Axpo Solutions AG
1 October 2022 to 30 September 2023

Annual Report 2022/23

The Power of Energy

Key figures

Axpo Solutions Group

		2022/23	2021/22	2020/21	2019/20	2018/19
Total income	CHF million	6 582.7	11 228.8	4 719.1	3 325.9	3 599.0
Gross margin	CHF million	2 711.7	2 427.2	883.7	1 061.7	975.8
Earnings before interest and tax (EBIT)	CHF million	1 925.3	1 693.1	247.6	454.7	527.3
Net profit incl. non-controlling interests	CHF million	1 507.5	1 200.7	119.7	421.1	473.7
in % of total income	%	22.9	10.7	2.5	12.7	13.2
Cash flow from operating activities	CHF million	3 560.0	–2 543.9	329.9	139.0	109.4
Total assets as at 30 September	CHF million	27 060.9	68 583.6	34 108.5	10 820.2	9 779.8
Total equity including non-controlling interests as at 30 September	CHF million	4 805.5	3 754.0	2 561.9	2 847.0	2 390.7
Net debt (+)/ net asset (–)[1]	CHF million	–30.6	2 980.1	340.0	413.3	159.8
Cash and cash equivalents	CHF million	968.5	1 035.8	728.8	483.2	525.2
Average number of employees	FTE	2 130	1 796	1 560	1 362	1 084

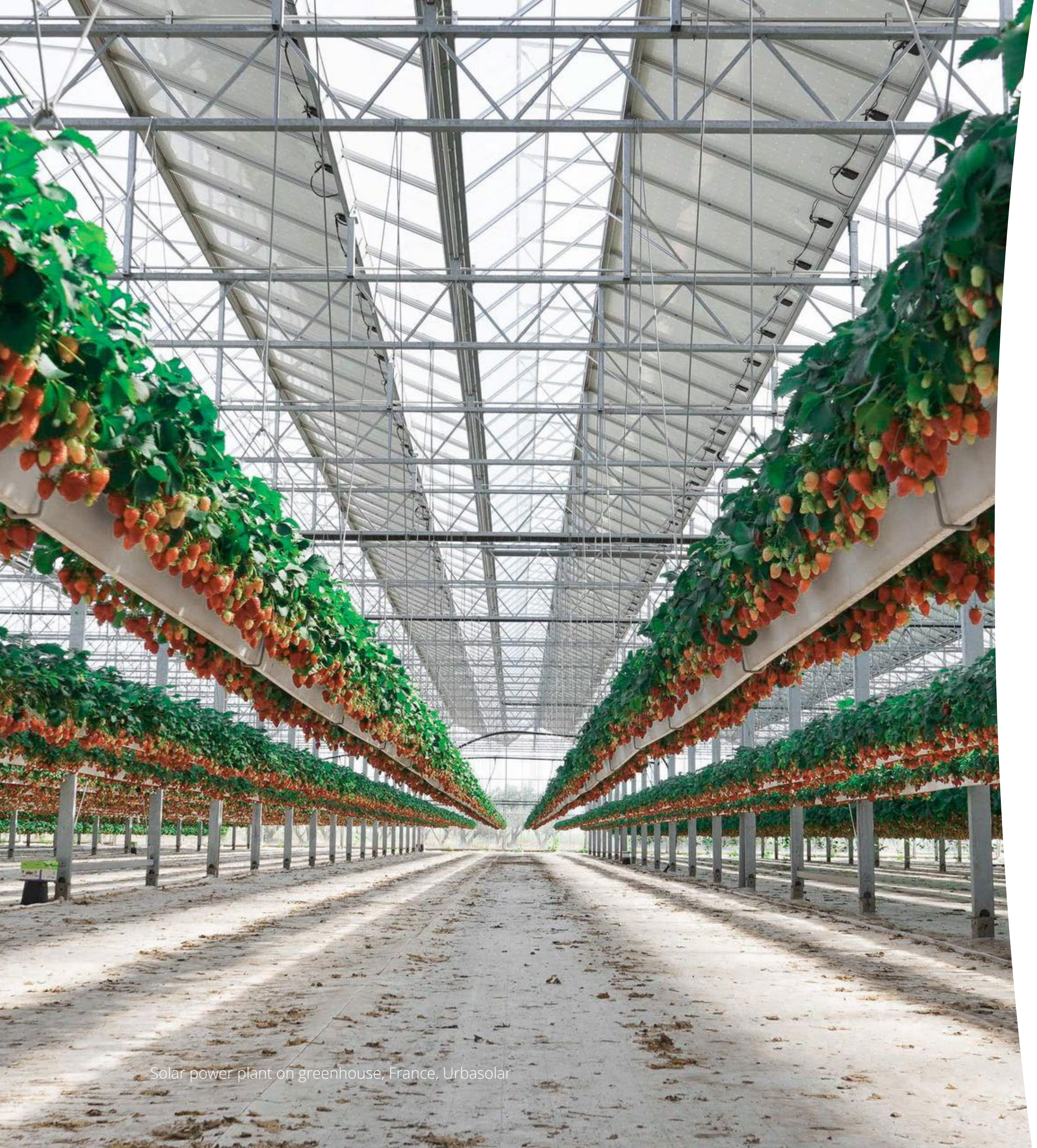
1 In the 2019/20 reporting period, the net debt calculation was adjusted. Current and non-current financial receivables, except financial receivables from cash pool and current account, are no longer included in the net debt calculation. All previous years' figures were adjusted accordingly.

Gross margin performance view

Business area Trading & Sales[1]

		2022/23	2021/22	2020/21	2019/20	2018/19
Trading & Sales total[2]	EUR million	2 369.5	2 236.7	880.4	699.9	543.9
Asset-backed Trading	EUR million	655.5	1 275.9	324.5	230.8	119.9
Origination	EUR million	1 181.4	859.4	476.5	202.6	246.5
Prop Trading	EUR million	512.4	87.0	79.1	264.7	174.9

1 The Trading & Sales business area includes energy trading, risk and portfolio management, and customer service. The Generation & Distribution business area is not included in the above figures.
2 The sum total of trading activities does not match the Trading & Sales total due to the performance of centralised FX/IR hedging activities.



Solar power plant on greenhouse, France, Urbasolar

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Editorial

Axpo Solutions business model brings increased results amid volatile markets and uncertainty

Axpo Solutions once again recorded an impressive financial performance during the 2022/23 financial year in what continued to be volatile market conditions. Our business model, diversified along the entire value chain and all energy commodities, enabled us to continue delivering superior results to our clients and shareholders. With a geographic spread across Europe, North America and Asia, more than 32 Axpo offices provided strong and effective risk management solutions and on-the-ground customer service throughout an eventful year.

Following the severe market spikes in gas and power prices in Q3 2022 – driven by the war in Ukraine and consequent reduction of Russian gas supply to Europe – a combination of global factors saw market prices normalise, falling back towards the end of 2022 and into the first half of 2023.

These factors included an increase in coal and gas supply, particularly from the US, which increased its LNG supply to Europe; a marked reduction of energy consumption in Europe, also thanks to a mild winter; bleak economic conditions in China; and the recovery of nuclear power generation in Japan and South Korea. France's nuclear power production also improved significantly, enabling an increase in electricity exports and replacing the need for gas-based power generation across Europe.

Consequently, 2022/23 saw yet another exceptional performance by Axpo Solutions, recording an operating result of CHF 1,925.3 million compared to CHF 1,693.1 million in the previous year. Cash flow from operating activities was CHF 3,560.0 million, compared to CHF –2,543.9 million in the previous year. Last year's negative cash flow was attributable to the hedging of Axpo's production, where sizable collateral had to be deposited because of increased market prices. During the business year, Axpo Solutions was able to retrieve a substantial part of this collateral.

Axpo Solutions' net debt recovered and turned into a net asset position of CHF –30.6 million, compared to CHF 2,980.1 million in the previous year.The performance view gross margin for the Trading & Sales business was EUR 2,369.5 million.

Asset-backed Trading

Asset-backed Trading performed extremely well during the 2022/23 financial year, recording results of EUR 655.5 million. This year's figures are lower than that of the previous year, this is largely due to the impact of falling prices and spreads on hedges of Axpo's Swiss power plants from previous years. However, during the financial year Asset-backed Trading more than compensated for this with the successful management of positions in futures and short-term trading which delivered strong results. Successful and effective management of sales positions, including the balancing and optimisation of operations, also contributed to asset-backed trading results.

Axpo Solutions Group

CHF million	Audited figures	Impairments and provisions	Hedge book effect	Foreign exchange effects	Pro forma figures
Gross margin	**2711.7**	–17.4	–616.2	116.4	**2194.5**
Depreciation, amortisation and impairments	**–118.9**	–46.3			**–165.2**
EBIT	**1925.3**	–63.7	–616.2	116.4	**1361.8**

Table: Audited figures 2022/23 including bridging to pro forma statement.

CHF million	Audited figures	Impairments and provisions	Hedge book effect	Foreign exchange effects	Pro forma figures
Gross margin	**2 427.2**	–142.4	627.9	–706.8	**2 205.9**
Depreciation, amortisation and impairments	**–146.9**	–22.3			**–169.2**
EBIT	**1 693.1**	–164.7	627.9	–706.8	**1 449.5**

Table: Audited figures 2021/22 including bridging to pro forma statement.

In the table above, the bridging from audited figures to a pro forma view is shown, where the pro forma view removes the effects of impairments and provisions, hedge book effects and foreign exchange effects to provide a performance view of the business. Apart from the accounting mismatches mentioned in the pro forma statement, there are other deviations between performance view and IFRS, which have grown in magnitude with record-high market prices and volatility.

Accounting mismatches: hedge book and foreign exchange effects

Part of Axpo Solutions' hedging transactions are reported on the balance sheet at fair value, whereas the underlying energy revenue is accounted for on an accrual basis, resulting in a hedge book effect.

The foreign exchange movements of the euro against the Swiss franc since the end of the previous financial year created a foreign exchange effect. The positive or negative impact arising from foreign exchange derivative hedges on the sale of underlying energy is recognised at fair value, while the opposite impact on the underlying energy revenue will be recognised over the next few years.

Both the hedge book and foreign exchange effects are temporary mismatches, which cancel out once the hedge and underlying transactions are realised. This is usually the case within three years or less after concluding the transaction.

Origination

Origination continued to prove itself a reliable and robust partner for clients during the 2022/23 financial year. Focused risk management combined with innovative solutions provided secure, solid foundations and sound business judgement at a time of great market uncertainty and volatility. Consequently, Origination delivered results of EUR 1,181.4 million compared to the previous year's EUR 859.4 million.

A diverse product offering and geographic presence also contributed to this strong performance. Clients were able to take advantage of flexible access to an increasing number of markets and solutions, such as PPAs, structured products, and full supply of power and gas. Despite the tight market, we entered new markets and signed three PPAs in Croatia, Greece and Serbia.

In the SEE region, a number of deals were completed during the year including the signing of Axpo's first virtual cross-border PPA in the region. The ten-year agreement with Kunovac d.o.o. – a joint investment between the Finnish renewable energy fund manager Taaleri Energia and local developer ENCRO – is for green electricity generated by its wind farm in Croatia. In Slovenia, Axpo also signed another ten-year deal with the local Kolektor group, a global supplier of specialised industrial products, in the country's first ever financial corporate PPA. Elsewhere, deliveries of power and gas commenced to retail clients in Hungary following the steady build-up of its client portfolio since the office was set up in 2022.

In the Netherlands, power and gas supplies to new clients increased in number by between 150 and 200 per cent. During a time when many other energy market participants proved unable to fulfil their commitments to customers, this is just one example of Axpo's continuing reliability as a trusted partner for its clients, both existing and new.

PPAs – the energy transition's financial foundations

With energy prices at record highs, Axpo continued to support our customers in a challenging environment. In the Nordic countries, we concluded several corporate PPAs during the 2022/23 financial year with pan-European clients such as Borealis and Nippon Sheet Glass. Borealis signed its second PPA with Axpo in less than six months to procure renewable electricity for its operations in Stenungsund, Sweden from January 2024. The agreement covers the supply of green power from the recently commissioned wind farm Lake Wind AB in Sweden.

Aiming to grow Axpo's presence and enhance our capabilities within the green energy and storage solutions market, we made three key battery investments in Sweden. This included development of the largest battery storage facility in Sweden, acquired from project developer SENS (Sustainable Energy Solutions Sweden). The facility in Filipstad will provide ancillary services to help balance the electricity grid, with construction expected to start in early 2024. In addition, Axpo launched operations in Finland and began working on the development of a number of wind power opportunities across the country.

In Germany, we also concluded its first two long-term PPAs with the Messer Gase, a supplier of industrial gases, and silicon wafer manufacturer Siltronic. A trusted partner to Siltronic, our team in Germany supported the company in achieving their sustainability goals, whilst at the same time contributing to the construction of additional PV capacity in the country.

Our PPA success continued in Italy with the signing of a corporate PPA with Alto Adriatico Energia. This five-year agreement is the first of its kind in Italy between an energy player and a trade association.

Contribution to net zero targets wins awards

In February 2022, a pioneering project in Catalonia, Spain began injecting biomethane produced from the waste of 2,300 cows at the Torre Santamaría dairy farm into the local gas grid. Axpo was instrumental in the EUR 4 million project's successful development, signing the first long-term contract in 2020 for the purchase and sale of biomethane from the farm, which now produces 26 gigawatt hours of the gas a year. The family-owned farm, in Lleida province, was the first such agricultural plant in Spain and has won several awards in the sector. These include Best Biogas project in Catalonia and Best Environmental Integration Initiative.

Proprietary/Merchant Trading

For the 2022/23 financial year, Prop/Merchant Trading's delivered EUR 512.4 million in results, compared to EUR 87.0 million for 2021/22.This year, the results have not been affected by the stop of Russian gas deliveries to Europe seen in the previous financial year. Given the diversification of Axpo Solutions' trading business, Merchant Trading was able to capitalise on market inefficiencies seen across the markets and commodities. Furthermore, Proprietary/Merchant Trading continued to play a vital role, providing clients with access to the market.

In addition, proprietary trading helped support Europe's security of supply, bringing several LNG cargoes to European markets and supplying gas to countries worst hit by the shortage, while providing useful liquidity. Merchant trading also played a vital role in supporting the establishment of Switzerland's temporary reserve power plant in Birr. Meanwhile, Prop/Merchant Trading continued to expand its activities in Asia – key for the gas market in Europe – and began trading power in Japan. Furthermore, the construction of an LNG bunkering vessel was commissioned. It will be ready in 2025 for vessel-to-vessel and vessel-to-truck small-scale LNG deliveries in Italy.

Increasing gas market share in Spain

Axpo continued to grow its share of the gas market in Spain during the 2022/23 financial year, consolidating our position as the country's fifth largest marketer of gas by volume. This activity included the first deliveries of gas to industrial customers in Portugal, a market in which Axpo subsidiary Goldenergy already supplies energy to retail customers.

Retail – customer service growth goes from strength to strength

In Portugal, Goldenergy delivered exceptional results, increasing its points of sale significantly to nearly 600,000. This success was recognised by the prestigious award for Portugal's Best Customer Service in Energy by Escolha do Consumidor, a leading consumer organisation in the country, while Goldenergy also retained its certificate awarded in 2021/22, recognising it as a Great Place to Work. In addition, Axpo Iberia, increased its points of distribution for B2B customers to 22,950 across Spain and Portugal. In Italy, Axpo further grew its customer business with points of sale to SMEs (small medium enterprises) increasing to 80,000 and through its consumer brand PULSEE point of sales increased to more than 130,000 during the year.

