9.2020
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**

25 Accumulated profit/loss

CHF million	30.9.2021	30.9.2020
Result for the year	811.4	145.9
Profit carried forward	981.7	915.4
Total	**1 793.1**	**1 061.3**

26 Changes in equity

CHF million	Share capital	General legal reserves	Free reserves	Accumulated profit/loss	Total equity
As at 30.9.2018	**370.0**	**2 633.0**	**63.0**	**406.3**	**3 472.3**
Result for the year 2018/19				509.1	509.1
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**

27 Collateral provided for third-party liabilities

CHF million	30.9.2021	30.9.2020
Guarantees	1 823.6	1 522.8
Sureties	86.6	90.9
Other delivery and acceptance obligations	0.2	0.3
Total	**1 910.4**	**1 614.0**

28 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 financial year 2020/21 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 CHF thousand	Function	2020/21 Remuneration for Board of Directors mandate (fixed) [1]	2020/21 Pension benefits [2]	2020/21 Total	2019/20 Remuneration for Board of Directors mandate (fixed) [1]	2019/20 Pension benefits [2]	2019/20 Total
Thomas Sieber [3]	Chairman of the Board of Directors Member of the Strategy Committee Member of the Remuneration and Nomination Committee	300	78	378	592	158	750 [3]
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)	42	3	45	125	7	132
Hanspeter Fässler	Vice Chairman of the Board of Directors (since January 2021) Member of the Strategy Committee Chair of the Remuneration and Nomination Committee	123	9	132	93	7	100
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	14	104	90	11	101
Stephan Kuhn	Member of the Board of Directors Member of the Corporate Risk Council	88	7	95	86	7	93
Jakob Stark	Member of the Board of Directors (since January 2021) Member of the Strategy Committee (since January 2021)	59	4	63	0	0	0
Roger Wüthrich-Hasenböhler	Member of the Board of Directors Chair of the Strategy Committee (since January 2021) Member of the Remuneration and Nomination Committee	91	7	98	84	6	90
Total		**1 058**	**142**	**1 202**	**1 336**	**217**	**1 553**

1) The remuneration for a Board of Directors mandate consists of a fixed base compensation plus additional committee allowances.
2) Employer contributions to AHV/IV and pension funds are shown under pension benefits.
3) The remuneration for the financial year 2019/20 contains an additional compensation as a.i. CEO (between 1 October 2019 and 30 April 2020).

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

CHF thousand	Christoph Brand CEO 2020/21	Christoph Brand CEO 2019/20	Total for Executive Board [1] 2020/21	Total for Executive Board [1] 2019/20
Gross salaries (fixed)	629	262	2 532	2 024
Gross salaries (variable) [2]	585	243	2 529	2 056
Non-cash benefits [3]	0	0	36	36
Pension benefits [4]	261	109	1 084	803
Total	**1 475**	**614**	**6 181**	**4 919**

1) Compared to the previous year, the total for the Executive Board includes the compensation to CEO Christoph Brand for a full financial year (previous year pro rata 5 months) as well as the compensation for the additional Executive Board member Henriette Wendt (entry as of 1 June 2021 / pro rata for 4 months). Furthermore, no payments and remunerations paid are taken into account to former members of the Executive Board in the period between when they left the Executive Board function and the end of their employment contract.
2) Gross salaries (variable) include variable salary components that are dependent on the achievement of company targets and individual objectives. These are values for financial year 2020/21 just ended which are based on the provisional target assessment and the forecast of the results of the corporate financial targets. The payments will be made in the following financial year.
In addition, CHF 36,753 is reported under gross salaries [variable] as a share for the replacement benefits for Henriette Wendt (member of the Executive Board from 1 June 2021) for the financial year 2020/21. The replacement benefits related to the loss of deferred compensations with the previous employer. The replacement benefits amount to a total of CHF 144,015 (payable in tranches until February 2024).
3) Private use of company vehicles and SBB rail pass. Flat-rate mobility allowances, on the other hand, are reported under gross (fixed) salaries.
4) Employer contributions to the AHV/IV, the company pension fund, occupational an 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 totals CHF 169,833 (previous year: CHF 132,567) and was paid out to the employers of the Executive Board members.

Further information

No remuneration was paid to former members of the Board of Directors in financial year 2020/21. In financial year 2020/21, the total compensation to former members of the Executive Board amounted to CHF 183 thousand.
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.

29 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 profit be appropriated as follows:	
Profit carried forward	981 727 919
Reported net profit	811 361 034
	1 793 088 953
Payment of a dividend of CHF 2.15 per share with a par value of CHF 10.–	79 550 000
Profit to be carried forward	1 713 538 953
Total	**1 793 088 953**

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 2021 and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the financial statements (pages 96 to 104) for the year ended 30 September 2021 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.

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, 8 December 2021

Impressum

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This Financial Report is published in German and in 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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12.2021