Axpo strengthens wind and solar business

Expanding renewable energies both domestically and internationally is an important pillar of Axpo's corporate strategy. After 10 years of successful development, Axpo integrated its wind and solar businesses into two in-house divisions at the beginning of the financial year. This supports Axpo's strategic ambition to continue making a significant contribution to the expansion of climate-friendly energy production.

Expansion of wind business

Axpo further grew its wind energy activities in Europe during the 2022/23 financial year. In Finland, an office was opened for its new wind team, dedicated to the development of projects in the country. A new wind team was also established in Switzerland, where Axpo plans to develop and build future wind power plants. Axpo's strategy is to generate additional revenue and added value from its renewables business by selling as well as developing assets. In France,
Axpo's main wind power market, a total of 113 MW of wind capacity was successfully built through its Volkswind subsidiary. In total, Axpo has already developed more than 1,500 MW and aims to continue developing up to 3 GW of wind energy in Europe.

Solar initiative launched in Europe

Axpo's solar division further expanded its presence in the sector during the financial year, adding 162 MW of solar capacity through its subsidiary Urbasolar, mainly active in France. In Spain, development commenced of its largest solar power plant to date. The installation, with a planned installed capacity of 200 MW, is part of Axpo's ambition to develop 10 GW of solar power in Europe over the coming years.

In Switzerland, Axpo is also setting new standards in the expansion of solar energy, launching its solar initiative in autumn 2022. This includes the future development of solar plants with an installed capacity of 1.2 GW in central Switzerland and mountain regions. During the financial year, Axpo also announced plans for several large-scale alpine solar plants, which will supply vitally important power, particularly in the winter months.

Hydrogen and battery solutions

In the financial year, Axpo commenced construction of a 2.5 MW green hydrogen production facility at the Reichenau hydropower plant, which is scheduled to start operations at the beginning of 2024. This plant will be an important step in gaining operational experience of hydrogen production. Meanwhile, the permitting process for another project close to the Wildegg-Brugg hydropower plant has progressed, with a decision expected by the end of 2023.

Axpo is also advancing in the battery storage business, announcing during the financial year the development of two facilities in Sweden. Construction of a 20 MW/20 MWh lithium-ion-based battery storage facility in Landskrona has begun, with operations scheduled to start in 2024. Axpo will also develop a 25 MW lithiumion battery storage system in Filipstad, one of Sweden's largest, with construction due to begin in 2024. Both systems will provide ancillary services to help balance the power grid.

Consolidated financial statements of Axpo Solutions Group

Head office in Baden, Switzerland

Consolidated financial statements

Consolidated statement of comprehensive income

CHF million	Notes	2022/23	2021/22
Revenue	2.1	6 421.5	10 272.9
Result from currency forward contracts		– 89.7	742.2
Other operating income		250.9	213.7
Total income		**6 582.7**	**11 228.8**
Expenses for energy procurement and cost of goods purchased	2.2	– 3 620.1	– 8 587.9
Expenses for materials and third-party supplies		– 60.9	– 72.4
Personnel expenses	5.1	– 414.6	– 311.1
Other operating expenses	2.3	– 460.0	– 457.3
Share of profit from partner plants and other associates	6.3	17.1	39.9
Earnings before interest, tax, depreciation and amortisation (EBITDA)		**2 044.2**	**1 840.0**
Depreciation, amortisation, impairment losses and reversals	2.4	– 118.9	– 146.9
Earnings before interest and tax (EBIT)		**1 925.3**	**1 693.1**
Financial income	2.5	324.6	153.3
Financial expense	2.5	– 371.9	– 456.5
Earnings before tax (EBT)		**1 878.0**	**1 389.9**
Income tax expense	2.6	– 370.5	– 189.2
Result for the period		**1 507.5**	**1 200.7**

CHF million	Notes	2022/23	2021/22
Result for the period		**1 507.5**	**1 200.7**
Other comprehensive income			
Currency translation differences	4.1	1.9	– 232.5
Share of currency translation differences of other associates	4.1, 6.3	0.1	– 2.6
Changes in cash flow hedges – group companies	4.1	26.9	185.7
Changes in cash flow hedges – other associates	4.1, 6.3	6.9	23.6
Income and expenses to be reclassified subsequently to profit or loss, net after income tax		**35.8**	**– 25.8**
Remeasurement of defined benefit plans – group companies	4.1	2.5	– 2.9
Remeasurement of defined benefit plans – partner plants and other associates	4.1, 6.3	0.1	– 3.2
Income and expenses not to be reclassified subsequently to profit or loss, net after income tax		**2.6**	**– 6.1**
Other comprehensive income after income tax		**38.4**	**– 31.9**
Total comprehensive income		**1 545.9**	**1 168.8**
Allocation of the result for the period			
Axpo Solutions shareholders		1 507.2	1 199.8
Non-controlling interests		0.3	0.9
Allocation of total comprehensive income			
Axpo Solutions shareholders		1 543.9	1 168.5
Non-controlling interests		2.0	0.3
Earnings per share			
Earnings per share in CHF		48.1	38.3
Dividend per share			
Dividend per share in CHF		16.0	0.0

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

Consolidated balance sheet

CHF million	Notes	30.9.2023	30.9.2022
Assets			
Property, plant and equipment	3.1	982.4	767.3
Right-of-use assets	3.2	133.7	128.0
Intangible assets	3.3	324.6	368.7
Investments in partner plants and other associates	6.3	256.7	380.0
Derivative financial instruments	4.5	7 470.2	19 619.7
Financial receivables	4.3	172.5	293.0
Other receivables	3.5	102.0	95.6
Deferred tax assets	2.6	170.6	188.4
Total non-current assets		**9 612.7**	**21 840.7**
Assets held for sale	6.2	277.9	184.5
Inventories	3.4	650.6	945.1
Trade receivables		1 438.8	2 874.1
Financial receivables	4.3	2 328.1	427.9
Current tax assets		117.3	80.2
Derivative financial instruments	4.5	5 255.1	22 975.9
Other receivables	3.5	6 411.9	18 219.4
Cash and cash equivalents	4.2	968.5	1 035.8
Total current assets		**17 448.2**	**46 742.9**
Total assets		**27 060.9**	**68 583.6**

CHF million	Notes	30.9.2023	30.9.2022
Equity and liabilities			
Share capital	4.1	1 567.0	1 567.0
Retained earnings	4.1	3 780.8	2 759.1
Other reserves	4.1	– 585.0	– 605.1
Total equity excluding non-controlling interests		**4 762.8**	**3 721.0**
Non-controlling interests	4.1	42.7	33.0
Total equity including non-controlling interests		**4 805.5**	**3 754.0**
Financial liabilities	4.4	1 456.1	1 365.8
Derivative financial instruments	4.5	6 087.5	24 024.2
Other liabilities	3.6	530.9	414.6
Deferred tax liabilities	2.6	140.9	130.4
Provisions	3.7	93.6	127.5
Total non-current liabilities		**8 309.0**	**26 062.5**
Liabilities held for sale	6.2	77.7	35.0
Trade payables		1 130.9	1 582.1
Financial liabilities	4.4	1 600.7	2 961.3
Current tax liabilities		344.8	195.7
Derivative financial instruments	4.5	5 385.7	24 157.0
Other liabilities	3.6	5 293.7	8 833.7
Provisions	3.7	112.9	1 002.3
Total current liabilities		**13 946.4**	**38 767.1**
Total liabilities		**22 255.4**	**64 829.6**
Total equity and liabilities		**27 060.9**	**68 583.6**

Consolidated statement of changes in equity

	Share capital	Retained earnings[1]	Other reserves[1]	Total equity excluding non-controlling interests	Non-con-trolling interests	Total equity including non-controlling interests
Equity as at 1.10.2021	**1 567.0**	**1 551.3**	**– 577.0**	**2 541.3**	**20.6**	**2 561.9**
Total other comprehensive income after income tax		– 5.8	– 25.5	**– 31.3**	– 0.6	**– 31.9**
Result for the period		1 199.8		**1 199.8**	0.9	**1 200.7**
Total comprehensive income		**1 194.0**	**– 25.5**	**1 168.5**	**0.3**	**1 168.8**
Dividend payment		0.0		**0.0**	– 0.3	**– 0.3**
Change in scope of consolidation		27.9	– 0.4	**27.5**	– 5.6	**21.9**
Non-controlling interests acquired/sold		– 14.3	– 2.2	**– 16.5**	16.4	**– 0.1**
Increase/decrease in capital of non-controlling interests	0.0	0.2		**0.2**	1.6	**1.8**
Equity as at 30.9.2022	**1 567.0**	**2 759.1**	**– 605.1**	**3 721.0**	**33.0**	**3 754.0**
Other comprehensive income after income tax		2.6	34.1	**36.7**	1.7	**38.4**
Result for the period		1 507.2		**1 507.2**	0.3	**1 507.5**
Total comprehensive income		**1 509.8**	**34.1**	**1 543.9**	**2.0**	**1 545.9**
Dividend payment		– 500.0		**– 500.0**	– 0.3	**– 500.3**
Change in scope of consolidation		13.5	– 14.2	**– 0.7**	0.0	**– 0.7**
Non-controlling interests acquired/sold		– 1.6	0.2	**– 1.4**	1.3	**– 0.1**
Increase/decrease in capital of non-controlling interests	0.0	0.0		**0.0**	6.7	**6.7**
Equity as at 30.9.2023	**1 567.0**	**3 780.8**	**– 585.0**	**4 762.8**	**42.7**	**4 805.5**

1 See Note 4.1 «Development of retained earnings and other reserves»

Consolidated cash flow statement

CHF million	Notes	2022/23	2021/22
Earnings before tax (EBT)		1 878.0	1 389.9
Financial result	2.5	47.3	303.2
Earnings before interest and tax (EBIT)		**1 925.3**	**1 693.1**
(Gains)/losses on disposal of non-current assets		– 201.5	– 148.7
(Gains)/losses on disposal of non-current assets and liabilities held for sale		0.0	0.0
Non-cash expenses and income	4.2	– 6 119.0	3 799.6
Change in net working capital	4.2	8 998.7	– 8 065.2
Change in derivative financial instruments and other financial result		49.1	– 45.3
Change in provisions (excluding interest, net)	3.7	– 881.6	441.4
Dividends received		18.3	19.3
Income taxes paid		– 229.3	– 238.1
Cash flow from operating activities		**3 560.0**	**– 2 543.9**
Property, plant and equipment:			
Investments net of capitalised borrowing costs	3.1	– 237.8	– 212.2
Disposals and cost contributions		0.8	1.7
Lease investments			
Receipt of deferred consideration		2.6	2.2
Intangible assets:			
Investments (excluding goodwill)	3.3	– 7.1	– 12.4
Disposals		1.1	0.0
Acquisition of subsidiaries (net of cash acquired)		– 0.4	– 42.1
Disposals of subsidiaries (net of cash transferred)		0.0	146.0
Investments in partner plants and other associates:			
Investments		– 13.7	– 8.0
Disposals and capital repayments		409.4	21.5
Other financial assets:			
Investments		– 60.2	– 55.5
Disposals and repayments		0.2	0.2
Financial receivables (current)		– 1 948.2	1 268.2
Change in other financial assets (current)		0.0	2.9
Interest received		231.5	39.6
Cash flow from investing activities		**– 1 621.8**	**1 152.1**
Financial liabilities (current and non-current):			
Proceeds	4.4	2 986.2	4 153.7
Repayment	4.4	– 4 231.9	– 2 208.5
Other cash flows from financing activities		6.6	0.0
Dividend payments (including non-controlling interests)		– 500.3	– 0.1
Interest paid		– 238.4	– 116.3
Cash flow from financing activities		**– 1 977.8**	**1 828.8**
Foreign currency translation effect on cash and cash equivalents		– 27.7	– 130.0
Change in cash and cash equivalents		**– 67.3**	**307.0**
Cash and cash equivalents at the beginning of the reporting period	4.2	**1 035.8**	**728.8**
Cash and cash equivalents at the end of the reporting period	4.2	**968.5**	**1 035.8**

Notes to the consolidated financial statements

Control room KKB, Switzerland

1. Basic information

1.1 General information

Axpo Solutions AG is a public limited company incorporated under Swiss law with its registered office in Baden. It is a wholly owned subsidiary of Axpo Holding AG, Baden. Axpo Solutions AG and its subsidiaries constitute Axpo Solutions Group.

Axpo Solutions Group comprises the business area Trading & Sales and part of the business area Generation & Distribution of the Axpo Group. The business area Generation & Distribution operates and expands the Axpo power plant portfolio in Switzerland and abroad, as well as infrastructure such as grids and substations. It is also responsible for optimising the power plant portfolio and developing new power plant projects. The entire business area Generation & Distribution is managed by Axpo Group, whereas the business area Trading & Sales is managed by Axpo Solutions Group.

The business aera Trading & Sales of Axpo Solutions Group provides origination and retail services for its customers and trades in energy. Its activities are targeted primarily at the corporate customer and producer segment and increasingly also at the small and medium-sized enterprise segment. Axpo Solutions Group operates trading and sales companies in various European countries, in a number of neighbouring countries, in the United States of America and in Singapore (see Note 6.6 "Investments").

In addition, Axpo Solutions Group has investments in power plants in Switzerland as well as long-term procurement agreements with power plants in France and wind farms in various European countries. It also owns gas-fired combined-cycle power plants in Italy and wind farms in France and Germany. With the acquisition of the Volkswind Group in 2016 and the Urbasolar Group in 2019, Axpo Solutions Group moved into the business of building, operating and selling wind farms in Germany and France and solar plants mainly in France.

Axpo Solutions Group acts as the single market access for Axpo Power AG, Axpo Hydro AG and its power plant participations. The energy produced is transferred to Axpo Solutions Group for the purpose of hedging. Axpo Solutions Group also manages the supply contracts with the Swiss cantonal utilities and large consumers on behalf of Axpo Group. Axpo Power AG renders services to Axpo Solutions Group in respect of the management of its Swiss power plant participations.

The 2022/23 financial year was characterised by a significantly lower price level compared to the prior year. Volatility remained high, but wholesale prices have fallen continuously since autumn 2022. The prior financial year, on the other hand, was characterised by sharply rising energy prices and record price fluctuations. These market developments had implications for the balance sheet, income statement and cash flow statement. The impact of these market developments in the 2021/22 and 2022/23 financial years is mainly reflected in the following Note tables: 2.5 "Financial result", 2.6 "Income taxes", 3.4 "Inventories", 3.5 "Other receivables", 3.6 "Other liabilities" and 4.5 "Risk management".

1.2 Basis of accounting principles

General principles
The consolidated financial statements of Axpo Solutions Group have been prepared in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law. The consolidated financial statements were approved for publication by the Board of Directors of Axpo Solutions Group on 30 November 2023 and are subject to the approval of the Annual General Meeting on 12 January 2024.

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

Presentation currency and foreign currency translation

The presentation currency, which is also Axpo Solutions 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 approximately corresponds to 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 which arise are recognised in the income statement.

Assets and liabilities of subsidiaries and of other 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. Goodwill and fair value adjustments arising from the acquisition of a foreign operation are recognised in the balance sheet as assets of the acquired entity. 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 sheets and the income statements of foreign subsidiaries and associates accounted for using the equity method are recognised directly in other comprehensive income and accumulated in consolidated equity. They are reported separately in the notes as foreign currency translation reserves.

Non-current receivables or loans to 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 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:

Currency	Unit	30.9.2023	30.9.2022	2022/23	2021/22
EUR	1	0.9669	0.9561	0.9790	1.0225
GBP	1	1.1184	1.0828	1.1248	1.2074
NOK	100	8.5920	9.0336	8.8307	10.2320
PLN	100	20.8910	19.7203	21.2100	21.9700
RON	1	0.1944	0.1932	0.1984	0.2071
SEK	100	8.3841	8.7721	8.6390	9.8129
USD	1	0.9127	0.9808	0.9177	0.9445

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 following new and revised standards and interpretations were applied on 1 October 2022 for the first time:

Standard	Title	Effective from
Amendments to IFRS 3	Reference to the Conceptual Framework	1 January 2022
Amendments to IAS 16	Proceeds before Intended Use	1 January 2022
Amendments to IAS 37	Cost of Fulfilling a Contract	1 January 2022
IFRSs (2018–2020 cycle)	Annual Improvements	1 January 2022
Amendments to IAS 12	International Tax Reform – Pillar Two Model Rules	23 May 2023

The new and revised standards and interpretations had no significant effect on the consolidated financial statements and disclosures of Axpo Solutions Group.

Future application of new and revised standards and interpretations

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

Standard	Title	Effective from
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policy	1 January 2023
Amendments to IAS 8	Definition of Accounting Estimate	1 January 2023
Amendments to IAS 12	Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	1 January 2023
Amendments to IAS 1	Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to IAS 1	Non-current Liabilities with Covenants	1 January 2024
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements	1 January 2024
Amendments to IAS 21	Lack of Exchangeability	1 January 2025

Axpo Solutions Group will review its reporting for those new or revised standards effective on or after 1 January 2023 and which will not be adopted early by Axpo Solutions Group. Based on the current analyses, Axpo Solutions Group does not expect any material impact on the Group's financial position and results of operations.

1.3 Significant judgements and estimation uncertainties in the application of accounting policies

In the process of preparing the consolidated financial statements in accordance with IFRS, Axpo Solutions Group management makes judgements, estimates and assumptions which have an effect on the applicable accounting policies 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 appropriate under the given circumstances. These serve as a basis for the recognition of assets and liabilities which cannot be measured directly through 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 future developments and other key sources of estimation uncertainty which could result in material adjustments to the carrying amounts of assets and liabilities are described in the following notes.

Description	Significant judgements	Estimation uncertainties	Further information see Note
Impairment losses and reversals on property, plant and equipment, right-of-use assets and intangible assets		X	2.4
Provisions for onerous energy procurement contracts		X	2.4
Income taxes		X	2.6
Other provisions		X	3.7.1
Value added tax		X	3.7.2
Accounting for energy derivatives	X		4.5.4
Fair value of financial instruments		X	4.5.4
Defined benefit plan		X	5.2
Classification of partner plants	X		6.3

1.4 Events after the balance sheet date

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

Solar power plant on car park roof, France, Urbasolar

2. Operational performance

2.1 Revenue

CHF million	2022/23	2021/22
Revenue from energy business	5 277.3	7 061.2
Other revenue	59.7	198.2
Revenue from contracts with customers	**5 337.0**	**7 259.4**
Result from energy trading	1 084.5	3 013.5
Total	**6 421.5**	**10 272.9**

The result from energy trading also contains the positive and negative results of economic hedge contracts entered into to hedge retail sales contracts. In the previous year, expenses related to the recognition of provisions for onerous energy sales contracts were included in expenses for energy procurement from third parties and associates. The provisions for onerous sales contracts were fully reversed in the current reporting period (see Note 2.2 “Expenses for energy procurement, grid usage and cost of goods purchased” and Note 3.7.1 “Provisions”).

Axpo Solutions Group markets 22.5 TWh of energy annually from the Axpo Group’s power production plants, investments in partner plants and long-term contracts with nuclear power plants in France. A large proportion of the volume that will be produced in the next three years is sold to the forward market to hedge its sales prices, mainly in the markets of Germany, France and Switzerland. Products used are physical forwards and physical futures. These first sales are accounted for at cost; revenue is thus recognised upon delivery of energy in revenue from energy business (see accounting principles in this chapter “Distinction between sale of own energy production, retail business and customer solution business”). Sales of production energy further in the future relate to long-term customer contracts.

Although these futures and forwards used to hedge the self-produced energy are not measured at fair value, they are cash-intensive as they require cash deposits in the form of variation margin payments for futures and Credit Support Annexes for forwards in order to reflect changes in market prices. However, there are no offsetting cash flows from margin payments on the production side.

The margin payments for futures are recognised in “Other receivables” in the line item “Variation margin futures own use” (see Note 3.5 “Other receivables). The Credit Support Annexes paid and received are recognised in”Other receivables“and”Other liabilities“, in the line item”Credit Support Annex“(see Note 3.5”Other receivables and Note 3.6 “Other liabilities). Thereby the”Credit Support Annex“include cash paid and received from contracts concluded in relation with the sale of self-produced energy and recognised at cost as well as from contracts related to the customer solution business and energy trading, which are measured at fair value. It is not possible to allocate the Credit Support Annexes paid and received to contracts that are recognised at cost and those that are measured at fair value. The line item”Variation margin futures own use”, however, only contains cash paid and received from contracts concluded in relation with the sale of self-produced energy. All these cash deposits are collateral and flow back to Axpo upon realisation of the respective contracts with the physical energy delivery. At the same time, a cash inflow will be realised from the sale and physical delivery of energy.

Therefore, these cash deposits are not equivalent to a profit or loss. They show the difference between the contractually agreed sales price and the market price at the balance sheet date. As long as the contractually agreed sales price is higher than the production costs, the sale of self-produced energy results in a profit irrespective how cash deposits develop.

The table below gives an overview of the sold volume, the average sales price and the average forward price:

in EUR	2022/23	2021/22
Volume sold in TWh [1]	53.4	62.7
Average selling price [2]	74.5	57.6
Average forward price for baseload [2]	117.0	344.1

1 Volume for the years 2023 to 2033 and 2022 to 2032, respectively.
2 Weighted average of the relevant products as at the balance sheet date.

Accounting principles

Generally

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

Result from energy derivatives trading

Revenue and costs related to the customer solution business as well as energy trades, that are measured at fair value, are presented net in the result from energy trading. Such contracts do not fall within the scope of IFRS 15 but are accounted for according to IFRS 9 and IFRS 13.

Distinction between sale of own energy production, retail business and customer solution business

For the first sale of self-produced energy, revenue is recognised upon delivery of goods in revenue from energy business, whereas all following contracts in the management chain are treated as hedge products, measured at fair value and recognised in the result from energy trading.
The retail business mainly consists of physical energy deliveries and other services, such as installation and grid connections. Counterparties are households and small to medium-sized entities. The related revenue is recognised

upon delivery of the goods in revenue from energy business or upon rendering of the service in other revenue.
All other business including origination is referred to as customer solution business. The recognition of revenue in the customer solution business is based on a portfolio approach, where all contracts are measured at fair value and recognised in the result from energy trading. These contracts, portfolios and inventories are principally acquired with the purpose of selling them in the near future and generating a profit from fluctuations in price or dealer's margin. Energy trades that are purely financial speculation are presented net in the result from energy trading.

Revenues from energy sales and grid usage

The first sale of self-produced energy from the Axpo Group's own production portfolio and 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 are accounted for as a single performance obligation (series of distinct goods or services). In the case of energy deliveries, Axpo Solutions Group has a right to a consideration that is directly equivalent to the value of the energy already delivered to the customer. Axpo Solutions Group 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 reporting period. 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 at the balance sheet date is shown as "Revenues not yet invoiced (financial instruments)" under other receivables.
In accordance with IFRS 15, transport costs for energy, such as grid usage fees for grids not owned by Axpo Solutions Group, are reported net in revenue. In such cases, Axpo Solutions acts only as agent of the grid operator, since it collects these charges from the customer on the latter's behalf and forwards them to the grid operator.
The payment periods are usually 30 days and in exceptional cases longer.

Other revenue

Other revenue includes revenue from rendered services and energy efficiency projects. For customer-specific construction contracts for which Axpo Solutions has an enforceable right to payment for performance completed to date under the terms of the contract, revenue is recognised on a period 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 from an order, which is accounted for on a period basis, is realised on the basis of the calculated stage of completion. Revenue that cannot yet be offset is recognised in the balance sheet as contract assets (included in line item "Other receivables") less advance payments already made. In the event of a surplus of advance payments, revenue that cannot yet be offset is recognised as contract liabilities (included in line item "Other liabilities"). The provision of services can take place both over a period of time and at a point in time.

2.2 Expenses for energy procurement and cost of goods purchased

CHF million	2022/23	2021/22
Expenses for energy procurement from third parties and associates	– 3 453.4	– 8 319.9
Expenses for energy procurement from partner plants	– 167.9	– 361.5
Increase in provisions for onerous energy procurement contracts (excluding interest) (Note 3.7.1)	0.0	– 10.7
Reversal of provisions for onerous energy procurement contracts (excluding interest) (Note 3.7.1)	1.2	104.2
Total	**– 3 620.1**	**– 8 587.9**

Expenses for energy procurement from third parties and associates also contain the result from the increase and reversal of provisions for onerous energy sales contracts related to the retail business. The positive or negative result of the corresponding economic hedge contracts is recognised in “Result from energy trading” (see Note 2.1 “Revenue” and Note 3.7.1 “Provisions”).

2.3 Other operating expenses

CHF million	2022/23	2021/22
IT expenses	– 93.7	– 82.4
Charges, fees and capital taxes	– 19.1	– 30.5
Realised losses on sale of investments in subsidiaries and other associates	0.0	– 1.2
Loss allowances on receivables	– 57.9	– 132.8
Other operating expenses	– 289.3	– 210.4
Total	**– 460.0**	**– 457.3**

Other operating expenses mainly include fees for management services and consulting expenses.

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

Allocation of impairment losses, impairment reversals and provisions for onerous energy procurement contracts

			2022/23	2021/22
Production Switzerland	Property, plant and equipment	Impairment reversals	0.0	8.1
	Intangible assets	Impairment losses	0.0	– 1.4
Production abroad	Property, plant and equipment	Impairment losses	– 60.2	– 0.9
	Property, plant and equipment	Impairment reversals	32.4	0.0
Investments Switzerland	Other associates	Impairment losses	0.0	– 2.6
Investments abroad	Other associates	Impairment losses	0.0	– 0.7
	Other associates	Impairment reversals	57.7	0.0
	Goodwill	Impairment losses	– 2.3	– 2.1
Total impairment losses and reversals on assets			**27.6**	**0.4**
Depreciation and amortisation on property, plant and equipment, right-of-use assets and intangible assets			– 146.5	– 147.3
Total depreciation, amortisation and impairment losses/reversals			**– 118.9**	**– 146.9**
Provision increase for onerous energy procurement contracts			0.0	– 10.7
Provision reversal for onerous energy procurement contracts			1.2	104.2
Provisions for onerous energy procurement contracts (net change)			**1.2**	**93.5**

In the reporting period, production and investments abroad were tested for impairment due to the lower price level and the new marketing model. This led to a net reversal of impairment losses of CHF 30.0 million.
In the previous year, the value of the power plants and the energy procurement contracts were reviewd due to the sharp rise in energy prices. The reassessment led to an impairment reversal of CHF 8.1 million on the production plants. The power plants were recognised in the balance sheet at their scheduled amortised cost after the reversal of the impairment loss. For the energy procurement contracts, provisions in the amount of CHF 93.5 million were released.

Impairments of CHF 6.8 million were recognised on intangible assets and investments, which were attributable to asset-specific factors.

Discount rates

For the value-in-use calculation, the following discount rates, broken down by production method and country, were applied:

	After-tax real discount rate	After-tax real discount rate
in %	**30.9.2023**	**30.9.2022**
Gas-fired combined-cycle power plants, Italy	5.1	n/a
Hydraulic plants, Switzerland	n/a	3.7
Nuclear power plant, Switzerland	n/a	4.5
Long-term procurement contracts, France	n/a	4.8
Goodwill Axpo Italia S.p.A.	5.0	4.5
Goodwill Urbasolar Group	4.1	3.4

Sensitivities

	Break-even after-tax real discount rate	Break-even after-tax real discount rate
in %	**30.9.2023**	**30.9.2022**
Axpo Italia S.p.A.	8.5	6.9
Urbasolar Group	7.9	8.2

Accounting principles

Impairment on non-financial assets

Impairment tests are based on a value-in-use calculation using a discounted cash flow (DCF) method. The evaluation of provisions for onerous energy procurement contracts is also based on a DCF calculation 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 of future electricity and gas prices, assumptions regarding capital expenditure, the regulatory environment, growth rates, discount and exchange rates, and forecasts of the proportional annual expenses for energy procurement (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 considering the risk profile of the respective cash-generating unit. For the value-in-use calculation and the evaluation of the provisions for onerous energy procurement contracts, different discount rates were used for each production type and country. For goodwill testing, a specific discount rate per subsidiary was applied.

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

At the balance sheet date, Axpo Solutions Group reviews the carrying amounts of tangible and intangible assets and investments in 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. Once impaired, the carrying amount of assets is adjusted annually to the amount obtained using the discounted cash flow method, but in the case of a reversal the carrying amount is increased, not exceeding the depreciated amount that would have been determined if no impairment loss had been recognised.
Value-in-use calculations are performed for each power plant, energy procurement right or other associate. The time horizon for the calculation corresponds to the concession period or the operating life of the asset.

Provisions for onerous energy procurement contracts with partner plants

With regard to long-term energy procurement and supply contracts, identifiable losses from onerous contracts are provided for, taking into account market price developments, the effective costs of procurement and sales revenue. Due to the legal obligation to assume the annual cost, the acquisition of an investment in a partner plant may result in a provision for an onerous energy procurement contract instead of an asset for the energy purchase rights. Value-in-use calculations are performed for each partner plant or energy procurement contract. The time horizon for the calculation corresponds to the concession period or the term of the procurement contract and the operating life of the plant.

Goodwill

Regardless of indicators, goodwill is tested for impairment annually. The test is performed in the fourth quarter of the reporting period or whenever there is an indication of impairment. The projected cash flows used for the determination of the value-in-use are based on various assumptions.

Significant judgements and estimation uncertainties

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

Axpo Solutions Group has property, plant and equipment with a carrying amount of CHF 982.4 million (previous year: CHF 767.3 million; see Note 3.1 "Property, plant and equipment") and right-of-use assets with a carrying amount of CHF 133.7 million (previous year: CHF 128.0 million; see Note 3.2 "Leases") as well as energy procurement rights and rights of use for facilities and concessions in the amount of CHF 77.2 million (previous year: CHF 117.9 million; see Note 3.3 "Intangible assets"). These assets are tested for impairment if there is an indication of impairment. To determine whether there is an 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 future cash flows based on these estimates. Significant parameters such as useful life, energy price movements, CHF/EUR exchange rate developments and the discount rate are by their nature subject to major uncertainties. The estimates regarding the development of energy prices is based on the expected price development on the supply and trading market.

Provisions for onerous energy procurement contracts

Provisions for energy procurement contracts in the amount of CHF 17.9 million (previous year: CHF 35.1 million; see Note 3.7.1 "Provisions") relate to identifiable losses from the procurement of electricity from power generation plants and long-term procurement contracts. The amount of the provisions depends on different assumptions. In particular, the energy price development, the EUR/CHF exchange rate trend and the discount rate are subject to major uncertainties.

2.5 Financial result

CHF million	2022/23	2021/22
Interest income	284.1	38.7
Net exchange rate gains	37.6	0.0
Other financial income	2.9	114.6
Total financial income	**324.6**	**153.3**
Interest expense	– 297.7	– 129.9
Impairment losses on financial investments	– 3.2	0.0
Net exchange rate losses	0.0	– 275.5
Other financial expense	– 71.0	– 51.1
Total financial expense	**– 371.9**	**– 456.5**
Total	**– 47.3**	**– 303.2**

Realised and unrealised gains and losses from other financial instruments are reported net in line items "Other financial income" and "Other financial expense" respectively.

The interest expense of CHF 297.7 million (previous year: CHF 129.9 million) includes interest of CHF 0.7 million (previous year: CHF 4.5 million) on provisions for onerous energy procurement contracts and on other provisions in the previous year (see Note 3.7.1 "Provisions").

Expenses/income from financial assets and liabilities included in financial result

	Income statement	Other comprehensive income	Income statement	Other comprehensive income
CHF million	2022/23	2022/23	2021/22	2021/22
Net profit/losses included in the financial result				
On financial assets and liabilities at fair value through profit or loss (held for trading)	– 5.6	0.0	111.6	0.0
On derivatives designated as hedges	0.0	35.8	0.0	59.9
On financial assets and liabilities at fair value through profit or loss (mandatory)	0.3	0.0	0.3	0.0
At amortised cost	– 59.2	0.0	– 52.8	0.0
Interest income and expense				
Interest income from financial assets not accounted for at fair value through profit or loss	284.0	0.0	38.6	0.0
Interest expense from financial liabilities not accounted for at fair value through profit or loss	– 297.0	0.0	– 125.7	0.0

2.6 Income taxes

CHF million	2022/23	2021/22
Current income taxes	– 345.7	– 262.9
Deferred income taxes	– 24.8	73.7
Total income taxes directly recognised in the income statement	**– 370.5**	**– 189.2**
Deferred taxes directly recognised in other comprehensive income	– 10.9	– 45.9
Total income taxes directly recognised in other comprehensive income	**– 10.9**	**– 45.9**

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

Reconciliation of tax expense

CHF million	2022/23	2021/22
Earnings before tax (EBT)	1 878.0	1 389.9
Expected tax rate (ordinary tax rate at head office)	16.26%	17.42%
Income tax at expected tax rate	**– 305.4**	**– 242.1**
Non-tax-deductible expenses	– 23.7	– 9.8
Effect from previous periods	– 4.3	– 11.8
Effect of tax rate changes	– 1.7	11.5
Effect of income not subject to tax	116.1	112.2
Unrecorded tax-loss carryforwards	– 69.8	– 87.3
Utilisation of unaccounted tax-loss carryforwards from previous reporting years	7.2	75.2
Earnings taxable at different tax rates	– 89.7	– 46.4
Reassessment of deferred tax assets	0.0	9.5
Other effects	0.8	– 0.2
Total income taxes (current and deferred)	**– 370.5**	**– 189.2**

The ordinary tax rate at the head office comprises direct federal tax (8.5%) and cantonal and municipal taxes of the Canton of Aargau (10.9%). The deductibility of both taxes from taxable income results in an effective ordinary tax rate for the head office of 16.26% (previous year: 17.42%).

Deferred taxes by origin of temporary differences

	Assets	Liabilities	Assets	Liabilities
CHF million	30.9.2023	30.9.2023	30.9.2022	30.9.2022
Property, plant and equipment	70.9	26.0	59.4	23.9
Right-of-use assets	0.1	28.6	0.1	24.6
Intangible assets	0.5	38.4	0.6	51.9
Investments	3.9	3.0	3.5	4.9
Positive derivative financial instruments (current and non-current)	0.0	222.2	2.0	1 061.0
Other assets (non-current)	0.1	3.2	0.2	2.0
Trade receivables	31.6	0.3	33.9	0.7
Other receivables (current)	55.3	23.7	5.2	17.0
Provisions (current and non-current)	7.5	76.0	163.0	63.1
Negative derivative financial instruments (current and non-current)	159.3	38.2	929.7	20.5
Other liabilities (non-current)	56.2	1.1	58.2	0.0
Other liabilities (current)	37.6	4.6	37.6	0.1
Tax loss carryforward capitalised	72.0	0.0	34.3	0.0
Deferred taxes, gross	**495.0**	**465.3**	**1 327.7**	**1 269.7**
Offsetting of assets and liabilities	– 324.4	– 324.4	– 1 139.3	– 1 139.3
Deferred taxes, net	**170.6**	**140.9**	**188.4**	**130.4**

Both in the previous year and as at 30 September 2023, 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 1.10.2021, gross	**1 075.5**	**1 036.4**
Change in scope of consolidation	1.3	– 0.4
Change in other comprehensive income	– 44.8	– 1.2
Change in income statement	318.4	244.7
Foreign currency translation effect	– 22.7	– 9.8
Balance as at 30.9.2022, gross	**1 327.7**	**1 269.7**
Offsetting of assets and liabilities	– 1 139.3	– 1 139.3
Balance as at 30.9.2022, net	**188.4**	**130.4**
Balance as at 1.10.2022, gross	**1 327.7**	**1 269.7**
Change in scope of consolidation	0.3	0.0
Change in other comprehensive income	– 0.5	7.9
Change in income statement	– 836.6	– 811.8
Foreign currency translation effect	4.1	– 0.5
Balance as at 30.9.2023, gross	**495.0**	**465.3**
Offsetting of assets and liabilities	– 324.4	– 324.4
Balance as at 30.9.2023, net	**170.6**	**140.9**

Tax loss carryforwards for which no deferred tax assets are recognised, by term to expiry

CHF million	30.9.2023	30.9.2022
Expiring within 2 to 5 years	0.0	0.2
Expiring in more than 5 years	175.5	162.3
Total tax loss carryforwards	**175.5**	**162.5**

Global minimum tax

To allay concerns regarding unequal profit shifting and tax base erosion by large multinational companies, on 8 October 2021 136 member countries of the OECD/G20 Inclusive Framework on BEPS concluded a historic agreement on reforming the international tax system. The second pillar of this solution, which is intended to reduce international tax competition between countries, provides for the introduction of a global minimum tax rate of 15% for large multinational companies with a consolidated annual turnover of at least EUR 750 million.
Axpo Solutions Group will be affected by the OECD tax reform because its consolidated turnover is above the EUR 750 million threshold. The two-pillar model is expected to be implemented in the local tax laws of many of the countries in which Axpo Solutions Group operates and will enter into force from the beginning of 2024. Swiss voters approved the change to the Swiss corporate tax system in a referendum held on 18 June 2023. By amending the Swiss constitution, the population has cleared the way for Swiss legislators to introduce the global minimum tax in Switzerland. Based on the current status of implementation, the second pillar is expected to enter into force on 1 January 2024, which means that the first time Axpo Solutions Group will fall within the scope of the global minimum tax will be in relation to the 2024/25 financial year.

Management is closely monitoring the progress of the legislative process in each of the countries in which Axpo Solutions Group operates. As at 30 September 2023, Axpo Solutions Group did not have enough information to determine the possible impact.

In relation with the introduction of the global minimum tax, Axpo Solutions Group applied the temporary mandatory relief from deferred tax accounting for the effects of the global minimum tax.

Accounting principles

Income taxes

These include current and deferred income taxes and are normally recognised in the income statement unless they are related to transactions that are 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 tax assets and liabilities 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 arise from differences between the carrying amount of an asset or liability and its relevant tax value. These differences will reverse in one or more future periods. Temporary differences resulting from the initial recognition of goodwill, from the initial recognition of assets or liabilities in a transaction which impact 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. Country-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 judgements and estimation uncertainties

Income taxes

The subsidiaries of Axpo Solutions Group are subject to the applicable tax laws in the countries in which they have tax bases. The scope of the tax liability and the amount of tax owed is determined by the applicable tax laws and their interpretation by the tax authorities and the relevant jurisdiction. The subsidiaries are subject to regular audits by the competent tax authorities. However, these audits are sometimes carried out several years after the end of the reporting period, especially abroad. Changes in interpretation and practice may therefore lead to a subsequent reassessment of current and deferred taxes.
Furthermore, there is still a need for clarification regarding the taxation of the partner plants in the Canton of Grisons. In the prior financial year, Axpo Solutions was able to conclude a comprehensive agreement with the Italian tax authorities, which sustainably reduced the estimation uncertainties.
Axpo Solutions is also endeavouring to conclude tax rulings in the respective countries for material matters that are subject to uncertainty.
The risks resulting from uncertainties are assessed on an ongoing basis and recorded where necessary. Even if the management of Axpo Solutions Group considers the current tax estimates to be reasonable, the effective tax liabilities as well as any penalties and default interest may differ from the tax provisions and deferred liabilities.

Arch dam Mauvoisin, Switzerland

3. Operational assets and liabilities

3.1 Property, plant and equipment

CHF million	Power plants	Land and buildings	Other property, plant and equipment	Assets under construction	Total
Carrying amount as at 30.9.2022	**597.0**	**3.3**	**32.3**	**134.7**	**767.3**
thereof acquisition cost	934.0	6.3	51.1	171.5	1 162.9
thereof accumulated depreciation and impairments	– 337.0	– 3.0	– 18.8	– 36.8	– 395.6
Change in scope of consolidation	2.5	0.0	0.0	4.0	6.5
Additions (investments)	87.1	0.9	3.6	146.2	237.8
Disposals	– 0.7	0.0	– 1.2	– 5.6	– 7.5
Adjustments to acquisition costs IFRIC 1	2.3	0.0	0.0	0.0	2.3
Reclassification to/from assets held for sale	126.0	0.0	0.3	– 52.5	73.8
Reclassifications	72.0	0.0	0.7	– 72.0	0.7
Depreciation in the reporting period	– 70.1	– 0.1	– 4.6	0.0	– 74.8
Impairment losses (Note 2.4)	– 57.2	0.0	0.0	– 3.0	– 60.2
Impairment reversals (Note 2.4)	32.4	0.0	0.0	0.0	32.4
Foreign currency translation effect	2.6	0.1	0.3	1.1	4.1
Carrying amount as at 30.9.2023	**793.9**	**4.2**	**31.4**	**152.9**	**982.4**
thereof acquisition cost	1 889.9	7.3	55.2	190.1	2 142.5
thereof accumulated depreciation and impairments	– 1 096.0	– 3.1	– 23.8	– 37.2	– 1 160.1

CHF million	Power plants	Land and buildings	Other property, plant and equipment	Assets under construction	Total
Carrying amount as at 1.10.2021	**845.5**	**4.0**	**35.5**	**53.4**	**938.4**
thereof acquisition cost	1 997.8	7.0	52.8	94.5	2 152.1
thereof accumulated depreciation and impairments	– 1 152.3	– 3.0	– 17.3	– 41.1	– 1 213.7
Change in scope of consolidation	– 41.1	0.0	0.0	0.5	– 40.6
Additions (investments)	30.8	0.1	7.0	176.3	214.2
Disposals	– 3.8	– 0.2	– 0.2	– 0.4	– 4.6
Reclassification to/from assets held for sale	– 178.9	0.0	– 0.3	– 0.6	– 179.8
Reclassifications	82.4	0.0	– 1.2	– 82.5	– 1.3
Depreciation in the reporting period	– 68.0	– 0.1	– 3.9	0.0	– 72.0
Impairment losses	0.0	0.0	– 0.9	0.0	– 0.9
Impairment reversals	8.1	0.0	0.0	0.0	8.1
Foreign currency translation effect	– 78.0	– 0.5	– 3.7	– 12.0	– 94.2
Carrying amount as at 30.9.2022	**597.0**	**3.3**	**32.3**	**134.7**	**767.3**
thereof acquisition cost	934.0	6.3	51.1	171.5	1 162.9
thereof accumulated depreciation and impairments	– 337.0	– 3.0	– 18.8	– 36.8	– 395.6

In the reporting period, the power plant acquisition costs for the 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 “Other provisions” (see also Note 3.7.1 “Provisions”).

In addition, property, plant and equipment of three wind farms and a portfolio of photovoltaic systems with a carrying amount of CHF 78.4 million (previous year: CHF 206.0 million) was qualified as “held for sale” and reclassified to the line item “Reclassification to/from assets held for sale”.

Due to market developments in the 2022/23 financial year, assets in the amount of CHF 152.2 million (previous year: CHF 26.2 million), which were presented as “held for sale” in the previous year, were reclassified to property, plant and equipment (see Note 6.2 “Assets and liabilities held for sale”).

Investment commitments

Investment commitments in the amount of CHF 33.3 million relate to the acquisition of property, plant and equipment (previous year: CHF 74.9 million).

Pledged assets

Property, plant and equipment in the amount of CHF 654.2 million (previous year: CHF 644.3 million) was pledged to secure financial liabilities. The pledged property, plant and equipment mainly relates to specific project financing for wind farms and photovoltaic systems.

Capitalised borrowing costs

In the 2022/23 reporting period, no borrowing costs were capitalised (previous year: CHF 2.0 million).

Accounting principles

Property, plant and equipment

Items of property, plant and equipment are measured at acquisition or manufacturing costs less accumulated depreciation and impairments. The acquisition or manufacturing costs also include the estimated costs of dismantling and removing the asset and restoration of the site. In the case of long-term investment projects, borrowing costs are capitalised during the construction phase. Unscheduled depreciation is only recognised in the event of damage or impairment, as described in Note 2.4 "Accounting principles; Impairment on property, plant and equipment, right-of-use assets, intangible assets and other associates".

The estimated economic useful lives for the individual asset categories are reviewed annually and are within the following ranges:

Land and assets under construction:	only in the case of impairment
Operational and administrative buildings:	15–60 years
Power plants:	10–80 years depending on the type of installation and the concession period
Distribution systems:	10–80 years
Equipment and fixtures:	3–15 years
IT hardware and software:	3–5 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. Expenditure on extensions and replacements is capitalised if it is probable that the future economic benefits associated with the expenditures will flow to Axpo Solutions Group and the cost of the investments can be measured reliably. Assets under construction are assets which are unfinished or not yet ready for operation. 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 from leases:

CHF million	Land and buildings	Vehicles	Other	Total
Carrying amount as at 1.10.2021	**129.5**	**1.9**	**0.8**	**132.2**
thereof acquisition costs	150.1	3.9	2.1	156.1
thereof accumulated amortisation and impairments	– 20.6	– 2.0	– 1.3	– 23.9
Change in scope of consolidation	– 18.4	0.0	0.0	– 18.4
Additions (investments)	42.4	1.4	0.3	44.1
Disposals	– 1.5	– 0.1	0.0	– 1.6
Reclassification to/from assets held for sale	0.5	– 0.2	0.0	0.3
Reclassifications	1.3	0.0	0.0	1.3
Depreciation in reporting period	– 12.7	– 1.4	– 0.5	– 14.6
Foreign currency translation effect	– 15.0	– 0.2	– 0.1	– 15.3
Carrying amount as at 30.9.2022	**126.1**	**1.4**	**0.5**	**128.0**
thereof acquisition costs	153.6	3.7	0.8	158.1
thereof accumulated amortisation and impairments	– 27.5	– 2.3	– 0.3	– 30.1
Additions (investments)	36.0	3.6	0.8	40.4
Disposals	– 1.8	– 0.1	– 0.8	– 2.7
Reclassification to/from assets held for sale	– 16.9	0.2	0.0	– 16.7
Depreciation in the reporting period	– 13.6	– 2.7	– 0.1	– 16.4
Foreign currency translation effect	1.0	0.1	0.0	1.1
Carrying amount as at 30.9.2023	**130.8**	**2.5**	**0.4**	**133.7**
thereof acquisition costs	167.6	5.7	0.8	174.1
thereof accumulated depreciation and impairments	– 36.8	– 3.2	– 0.4	– 40.4

The right-of-use assets from leases for “Land and buildings” include right-of-use assets of CHF 3.4 million for wind farms under construction, which are recognised in inventories (see also Note 3.4 “Inventories”). Of the CHF –16.9 million in right-of-use assets for land and buildings reclassified to the balance sheet item “Assets held for sale”, CHF –9.0 million relates to wind farms held for sale, which in turn are recognised in inventories.

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

CHF million	2022/23	2021/22
Other operating income		
Net gain (+)/loss (-) on remeasurement of lease contracts	0.5	– 0.8
Other operating expenses		
Expense for short-term leases	0.1	0.1
Expense for low-value underlying lease asset	1.0	0.9
Expense related to variable lease payments not included in lease liabilities (and not index or interest dependent)	14.2	6.2
Depreciation and impairment losses/reversals		
Depreciation of right-of-use assets	16.3	14.6
Financial expense		
Interest expense for leases	3.2	2.2

In the reporting period, the total cash outflows for leases amounted to CHF 37.0 million (previous year: CHF 24.2 million). From leases committed but not yet commenced, Axpo Solutions Group as a lessee has a potential cash outflow of CHF 60.1 million (previous year: CHF 4.1 million) over the expected duration of the contract as well as cash outflow of CHF 44.6 million (previous year: CHF 6.6 million) for extension options which are deemed as not reasonably certain. Future cash outflows from variable lease payments are expected in the amount of CHF 23.3 million (previous year: CHF 8.9 million).

Lessor

Axpo Solutions acts as lessor mainly in the area of finance leases, where energy production plants, in particular photovoltaic, wind power or combined heat and power plants, are made available to customers for their use. Lease receivables in the amount of CHF 11.4 million (previous year: CHF 6.2 million) were recognised. The future undiscounted lease payments as at the balance sheet date were CHF 13.4 million (previous year: CHF 7.2 million).

Accounting principles

Generally

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, such as in rental, lease and service contracts, but also in outsourcing transactions. The formal designation of an arrangement is not relevant for the purpose of identifying a lease. Axpo concludes contracts both as a lessee and as a lessor.

Lessee

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

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 contract with an extension or termination option, not only contractual penalties but also other economic incentives are 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 (disclosed separately in the balance sheet) is determined by the principal portion received in the next 12 months, which is included in the lease instalments. A reassessment of the liability is required whenever there is a change in the expected lease payments or lease term, e.g. 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 received lease incentives and sublease contracts that qualify as finance leases 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 Solutions Group acts as a lessee, particularly in the areas of land and roofs for energy production systems such as wind power and photovoltaic systems as well as distribution systems. Furthermore, Axpo Solutions is also a lessee for commercial properties, easements on land, land vehicles as well as watercrafts and other mobile tangible assets as well as IT infrastructure. The lease contracts for land and roofs in connection with energy production as well as distribution systems are usually concluded for a fixed period of 15 to 20 years. For all other contracts, the term of the lease agreements is usually three to five years. In some cases, lease agreements also contain options for extension and termination.

Lessor

Lease transactions in which Axpo Solutions 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 Solutions 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 under the head lease.

Axpo Solutions acts as lessor mainly in the area of finance leases, where energy production plants, in particular photovoltaic, wind power or combined heat and power plants, are made available to customers for their use.

3.3 Intangible assets

CHF million	Energy procurement rights, right-of-use for facilities and concessions	Goodwill	Other	Total
Carrying amount as at 1.10.2021	**177.2**	**178.0**	**114.8**	**470.0**
thereof acquisition costs	361.0	183.0	260.6	804.6
thereof accumulated amortisation and impairments	– 183.8	– 5.0	– 145.8	– 334.6
Change in scope of consolidation	0.0	2.1	0.1	2.2
Additions (investments)	4.9	0.0	7.5	12.4
Disposals	0.0	0.0	– 0.1	– 0.1
Reclassification to/from assets held for sale	0.0	0.0	– 0.2	– 0.2
Amortisation in reporting period	– 44.9	0.0	– 15.8	– 60.7
Impairment losses (Note 2.4)	– 1.4	– 2.1	0.0	– 3.5
Foreign currency translation effect	– 17.9	– 20.8	– 12.7	– 51.4
Carrying amount as at 30.9.2022	**117.9**	**157.2**	**93.6**	**368.7**
thereof acquisition costs	311.3	163.3	240.8	715.4
thereof accumulated amortisation and impairments	– 193.4	– 6.1	– 147.2	– 346.7
Change in scope of consolidation	0.0	3.0	0.0	3.0
Additions (investments)	0.2	0.0	6.9	7.1
Disposals	– 0.1	0.0	– 0.9	– 1.0
Reclassification to/from assets held for sale	0.0	0.0	0.1	0.1
Reclassifications	0.2	0.0	– 0.7	– 0.5
Amortisation in reporting period	– 42.9	0.0	– 12.4	– 55.3
Impairment losses (Note 2.4)	0.0	– 2.3	0.0	– 2.3
Foreign currency translation effect	1.9	1.8	1.1	4.8
Carrying amount as at 30.9.2023	**77.2**	**159.7**	**87.7**	**324.6**
thereof acquisition costs	315.0	168.0	221.8	704.8
thereof accumulated amortisation and impairments	– 237.8	– 8.3	– 134.1	– 380.2

All intangible assets apart from goodwill have finite useful lives and are therefore amortised on a systematic basis. The carrying amount of goodwill is allocated to the following cash-generating units:

CHF million	30.9.2023	30.9.2022
Urbasolar Group	93.1	92.0
Axpo Italia S.p.A.	65.9	65.2
Axpo Hybrid SWE 3 AB	0.7	0.0
Total goodwill	**159.7**	**157.2**

Accounting principles

Intangible assets Intangible assets are recognised in the balance sheet at acquisition cost less accumulated amortisation and any 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 for the individual asset categories are reviewed annually.

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

Right-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 over the contract term using the straight-line method.

Concession rights are rights for the construction and operation of own facilities. They are amortised on a straight-line basis over the concession period.

For the impairment test, please refer to the explanations in Note 2.4 "Impairment losses, impairment reversals and changes in provisions for onerous energy procurement contracts".

3.4 Inventories

CHF million	30.9.2023	30.9.2022
Inventories held for own use		
Work in progress	139.6	109.7
Other inventories	36.4	13.7
Total	**176.0**	**123.4**
Inventories held for trading		
Gas inventories	230.7	675.7
Certificates	243.9	146.0
Total	**474.6**	**821.7**
Total inventories	**650.6**	**945.1**

Work in progress mainly includes wind farms built for sale. In the previous year, three wind farms in the amount of CHF 52.4 million were sold.

Pledged inventories

Inventories in the amount of CHF 168.0 million (previous year: CHF 320.4 million) were pledged to secure financial liabilities. CHF 95.3 million (previous year: CHF 86.3 million) of the pledged inventories relate to wind farms built for sale and CHF 72.7 million (previous year: CHF 234.1 million) relate to gas inventories.

Accounting principles

Inventories held for own use

Wind and photovoltaic farms which are built for sale in the ordinary course of business are measured at cost incurred or at their lower net realisable value and presented as "Work in progress".
Inventories held in relation to own energy production and the retail business include materials, certificates and inventories of other energy sources and are 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.

Inventories held for trading

Emission certificates, green certificates and gas inventories, allocated to the customer solution business, have principally been acquired for resale in the near term with a view to generating a profit from price fluctuations or dealer's margin. These inventories are measured at fair value less costs to sell. Changes in value are recognised net in the income statement.

3.5 Other receivables

Other non-current receivables

CHF million	30.9.2023	30.9.2022
Other non-current receivables (non-financial instruments)		
Receivables from pension plans	5.4	3.9
Employee benefit asset (Note 5.2)	12.8	8.9
Other	71.1	74.5
Total	**89.3**	**87.3**
Other non-current receivables (financial instruments)		
Other	12.7	8.3
Total	**12.7**	**8.3**
Total other non-current receivables	**102.0**	**95.6**

Other current receivables

CHF million	30.9.2023	30.9.2022
Other current receivables (non-financial instruments)		
Accrued income and prepaid expenses	83.3	87.0
Advance payments	14.6	26.1
Variation margin futures own use[1]	921.3	6 735.3
Other	161.3	122.9
Allowance for doubtful debts	– 0.7	– 0.7
Total	**1 179.8**	**6 970.6**
Other current receivables (financial instruments)		
Revenues not yet invoiced	3 576.9	4 994.1
Accrued income and prepaid expenses	68.0	14.7
Credit Support Annex	1 066.8	4 902.3
Initial margin for exchanges	211.2	1 092.9
Other	311.6	249.3
Loss allowances	– 2.4	– 4.5
Total	**5 232.1**	**11 248.8**
Total other current receivables	**6 411.9**	**18 219.4**

1 Variation margin for futures which are recognised as first sale of self-produced energy and which are realised upon delivery of energy (see also Note 2.1 “Accounting principles; Distinction between sale of own energy production, retail business and customer solution business”).

The Credit Support Annexes received are presented in Note 3.6 “Other liabilities” (see also Note 4.5 “Risk management”).

The offset receivables and payables included in “Revenues not yet invoiced” and “Operating expenses not yet invoiced” amount to CHF 1,689.7 million (previous year: CHF 2,864.9 million; see Note 3.6 “Other liabilities”).

Accounting principles

Revenues not yet invoiced Invoices not yet issued for energy supplied in the traditional energy business as well as in energy trading are accounted for in revenues not yet invoiced. Trade receivables from customers who are simultaneously suppliers are offset against trade payables, provided a netting arrangement has been agreed.

Other receivables (financial instruments) Other receivables which are subject to IFRS 9 are initially recognised at fair value less transaction costs and less loss allowances. Subsequently, they are measured at amortised cost less loss allowances.

Contract assets Contract assets exist in connection with energy efficiency projects. 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. Contract assets are presented in other receivables (non-financial instruments).

3.6 Other liabilities

Other non-current liabilities

CHF million	30.9.2023	30.9.2022
Other non-current liabilities (non-financial instruments)		
Other	464.5	409.4
Total	**464.5**	**409.4**
Other non-current liabilities (financial instruments)		
Other	66.4	5.2
Total	**66.4**	**5.2**
Total other non-current liabilities	**530.9**	**414.6**
Due within 1 to 5 years	327.2	177.3
Due in more than 5 years	203.7	237.3
Total other non-current liabilities	**530.9**	**414.6**

Other current liabilities

CHF million	30.9.2023	30.9.2022
Other current liabilities (non-financial instruments)		
Accrued expenses and deferred income	89.5	127.6
Advance payments from customers	778.9	348.4
Other	313.6	374.1
Total	**1 182.0**	**850.1**
Other current liabilities (financial instruments)		
Accrued expenses and deferred income	283.8	234.1
Operating expenses not yet invoiced	3 494.8	5 001.8
Credit Support Annex	189.5	2 422.1
Other	143.6	325.6
Total	**4 111.7**	**7 983.6**
Total other current liabilities	**5 293.7**	**8 833.7**

The delivered Credit Support Annexes are presented in Note 3.5 "Other receivables" (see also Note 4.5 "Risk management").

The offset receivables and payables included in "Revenues not yet invoiced" and "Operating expenses not yet invoiced" amount to CHF 1,689.7 million (previous year: CHF 2,864.9 million; see Note 3.5 "Other receivables").

Accounting principles

Operating expenses not yet invoiced

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

Other liabilities (non-financial instruments)

This position mainly includes day-one profits resulting from long-term contracts whose valuation is partly based on non-observable input data (see Note 4.5.3 "Market price risks") as well as contract liabilities and advance payments.

Contract liabilities

If a 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 recorded as a contractual liability. Contract liabilities are presented in other liabilities (non-financial instruments).

3.7 Provisions, contingent liabilities and contingent assets

3.7.1 Provisions

CHF million	Onerous energy procurement contracts	Onerous energy sales contracts	Other provisions	Total
Balance as at 1.10.2022	**35.1**	**943.6**	**151.1**	**1 129.8**
Increase in provisions	0.0	60.7	224.5	285.2
Interest	0.2	0.0	0.5	0.7
Reversal of provisions	– 1.2	– 1 059.6	– 65.3	– 1 126.1
Usage of provisions	– 16.2	0.0	– 24.5	– 40.7
Adjustment due to IFRIC 1	0.0	0.0	4.6	4.6
Reclassification to/from liabilities held for sale	0.0	0.0	5.8	5.8
Reclassifications	0.0	0.0	– 108.3	– 108.3
Foreign currency translation effect	0.0	55.3	0.2	55.5
Balance as at 30.9.2023	**17.9**	**0.0**	**188.6**	**206.5**
Current portion of provisions	14.4	0.0	98.5	112.9
Non-current portion of provisions	3.5	0.0	90.1	93.6
Total	**17.9**	**0.0**	**188.6**	**206.5**
Due within 1 year	14.4	0.0	98.5	112.9
Due within 1 to 5 years	3.5	0.0	66.1	69.6
Due in more than 5 years	0.0	0.0	24.0	24.0
Total	**17.9**	**0.0**	**188.6**	**206.5**

Provisions for onerous energy procurement contracts

The provisions for "Onerous energy procurement contracts" in the amount of CHF 17.9 million relate to identifiable losses from the procurement of electricity from power generation plants and long-term supply contracts (previous year: CHF 35.1 million). For details regarding the valuation method used and the reversal of provisions in the reporting period, refer to Note 2.4 "Impairment losses, impairment reversals and changes in provisions for onerous energy procurement contracts".

Provisions for onerous energy sales contracts

The provisions for onerous energy sales contracts, which relate to physical energy delivery contracts with households and small to medium-sized entities in Italy, Spain and Poland, amounted to CHF 943.6 million in the previous year. They were reversed in full in the current reporting period due to the decrease in energy prices. The corresponding negative economic hedge contracts are measured at fair value, and their result is recognised in "Result from energy derivatives trading" (see Note 2.1 "Revenue").

Other provisions

The line item "Adjustment due to IFRIC 1" under "Other provisions" includes the amount of CHF 4.6 million not recognised in profit or loss which is related to the allocation of the acquisition costs of wind farms in France. The provisions were recognised in accordance with IFRIC 1. The corresponding capitalisation of the acquisition costs was made in "Work in progress", in the amount of CHF 2.3 million (see Note 3.4 "Inventories") and in "Power plants" in the amount of CHF 2.3 million (see Note 3.1 "Property, plant and equipment"). As at 30 September 2023, the item "Other provisions" includes dismantling costs for the decommissioning of wind farms in the amount of CHF 23.6 million (previous year: CHF 18.3 million). Furthermore, the item contains provisions for storage contracts in the amount of CHF 20.8 million (previous year: CHF 28.6 million), provisions for contracts belonging to the customer solution portfolio but which are measured at cost amounting to CHF 74.1 million (previous year: CHF 44.0 million), and provisions for personnel expenses.

Significant judgements and estimation uncertainties

Other provisions At the balance sheet date, other provisions are recognised based on facts and management estimates. The legal assessment and accounting treatment are subject to significant estimation uncertainties and judgements regarding the probability of occurrence and the amount of possible cash outflow.

3.7.2 Contingent liabilities

Capital payment obligation
Axpo Solutions Group is contractually obliged to pay capital in the amount of CHF 0.1 million (previous year: CHF 0.9 million) to various companies.

Joint liabilities at exchanges
In some countries, Axpo Solutions Group has joint liabilities in the case of default by another exchange participant, regardless of whether this participant is a counterparty of Axpo Solutions Group or not. If a default becomes known, a liability is recognised.

Further contingent liabilities
In the reporting period, there were other off-balance-sheet commitments in the amount of CHF 179.5 million (previous year: CHF 453.4 million). These commitments mainly relate to the photovoltaic system projects and vary according to the number of projects and the progress of the projects. Additionally, there is an ongoing investigation concerning collected VAT assets in Spain, the risk of which is assessed as low by Axpo Solutions Group.

Significant judgements and estimation uncertainties

Value added taxes

Complex tax regulations in Switzerland and abroad create estimation uncertainty for Axpo Solutions Group. In addition, any changes in practice by the tax authorities in Switzerland and abroad may lead to reassessments of tax obligations. Axpo Solutions Group is subject to regular audits by the tax authorities, which may lead to different results with regard to the tax estimates or the Group's judgement. Even if Axpo Solutions Group's management considers its tax estimates to be appropriate, the final decision on such tax audits may differ from the tax provisions and deferred liabilities. As a result, Axpo Solutions Group may be subject to additional tax liabilities, interest, penalties or regulatory, administrative or other related sanctions.

3.7.3 Contingent assets

With the entry into force of the Energy Act (EnG) on 1 January 2018, operators of large-scale hydropower plants that have to sell their power on the market for less than the full generation costs are entitled to a market premium. To assert a claim for a market premium, the Axpo Group has to submit an application by no later than 31 May of the subsequent year. For the application year 2023, as well as for the prior year, Axpo Solutions Group is not entitled to market premiums and has therefore not submitted an application. The 2022/23 financial year includes market premium payments of CHF 2.2 million for the 2021 application year (previous year: CHF 8.8 million for the 2021 application year), which corresponds to the remaining 20% of the amount requested.

Accounting principles

Market premium for large-scale hydropower 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 booked until there is reasonable assurance 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 as soon as the first ruling is legally binding, 100% or 80% of the provisional amount will be recognised, depending on the amount of the payment. The remaining amount will be recognised as soon as the second ruling is legally binding.

Head office in Baden, Switzerland

4. Capital and risk management

4.1 Capital management and equity

Capital management

Axpo Solutions Group manages capital by setting a maximum risk tolerance relative to equity and liquidity. The risk tolerance of Axpo Solutions Group is based on the Group's ability to bear risks in relation to equity and liquidity. This overall capability is broken down and distributed among the business areas Generation & Distribution and Trading & Sales and on to their individual divisions for the purpose of allocating risk capital. For the business area Trading & Sales, the risk is allocated in the form of trading limits and monitored using the Value-at-Risk (VaR) method and a Profit-at-Risk (PaR) Add-On. For further information please refer to Note 4.5.3 "Market price risks"; "Energy price risks".

CHF million	30.9.2023	30.9.2022
Financial liabilities current	1 600.7	2 961.2
Financial liabilities non-current	1 456.1	1 365.8
Total eligible debt	**3 056.8**	**4 327.0**
Cash and cash equivalents	– 968.5	– 1 035.8
Financial receivables from current account and cash pool	– 2 117.7	– 309.8
Financial assets at fair value (through profit or loss)	– 1.2	– 1.3
Total liquidity	**– 3 087.4**	**– 1 346.9**
Net debt (+) / net asset (−)	**– 30.6**	**2 980.1**
Gearing	– 1%	79%

The net debt ratio is the controlling instrument which is actively monitored by the Board of Directors. Axpo Solutions Group also obtains financing through interest-bearing financial liabilities, ensuring that the amount of financing does not have an unreasonable impact on profitability. An optimal capital structure keeps interest costs at a reasonably low level.

Equity information

Share capital

The share capital of CHF 1,567.0 million consists of 31,340,000 fully paid-in bearer shares issued with a nominal value of CHF 50.00 per share.

Retained earnings

The retained earnings consist of legal and statutory reserves, undistributable profits of previous years, emission duty for paid-in capital and accumulated remeasurements on pension liabilities. The calculation of the maximum distributable part of the retained earnings is based on the statutory financial statements of Axpo Solutions AG.

Own shares

Axpo Solutions AG and its subsidiaries do not hold any own shares.

Other reserves

Reserves from hedge accounting

The reserves from hedge accounting include the effective portion of the cumulative net change in fair value of derivatives designated as cash flow hedging instruments (cash flow hedge), for which the hedged item has not yet been realised in the profit or loss account and thus its realisation has not yet been recycled to profit or loss.

Foreign currency translation reserves

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

Development of retained earnings and other reserves

CHF million	Retained earnings	Reserves from hedge accounting	Foreign currency translation reserves	Total reserves excluding controlling interests	Non-controlling interests	Total reserves including non-controlling interests
Balance as at 30.9.2022	**2 759.1**	**25.5**	**– 630.6**	**2 154.0**	**33.0**	**2 187.0**
Result for the period	**1 507.2**	**0.0**	**0.0**	**1 507.2**	**0.3**	**1 507.5**
Foreign currency translation	0.0	0.0	1.6	1.6	0.4	2.0
Cash flow hedges						
Fair value adjustments for energy price risk	0.0	3.5	0.0	3.5	0.0	3.5
Gains (–) / losses (+) transferred to the income statement	0.0	4.9	0.0	4.9	0.0	4.9
Fair value adjustments for interest rate risk	0.0	34.1	0.0	34.1	1.7	35.8
Deferred tax/income tax thereon	0.0	– 10.0	0.0	– 10.0	– 0.4	– 10.4
Items recyclable in the income statement	**0.0**	**32.5**	**1.6**	**34.1**	**1.7**	**35.8**
Remeasurement of defined benefit plans	3.1	0.0	0.0	3.1	0.0	3.1
Deferred tax/income tax thereon	– 0.5	0.0	0.0	– 0.5	0.0	– 0.5
Items not recyclable in the income statement	**2.6**	**0.0**	**0.0**	**2.6**	**0.0**	**2.6**
Other comprehensive income	**2.6**	**32.5**	**1.6**	**36.7**	**1.7**	**38.4**
Total comprehensive income	**1 509.8**	**32.5**	**1.6**	**1 543.9**	**2.0**	**1 545.9**
Dividend	– 500.0	0.0	0.0	– 500.0	– 0.3	– 500.3
Change in scope of consolidation	13.5	– 14.2	0.0	– 0.7	0.0	– 0.7
Non-controlling interests acquired	– 1.6	0.0	0.2	– 1.4	1.3	– 0.1
Increase and decrease in capital	0.0	0.0	0.0	0.0	6.7	6.7
Balance as at 30.9.2023	**3 780.8**	**43.8**	**– 628.8**	**3 195.8**	**42.7**	**3 238.5**

CHF million	Retained earnings	Reserves from hedge accounting	Foreign currency translation reserves	Total reserves excluding controlling interests	Non-controlling interests	Total reserves including non-controlling interests
Balance as at 1.10.2021	**1 551.3**	**– 179.3**	**– 397.7**	**974.3**	**20.6**	**994.9**
Result for the period	**1 199.8**	**0.0**	**0.0**	**1 199.8**	**0.9**	**1 200.7**
Foreign currency translation	0.0	0.0	– 233.0	– 233.0	– 2.1	– 235.1
Cash flow hedges						
Fair value adjustments for energy price risk	0.0	– 16.4	0.0	– 16.4	0.0	– 16.4
Gains (–) / losses (+) transferred to the income statement	0.0	214.1	0.0	214.1	0.0	214.1
Fair value adjustments for interest rate risk	0.0	57.5	0.0	57.5	2.4	59.9
Deferred tax/income tax thereon	0.0	– 47.7	0.0	– 47.7	– 0.6	– 48.3
Items recyclable in the income statement	**0.0**	**207.5**	**– 233.0**	**– 25.5**	**– 0.3**	**– 25.8**
Remeasurement of defined benefit plans	– 8.2	0.0	0.0	– 8.2	– 0.3	– 8.5
Deferred tax/income tax thereon	2.4	0.0	0.0	2.4	0.0	2.4
Items not recyclable in the income statement	**– 5.8**	**0.0**	**0.0**	**– 5.8**	**– 0.3**	**– 6.1**
Other comprehensive income	**– 5.8**	**207.5**	**– 233.0**	**– 31.3**	**– 0.6**	**– 31.9**
Total comprehensive income	**1 194.0**	**207.5**	**– 233.0**	**1 168.5**	**0.3**	**1 168.8**
Dividend	0.0	0.0	0.0	0.0	– 0.3	– 0.3
Change in scope of consolidation	27.9	– 0.5	0.1	27.5	– 5.6	21.9
Non-controlling interests acquired	– 14.3	– 2.2	0.0	– 16.5	16.4	– 0.1
Increase and decrease in capital	0.2	0.0	0.0	0.2	1.6	1.8
Balance as at 30.9.2022	**2 759.1**	**25.5**	**– 630.6**	**2 154.0**	**33.0**	**2 187.0**

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

CHF million	30.9.2023	30.9.2022
Petty cash and cash at banks	960.8	1 035.8
Current investments	7.7	0.0
Total	**968.5**	**1 035.8**
Thereof:		
in CHF	12.0	0.7
in EUR	420.8	567.5
in USD	42.7	106.7
in NOK	259.6	161.9
in PLN	38.1	17.8
in RON	38.7	17.1
in GBP	103.9	85.6
in SEK	21.4	56.7
in other currencies	31.3	21.8
Total	**968.5**	**1 035.8**

Additionally to cash and cash equivalents, Axpo Solutions Group has funds from the cash pooling and current account with Axpo Holding AG in the amount of CHF 2,117.7 million (previous year: CHF 309.8 million), see Note 4.3 “Financial receivables”.

Non-cash expense and income

The table below shows the details of non-cash expense and income in the consolidated cash flow statement:

CHF million	2022/23	2021/22
Depreciation, amortisation, impairment losses and reversals	118.9	146.9
Share of result of partner plants and other associates	– 17.1	– 39.9
Unrealised result on derivative financial instruments	– 6 292.9	3 545.5
Loss allowances on net working capital	59.4	126.3
Other non-cash items	12.7	20.8
Total	**– 6 119.0**	**3 799.6**

Change in net working capital

The table below shows the details of net working capital in the consolidated cash flow statement:

CHF million	2022/23	2021/22
Change in inventories	– 198.9	– 200.2
Change in trade receivables	1 418.8	– 1 721.3
Change in other receivables	11 921.4	– 11 384.7
Change in trade payables	– 444.7	976.0
Change in other liabilities (current)	– 3 697.9	4 265.0
Total	**8 998.7**	**– 8 065.2**

4.3 Financial receivables (current and non-current)

CHF million	30.9.2023	30.9.2022
Financial assets at fair value through profit or loss	1.2	1.3
Loan receivables	248.4	368.7
Loss allowances	– 77.1	– 77.0
Total non-current financial receivables	**172.5**	**293.0**
Loan receivables	0.0	12.7
Other financial receivables	2 329.6	415.7
Loss allowances	– 1.5	– 0.5
Total current financial receivables	**2 328.1**	**427.9**
Total	**2 500.6**	**720.9**
thereof current account and cash pool with Axpo Holding AG	2 117.7	309.8

Loan receivables outstanding at the balance sheet date

CHF million	Maturity date	Interest rate 30.9.2023	Acquisition value 30.9.2023	Acquisition value 30.9.2022
Global Tech I Offshore Wind GmbH	31.12.2030	6.00%	106.6	99.4
Società EniPower Ferrara S.r.l.	20.06.2023	1.20%[1]	14.2	12.7
Terravent AG	31.03.2042	2.00%	16.8	16.8
Trans Adriatic Pipeline AG	28.12.2034	5.64%–5.69%[2]	0.0	170.9
Ferme Eolienne les Terres Chaudes SAS	30.09.2040	4.07%[4]	11.2	1.1
Other loan receivables < CHF 10 million			99.6	80.5
Total acquisition value			**248.4**	**381.4**
Loss allowances			– 77.1	– 77.0
Total carrying amount			**171.3**	**304.4**

1 Variable interest rate linked to positive or negative 6-month EURIBOR plus 1.2%.
2 The variable interest rate on the various tranches is linked to 3-month EURIBOR plus 1.70% or 1.75% (positive and negative EURIBOR) and plus 1.75% with 0.0% base rate in case of negative EURIBOR.
3 The loan receivable from Trans Adriatic Pipeline AG was reclassified to "Assets held for sale" in the reporting period.
4 The variable interest rate is based on the maximum rate published by the French tax authorities for loans to related parties.

The loan receivable from Trans Adriatic Pipeline AG with a carrying amount of CHF 161.1 million as of 30 September 2023 has been reclassified to "Assets held for sale" (see also Note 6.2 "Assets and liabilities held for sale").

Accounting principles

Loan receivables Non-current loan receivables to third parties and to other associates are measured at amortised cost using the effective interest rate 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 repayment are made at nominal value, the amortised cost is equal to the nominal value of the loan.

Financial assets at fair value through profit or loss All equity investments over which Axpo Solutions Group does not have significant influence or control, but which are held over the long term are recorded as financial assets. These financial assets are classified as “at fair value through profit or loss”. Changes in the fair value are recognised in profit or loss.

Current other financial receivables This position includes receivables from cash pooling and pledged cash at banks that are not available for discretionary use as well as deposits in blocked accounts.

4.4 Financial liabilities (current and non-current)

CHF million	Bonds	Loans	Lease liabilities	Other financial liabilities	Total
Balance as at 30.9.2022	**718.8**	**911.4**	**128.8**	**2 568.1**	**4 327.1**
Cash-relevant					
Increase	1 175.1	1 521.9	0.0	289.2	2 986.2
Repayment	– 972.4	– 1 154.8	– 18.8	– 2 085.9	– 4 231.9
Not cash-relevant					
New lease contracts	0.0	0.0	39.7	0.0	39.7
Change in scope of consolidation	0.0	9.7	0.0	0.0	9.7
Reclassification to/from liabilities held for sale	– 0.9	– 60.3	– 7.1	0.0	– 68.3
Contract modifications	0.0	0.0	– 1.9	0.0	– 1.9
Interest	0.0	0.0	3.2	0.0	3.2
Valuation change	1.5	– 5.5	0.1	0.0	– 3.9
Reclassifications	21.6	– 28.2	– 0.2	29.6	22.8
Foreign currency translation effect	5.0	1.5	0.7	– 33.1	– 25.9
Balance as at 30.9.2023	**948.7**	**1 195.7**	**144.5**	**767.9**	**3 056.8**

Maturities as at 30.9.2023					
Due within 1 year	210.6	597.8	24.4	767.9	1 600.7
Due within 1 to 5 years	475.6	127.0	39.6	0.0	642.2
Due in more than 5 years	262.5	470.9	80.5	0.0	813.9
Total	**948.7**	**1 195.7**	**144.5**	**767.9**	**3 056.8**

CHF million	Bonds	Loans	Lease liabilities	Other financial liabilities	Total
Balance as at 1.10.2021	**220.3**	**1 993.3**	**131.2**	**226.3**	**2 571.1**
Cash-relevant					
Increase	613.6	1 038.9	0.0	2 501.2	4 153.7
Repayment	– 57.8	– 2 013.6	– 15.2	– 121.9	– 2 208.5
Not cash-relevant					
New lease contracts	0.0	0.0	45.4	0.0	45.4
Change in scope of consolidation	0.0	3.2	– 18.3	0.0	– 15.1
Reclassification to/from liabilities held for sale	0.0	– 98.0	0.2	30.3	– 67.5
Contract modifications	0.0	0.0	– 0.4	0.0	– 0.4
Interest	0.0	0.0	2.2	0.0	2.2
Valuation change	0.0	– 2.8	0.1	0.0	– 2.7
Reclassifications	0.0	79.0	– 1.2	– 47.0	30.8
Foreign currency translation effect	– 57.3	– 88.6	– 15.2	– 20.8	– 181.9
Balance as at 30.9.2022	**718.8**	**911.4**	**128.8**	**2 568.1**	**4 327.1**

Maturities as at 30.9.2022					
Due within 1 year	0.0	368.5	24.7	2 568.1	2 961.3
Due within 1 to 5 years	458.8	197.8	36.5	0.0	693.1
Due in more than 5 years	260.0	345.1	67.6	0.0	672.7
Total	**718.8**	**911.4**	**128.8**	**2 568.1**	**4 327.1**

Loan and lease liabilities outstanding at the balance sheet date

CHF million	Maturity date	Interest rate as at 30.9.2023	Carrying amount 30.9.2023	Carrying amount 30.9.2022
Loan liabilities with a carrying amount > CHF 10 million				
Loan liabilities in EUR	2023–2045	0.97%–5.58%	957.2	652.1
Loan liabilities in CHF	2032	0.86%	15.0	25.0
Total loan liabilities			**972.2**	**677.1**
Loan liabilities with a carrying amount < CHF 10 million				
Loan liabilities in EUR	2023–2046	0.00%–6.64%	196.2	213.9
Loan liabilities in CHF	2027–2033	1.39%–2.39%	20.0	6.0
Loan liabilities in other currencies	2024-2037	1.25%–28.00%	7.3	14.4
Total loan liabilities			**223.5**	**234.3**
Lease liabilities				
Lease liabilities in EUR	2023-2063	0.74%–7.02%	126.7	112.2
Lease liabilities in CHF	2023-2029	1.16%–2.92%	7.0	7.0
Lease liabilities in other currencies	2023-2043	1.50%–49.69%	10.8	9.6
Total lease liabilities			**144.5**	**128.8**

Loan liabilities are mainly related to wind farms, which are held for the power production, and photovoltaic systems.

Loan liabilities due within 1 year include, among other things, the financing of wind farms for sale, which are reported as “work in progress” in inventories. All lease liabilities in connection with the same wind farms are reported as lease liabilities due within 1 year.

Other financial liabilities include outstanding liabilities towards Axpo Holding AG in the amount of CHF 511.3 million (previous year: CHF 2,271.1 million) from cash pooling.

Bonds from private placements outstanding at the balance sheet date

CHF million	Duration in years	Interest rate as at 30.9.2023	Carrying amount 30.9.2023	Carrying amount 30.9.2022
Private placements in EUR	2023–2039	2.37%–5.50%	908.7	678.8
Private placements in CHF	2025–2030	2.63%–2.68%	40.0	40.0
Total			**948.7**	**718.8**

Accounting principles

Other financial liabilities Current financial liabilities include current accounts with a negative balance and daily cash pool settlement.

Loan liabilities The financing of wind farms, which are built for sale in the ordinary course of business and presented as work in progress in inventories, is reported as current financial liabilities in order to achieve matching maturities between assets and liabilities. In contrast, the wind farms and photovoltaic systems built for own use are presented in property, plant and equipment and the financing is accordingly reported as non-current financial liabilities.

4.5 Risk management

4.5.1 General principles

Axpo Solutions' risks are managed within the risk management framework established by the Board of Directors of Axpo Group. This includes the transparent reporting of the risk situation, the management of overall risk within the guidelines of the Board of Directors and the establishment of a responsible risk culture among the employees. The primary objective of risk management is to contribute to the sustainable preservation of the company's value.

Axpo conducts risk management along the following risk types: market risk, credit risk, volume risk and operational risk. Market risk consists of price, currency and interest rate risks. Across all four risk types, the management of liquidity risk is of central importance. In addition, strategic and long-term risks such as climate risks, reputational risks and regulatory risks are analysed. The risks are managed and hedged as directed by the Board of Directors.

The Axpo Solutions Risk Management Directive describes the aims and principles of risk management for the business area Trading & Sales. It also includes information on the organisation (governing bodies, tasks, responsibilities and authorities), risk measurement and management, and implementation of limit systems

The risks from derivative financial instruments in the energy sector are mainly bundled in Business Area Trading & Sales and follow the risk management framework specified centrally by the Axpo Group and the trading mandates based on these. An independent Risk Management & Valuation department of Axpo Solutions Group is responsible for measuring and monitoring commodity market price risks and credit risks, as well as for providing timely and relevant risk reports to the relevant units.

Risks of the Business area Generation & Distribution of Axpo Solutions Group are monitored by Axpo's Group-wide risk management. The risks are managed in accordance with the risk management principles laid out in the Board of Directors' Directive.

The Axpo Group Treasury is responsible for the financing of Axpo Solutions Group. It is responsible for monitoring and managing interest rate risks, exchange rate risks and the investment risk of financial funds. Its primary obligation is to ensure sufficient capital and financial liquidity.

4.5.2 Financial risk management

Summary of financial risks

Risk	Source of risk	Risk mitigation
Market price risk		
Energy price risk	Price risks arise from unexpected price changes on financial and energy markets.	Value-at-Risk limits Profit-at-Risk limits Volume and term 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	Financial receivables and liabilities as well as cash and cash equivalents that are subject to variable interest rates expose the Axpo Solutions Group to interest rate risk. Fixed-interest financial assets, on the other hand, expose the Axpo Group to market value risk.	Conclusion of interest rate swaps Time deposits Other investments
Credit risk	Risk that counterparties are not able to meet all or part of their obligations.	Conclusion of netting agreements Establishing internal credit lines Guarantee requests
Volume risk		Hedging strategy Diversification of energy production sources
Liquidity risk	Liquidity risks describe the potential risk that Axpo Solutions Group will not be able to meet its financial obligations as they fall due.	Credit lines Debt Capital Market Instruments Factoring/Reverse Factoring Liquidity swaps Prepayments
Operational risk	Operational risks arise from inadequate or non-functioning internal processes and systems, human factors or external events (e.g. cyber attacks).	Measurement and recording of operational risks Cyber resilience Operational risk monitoring Internal controls Day-to-day risk management in legal, tax and other matters
Strategic, long term and non-financial risks	Strategic, long-term and non-financial risks describe potential impacts on business strategy or strategic objectives, as well as reputation, compliance or ESG ambitions.	Corporate Governance Compliance Management Program Mid-term planning Day-to-day risk management in legal, tax and other matters

4.5.3 Market price risks

Market price risks arise from changes in market prices, e.g. energy prices, foreign exchange rates and interest rates in respect of unhedged positions held in energy and financial transactions. To hedge part of the expected future energy procurement and energy sales as well as currency and interest rate fluctuations, Axpo Solutions Group enters into derivative financial instruments when necessary.

According to the business model for the management and sale of the company's own energy production in Switzerland, the first sale of self-produced energy to the market is recognised as a sale to customers. All subsequent contracts in the management chain concluded for the management of own energy production are considered as hedging instruments and measured at fair value through profit or loss.

The current customer solution business model for tailor-made contracts is based on a portfolio approach. All contracts of the customer solution portfolio are measured at fair value, as these contracts, portfolios and inventories are acquired with the purpose of selling in the near future and generating a profit from fluctuations in price or broker-traders' margin. The risks in this business are also managed on a portfolio basis.

Energy price risks
Axpo Solutions Group defines energy price risks as the impact from unexpected changes in energy prices. Price fluctuations and correlations between the various markets and products may affect Axpo Solutions Group negatively. In most of the countries in which Axpo Solutions operates, the energy sector is characterised by free pricing on the wholesale markets and a high level of competition in distribution.

Axpo Solutions conducts its customer solution business through various hubs in Switzerland and Europe. The energy price risks are monitored and reported on a daily basis by the Risk Management & Valuation department. Monitoring is carried out in accordance with the principles of the Risk Management Directive and the trading mandates based on it.

The market price risk is limited using a comprehensive limit system and is monitored continuously. The limit system consists of a VaR and PaR Add-On as well as volume and maturity limits. The total risk limits for market and credit risks are approved annually by the Board of Directors at the request of the Executive Management and subsequently broken down by individual divisions, departments and books.

The strategy for hedging energy prices of Swiss production energy takes into account market price, volume and liquidity risks. The hedging mandate is reviewed and determined by the Executive Board on a regulart basis, at least twice a year. The consequences of the determined hedging strategy are evaluated by Risk Management, taking into account the risk capital utilisation. By means of price-dependent mandates, a share of the production from the Group's own power plants is transferred to the Trading & Sales business area for hedging purposes for certain
future periods.

In the past, fixed-price contracts accounted for as energy derivatives and settled gross were designated as hedging instruments in cash flow hedges. For the past three years, initial sales to the OTC market or to energy exchanges have been recognised as customer sales. All contracts subsequently concluded for the purpose of managing the Group's own energy production are regarded as hedging instruments and measured at fair value through profit or loss. The remaining cash flow hedges expired in the reporting period. No new hedging instruments were designated as cash flow hedges.

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

	Cash flow hedge	Cash flow hedge
CHF million	**30.9.2023**	**30.9.2022**
Hedged item		
Nominal amount	0.0	1.1
Line item in the balance sheet	Highly probable forecast transaction	Highly probable forecast transaction
Change in value used for calculating hedge effectiveness	0.0	16.4
Hedging instrument[1]		
Nominal amount	0.0	1.1
Carrying amount liability	0.0	1.4
Line item in the balance sheet	Derivative financial instruments	Derivative financial instruments
Change in fair value for calculating hedge effectiveness	0.0	– 16.4
Change in the value of the hedging instrument recognised in equity	3.5	– 16.4
Line item in profit or loss affected by the reclassification of the hedge ineffectiveness	Revenue	Revenue
Amount reclassified from the hedge reserve to profit or loss due to the realisation of the hedged item	– 4.9	– 214.1
Line item in profit or loss affected from the reclassification of the hedge reserve	Revenue	Revenue

1 All contracts designated as cash flow hedges expired in the reporting period.

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

	Maturity as at 30.09.2023	Maturity as at 30.09.2022	
	2022/23	2021/22	2022/23
Cash flow hedge			
Commodity contracts – sales[1]			
Nominal amount in CHF million	0.0	55.8	1.1
Average price in CHF/MWh	0.0	42.6	49.5

1 All contracts designated as cash flow hedges expired in the reporting period.

Sensitivity analysis of energy price risks

Energy price risks are quantified using the Value-at-Risk (VaR) method, assuming a holding period of five days and a confidence interval of 99% (industry standard holding period of one day, confidence interval of 95%). The VaR method defines a potential loss which, with 99% probability, will not be exceeded, taking into account historical market developments.

The level of market price risk of an individual position can be approximated as a linear function of volume, price and volatility. The VaR ratio is thus directly linked to the level and volatility of market prices.

The hedging of production volumes, in line with the Group's hedging strategy, is carried out by the Business area Trading & Sales and is therefore included in the overall VaR.

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

CHF million	30.9.2023	30.9.2022
VaR business area Trading & Sales	52.1	473.5

CHF million	30.9.2023	30.9.2022
PaR Add-On business area Trading & Sales	73.3	178.3

Currency risks

Due to the international nature of its operations and the involvement of various foreign currencies, Axpo Solutions Group is exposed to exchange rate risks, particularly with regard to the euro. Currency risks arise from business transactions, from recognised assets and liabilities if they are not denominated in the functional currency of the respective subsidiary and from net investments in foreign operations.

The energy price, the procurement and the sales contracts abroad are denominated in EUR or the pricing is based on the EUR energy price. However, the majority of energy procurement from the business area Generation & Distribution and the production costs of the energy-generating property, plant and equipment at Axpo Solutions' power plants in Switzerland are denominated in CHF. This results in a currency risk mainly against the EUR and to a lesser extent against the USD.

The following table shows the main currencies economically hedged through currency forward contracts measured at fair value through profit or loss.
In addition, other currencies are hedged on a smaller scale.

	Nominal value	Net replacement value	Nominal value	Net replacement value
CHF million	**30.9.2023**	**30.9.2023**	**30.9.2022**	**30.9.2022**
Currency forward contracts CHF/EUR	2 553.0	– 61.0	2 558.3	– 124.6
Currency forward contracts EUR/CHF	5 559.8	259.6	7 278.5	456.0
Currency forward contracts EUR/GBP	37.0	0.1	121.9	– 1.0
Currency forward contracts EUR/NOK	20.6	0.4	106.6	– 5.4
Currency forward contracts EUR/PLN	70.4	4.5	28.9	– 0.6
Currency forward contracts EUR/RON	30.5	2.5	163.9	2.9
Currency forward contracts EUR/SEK	101.5	1.1	0.0	0.0
Currency forward contracts EUR/USD	218.3	2.9	815.7	22.3
Currency forward contracts GBP/EUR	208.2	0.0	190.2	1.1
Currency forward contracts PLN/EUR	414.9	– 3.6	32.9	0.4
Currency forward contracts RON/EUR	98.8	– 3.4	60.3	– 0.1
Currency forward contracts SEK/EUR	0.0	0.0	96.1	3.6
Currency forward contracts USD/EUR	275.4	– 6.5	480.8	– 12.9

To reduce the currency risk related to business transactions and the recognised assets and liabilities, Group entities mainly use forward contracts in compliance with the Group's principles governing currency risks. The currency risk arising from trading, origination and sales activities is managed by front-office staff, whereby net exchange risks of subsidiaries denominated in non-EUR and transactional non-EUR exposures of Axpo Solutions AG are centrally hedged to EUR.

Axpo Group Treasury, in close coordination with Axpo Solutions Group's operating entities, is responsible for managing the amount of the remaining net positions in all main currencies through appropriate hedging transactions (mainly transaction risk).

Sensitivity analysis of the currency risks

The sensitivity analysis was carried out at individual entity level and then added up. A reasonably possible change in exchange rates of +/– 10% would have had the following impact on the income statement and equity, assuming that the other parameters remained the same:

	+/– effect on income statement	+/– effect on equity	+/– effect on income statement	+/– effect on equity
CHF million	**30.9.2023**	**30.9.2023**	**30.9.2022**	**30.9.2022**
CHF/USD foreign currency risk	– 34.6	0.0	– 40.7	0.0
CHF/EUR foreign currency risk	89.3	0.0	– 321.3	0.1
CHF/GBP foreign currency risk	8.8	0.0	8.0	0.0
CHF/RON foreign currency risk	8.0	0.0	1.5	0.0
NOK/EUR foreign currency risk	– 6.9	0.0	21.0	0.0
NOK/SEK foreign currency risk	– 0.6	0.0	– 15.6	0.0
NOK/GBP foreign currency risk	4.2	0.0	3.9	0.0
PLN/EUR foreign currency risk	– 35.5	0.0	– 46.2	0.0

Interest rate risks

Financial assets and liabilities subject to variable interest rates, as well as cash and cash equivalents, expose Axpo Solutions Group to cash flow interest rate risks. Financial liabilities issued with mainly fixed interest rates exhibit interest rate risks 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-rate interest-bearing net debt on an ongoing basis.

Interest rate risks on energy derivative financial instruments are actively managed by the front office of the business area Trading & Sales and externally hedged by Axpo Group Treasury.

Interest-bearing financial assets and liabilities

The interest-bearing financial assets and liabilities held by Axpo Solutions Group basically relate to petty cash and cash at banks, received and delivered Credit Support Annexes, initial margin from exchanges, loans granted, bank liabilities, loans received and bonds issued. At the balance sheet date, the interest profile was as follows:

	Fixed rate	Variable rate	Fixed rate	Variable rate
CHF million	**30.9.2023**	**30.9.2023**	**30.9.2022**	**30.9.2022**
Financial assets measured at fair value through profit or loss (mandatory)	**0.8**	**0.0**	**0.9**	**0.0**
Financial assets at fair value (through profit or loss)	0.8	0.0	0.9	0.0
Financial assets measured at amortised cost	**298.5**	**4 473.6**	**188.7**	**7 602.7**
Petty cash and cash at banks	7.7	960.8	0.0	1 035.8
Trade receivables	1.1	0.0	36.4	0.7
Financial receivables (non-current)	98.1	73.2	75.1	216.6
Financial receivables (current)	170.7	2 157.4	64.4	363.5
Other receivables (non-current)	11.9	0.0	7.8	0.0
Other receivables (current)	9.0	1 282.2	5.0	5 986.1
Total interest-bearing financial assets	**299.3**	**4 473.6**	**189.6**	**7 602.7**
Financial liabilities measured at amortised cost[1]	**1 676.0**	**1 634.7**	**1 375.6**	**5 449.3**
Financial liabilities (non-current)	963.1	493.0	876.1	489.7
Financial liabilities (current)	710.5	889.9	495.5	2 465.8
Other liabilities (non-current)	0.0	3.0	1.7	0.0
Other liabilities (current)	2.4	248.8	2.3	2 493.8
Total interest-bearing financial liabilities	**1 676.0**	**1 634.7**	**1 375.6**	**5 449.3**
Net exposure	**– 1 376.7**	**2 838.9**	**– 1 186.0**	**2 153.4**

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

Variable interest-bearing financial liabilities relating to the construction of photovoltaic systems expose Axpo Solutions Group to interest rate risks. This risk is reduced through adequate use of derivative financial instruments in the form of interest rate swaps. Some of these interest rate swaps are 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 hedging instrument is based on the fact that the key parameters of these instruments, such as amount, interest rate, interest settlement dates, currency and maturity date, are identical.

In addition to the interest rate swaps designated as hedges and listed below, interest rate swaps with a positive replacement value of CHF 128.3 million and a negative replacement value of CHF 28.1 million (previous year: positive replacement value of CHF 111.4 million) were concluded to manage the interest rate risk on derivative financial instruments.

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

	Cash flow hedge	Cash flow hedge
CHF million	**30.9.2023**	**30.9.2022**
Hedged item		
Nominal amount[1]	370.6	264.4
Carrying amount liability	269.6	22.0
Line item in the balance sheet	Financial liabilities	Financial liabilities
Change in value used for calculating hedge effectiveness	– 45.2	– 21.5
Hedging instrument		
Nominal amount	370.3	264.4
Carrying amount asset	45.2	21.0
Carrying amount liability	0.0	0.1
Line item in the balance sheet	Derivative financial instruments	Derivative financial instruments
Change in fair value for calculating hedge effectiveness	45.2	21.5
Change in the value of the hedging instrument recognised in equity[2]	24.8	31.2
Line item in profit or loss affected by the reclassification of the hedge ineffectiveness	Financial income/expense	Financial income/expense

1 Including already concluded contracts for which the loan amounts have not yet been paid out.
2 Excluding change in fair value of hedging instruments closed by entities classified as held for sale and associates.

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

	Maturity as at 30.9.2023					Maturity as at 30.9.2022				
	2022/23	2023/24	2024/25	2025/26	Later	2021/22	2022/23	2023/24	2024/25	Later
Cash flow hedge										
Interest rate swaps – fixed to variable										
Nominal amount in CHF million	1.9	29.4	34.8	30.7	273.5	14.5	19.9	19.9	19.6	190.5
Average interest rate in %	0.4	0.1	0.1	0.0	0.1	0.3	0.3	0.3	0.2	0.2

Sensitivity analysis of interest rate risk

A reasonably possible change in interest rates of +/– 1% would have had the following impact on the income statement and equity, assuming that the other parameters remained the same:

	+/– effect on income statement	+/– effect on equity	+/– effect on income statement	+/– effect on equity
CHF million	**30.9.2023**	**30.9.2023**	**30.9.2022**	**30.9.2022**
Interest rate risk	38.5	– 0.5	57.0	– 0.3

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 (e.g. 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 these are also not available, basic prices based on internal demand and supply forecasts are used. 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.

Forward contracts and derivatives are measured based on the following general principles:

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

Three-level hierarchy

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

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

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

Three-level hierarchy

	30.9.2023				30.9.2022			
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	64.2	17 878.9	808.2	18 751.3	0.5	102 774.1	3 696.4	106 471.0
Currency forward contracts	0.0	279.0	0.0	279.0	0.0	491.2	0.0	491.2
Interest rate swaps	0.0	133.4	0.0	133.4	0.0	111.4	0.0	111.4
Derivative financial instruments at fair value through other comprehensive income with recycling (hedge accounting)								
Interest rate swaps	0.0	45.2	0.0	45.2	0.0	21.0	0.0	21.0
Financial assets at fair value through profit or loss (mandatory)								
Financial assets (non-current)	0.0	1.2	0.0	1.2	0.0	1.3	0.0	1.3
Non-financial assets at fair value through profit or loss								
Inventories held for trading	59.0	307.1	108.5	474.6	8.3	742.8	70.6	821.7
Total	**123.2**	**18 644.8**	**916.7**	**19 684.7**	**8.8**	**104 141.8**	**3 767.0**	**107 917.6**
Assets not measured at fair value in the balance sheet								
Financial assets measured at amortised cost in the balance sheet								
Financial receivables (non-current)	0.0	169.6	0.0	169.6	0.0	290.1	0.0	290.1
Total	**0.0**	**169.6**	**0.0**	**169.6**	**0.0**	**290.1**	**0.0**	**290.1**

1 Gross values without considering the netting agreements.

CHF million	30.9.2023 Level 1	Level 2	Level 3	Fair value[1]	30.9.2022 Level 1	Level 2	Level 3	Fair value[1]
Liabilities measured at fair value								
Derivative financial instruments at fair value through profit or loss (held for trading)								
Energy derivatives	76.1	17 402.7	367.6	17 846.4	0.0	110 847.7	1 680.8	112 528.5
Currency forward contracts	0.0	82.3	0.0	82.3	0.7	149.5	0.0	150.2
Interest rate swaps	0.0	28.1	0.0	28.1	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	0.0	0.0	0.0	0.0	1.4	0.0	1.4
Interest rate swaps	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.1
Total	**76.1**	**17 513.1**	**367.6**	**17 956.8**	**0.7**	**110 998.7**	**1 680.8**	**112 680.2**
Liabilities not measured at fair value in the balance sheet								
Financial liabilities measured at amortised cost in the balance sheet								
Financial liabilities (non-current)	0.0	1 300.0	0.0	1 300.0	0.0	1 266.2	0.0	1 266.2
Total	**0.0**	**1 300.0**	**0.0**	**1 300.0**	**0.0**	**1 266.2**	**0.0**	**1 266.2**

1 Gross values without considering the netting agreements.

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

The table above does not include fair value information for financial assets and financial liabilities measured at amortised cost if the carrying amount is a reasonable approximation of fair value. The fair values of “Financial assets (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 interest rates which apply to the loans, or the current price of bonds issued without including the interest accrued.

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

Movements in level 3 instruments

CHF million	Assets	Liabilities	Total
Carrying amount as at 1.10.2021	**1 284.8**	**– 945.3**	**339.5**
Purchases	484.0	0.0	484.0
Sales	– 2.5	0.0	– 2.5
Profit or loss recognised in the income statement	3 279.5	– 1 558.4	1 721.1
Transfer out of level 3	– 996.8	722.6	– 274.2
Foreign currency translation effect	– 282.0	100.3	– 181.7
Carrying amount as at 30.9.2022	**3 767.0**	**– 1 680.8**	**2 086.2**
Purchases	237.1	0.0	237.1
Sales	– 70.5	0.0	– 70.5
Profit or loss recognised in the income statement	– 2 679.4	1 223.7	– 1 455.7
Transfer to level 3	0.0	– 1.5	– 1.5
Transfer out of level 3	– 331.6	99.6	– 232.0
Foreign currency translation effect	– 5.9	– 8.6	– 14.5
Carrying amount as at 30.9.2023	**916.7**	**– 367.6**	**549.1**

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 level 2 in the reporting period or in the previous year.

A change in energy prices of +/– 10% would lead to a decrease or increase in the total fair value of level 3 energy derivatives of CHF 165.2 million (previous year: CHF +297.4 million) and CHF –156.5 million (previous year: CHF –304.0 million), respectively. In order to hedge long-term contracts assigned to level 3, Axpo Solutions Group enters into hedges 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

CHF million	Day-one loss	Day-one profit	Total
Carrying amount as at 1.10.2021	**59.2**	**– 209.9**	**– 150.7**
Deferred profit/loss arising from new transactions	0.0	– 464.2	– 464.2
Profit or loss recognised in the income statement	– 9.8	112.4	102.6
Foreign currency translation effect	1.9	33.5	35.4
Carrying amount as at 30.9.2022	**51.3**	**– 528.2**	**– 476.9**
Deferred profit/loss arising from new transactions	0.0	– 198.4	– 198.4
Profit or loss recognised in the income statement	– 8.8	173.7	164.9
Foreign currency translation effect	– 3.4	– 6.8	– 10.2
Carrying amount as at 30.9.2023	**39.1**	**– 559.7**	**– 520.6**

The table shows the accrued day-one profits or losses not yet recognised in the income statement and a reconciliation of changes.

Profits and losses on level 3 instruments including day-one profits or losses

	Result from energy trading	Result from energy trading
CHF million	**2022/23**	**2021/22**
Total profit or loss for the financial year recognised in the income statement	– 1 290.8	1 823.7
Total profit or loss recognised in the income statement on financial instruments held at financial year-end	– 1 068.8	897.3

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

Accounting principles

Energy derivatives

Net settled contracts that have a purely speculative intention are presented as current, regardless of their contract term. Contracts which are entered into with the intention of physical delivery and which have a term to maturity of more than twelve months are presented as non-current.

Netting of derivative financial instruments

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

Financial instruments that are entered into to hedge foreign exchange risks of the current operating activities are classified as "held for trading". Realised and unrealised changes in fair value are recognised in other operating income.
Cash flow hedge accounting is applied to hedge future cash flow risks from interests on long-term loans. The effective portion of the change in fair value of the hedging instrument is recognised in other comprehensive income, taking into account the deferred taxes. The ineffective portion of the hedging relationship is recognised in "financial income" or "financial expense". As soon as the underlying transaction is recognised in the income statement, the accumulated changes in fair value of the hedging instrument are trans-

ferred from equity to “financial income” or “financial expense”.

Day-one profit/ loss

When purchasing a financial instrument, which is measured at fair value using unobservable market data on the signing date of the contract, 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. Day-one losses are mostly recognised in the income statement immediately.

Significant judgements and estimation uncertainties

Accounting for energy derivatives

For some contracts, an analysis needs to be carried out to determine whether they should be treated as derivatives or own-use contracts, which are accounted for as executory contracts without recognising replacement values. At Axpo Solutions Group, the corresponding accounting of the contracts is based on the allocation to a business model. Contracts concluded under the customer solution business model 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. The first sale of self-produced energy to the market is accounted for as own-use (i.e. executory contracts). All subsequent contracts concluded for the management of own energy production are measured at fair value through profit or loss. 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 and derivatives are recognised in the balance sheet at their fair value. The fair value is the price that would be received for selling an asset or paid for transferring a liability in an orderly transaction between market participants at the measurement date. 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 reported on this basis may vary due to the choice of input factors. The actual realisable cash flows may therefore deviate from the model values, which are based on estimates and assumptions.

4.5.4 Credit risks

The need for credit risk management arises from the fundamental risk of trading partners or origination customers of Axpo Solutions Group not being able to meet all or part of their obligations, which could result in a financial loss. To avoid this risk, receivables and replacement values from trading partners or origination customers are monitored and future developments analysed. In addition, creditworthiness is analysed on an ongoing basis. Business areas and subsidiaries are involved in credit risk management.

Credit risks of the operating business are managed by establishing internal credit limits. The credit limits are based on the ratings of the trading partners or origination customers and define the limit for the exposure to each of them. These limits are established by the independent Credit Risk department as the maximum total exposure and are applicable throughout Axpo Solutions Group. The ratings of trading partners or origination customers are based on their creditworthiness, which defines the probability of default. Transactions may only be entered into with business partners that have been subject to prior analysis. The credit exposures are actively mitigated through the use of guarantees, collateral, insurance and advance payments received. Receivables from counterparties are monitored through regular reporting on a daily basis. In addition, a formalised process is applied to introduce countermeasures in due time in the event that negative trends are identified.

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

Carrying amount of financial assets

The following table shows the carrying amount of the financial assets held by Axpo Solutions Group, grouped according to the categories defined in IFRS 9:

CHF million	Notes	Carrying amount 30.9.2023	Carrying amount 30.9.2022
Financial assets measured at amortised cost		**10 151.5**	**15 886.6**
Loan receivables (current and non-current)	4.3	171.3	304.4
Other financial receivables (current)	4.3	2 328.1	415.2
Trade receivables		1 438.8	2 874.1
Revenues not yet invoiced	3.5	3 574.6	4 991.1
Other receivables (current and non-current)	3.5	1 670.2	6 266.0
Cash and cash equivalents	4.2	968.5	1 035.8
Financial assets at fair value through profit or loss (mandatory)		**12 681.3**	**42 575.9**
Other financial assets (current and non-current)	4.3	1.2	1.3
Energy derivatives		12 267.7	41 972.0
Currency forward contracts		279.0	491.2
Interest rate swaps		133.4	111.4
Financial assets at fair value through other comprehensive income with recycling (hedge accounting)		**45.2**	**21.0**
Interest rate swaps		45.2	21.0
Total financial assets		**22 878.0**	**58 483.5**
./. Total shares and participation certificates accounted for at fair value		– 0.4	– 0.4
Maximum credit default risk		**22 877.6**	**58 483.1**

Ageing analysis trade receivables/revenue not yet invoiced and their loss allowances

Industrial and wholesale customers as at 30 September 2023

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 more than 360 days	Total
Counterparty rating AAA	10.3	0.2	0.3	0.1	0.0	0.0	10.9
Counterparty rating AA	85.3	12.7	0.5	0.7	0.6	0.0	99.8
Counterparty rating A	345.2	17.8	8.2	2.1	1.0	0.7	375.0
Counterparty rating BBB	1 985.4	58.3	11.9	11.6	2.1	25.3	2 094.6
Counterparty rating BB	1 307.8	38.3	8.2	8.1	19.7	23.5	1 405.6
Counterparty rating B	331.9	11.7	7.5	4.0	4.0	10.4	369.5
Counterparty rating CCC	19.8	4.8	11.7	23.6	30.5	30.6	121.0
Counterparty rating < CCC	0.0	0.0	0.0	0.0	0.0	19.9	19.9
Total cost of acquisition	**4 085.7**	**143.8**	**48.3**	**50.2**	**57.9**	**110.4**	**4 496.3**
Loss allowances	– 3.2	– 0.5	– 0.5	– 6.6	– 11.5	– 93.4	– 115.7
Total	**4 082.5**	**143.3**	**47.8**	**43.6**	**46.4**	**17.0**	**4 380.6**

Industrial and wholesale customers as at 30 September 2022

CHF million	Not yet due	Past due 1–30 days	Past due 31–90 days	Past due 91–180 days	Past due 181–360 days	Past due more than 360 days	Total
Counterparty rating AAA	3.9	0.1	0.0	0.0	0.0	0.0	4.0
Counterparty rating AA	144.6	0.5	3.1	0.1	0.0	0.2	148.5
Counterparty rating A	818.8	16.0	7.4	0.9	0.1	0.0	843.2
Counterparty rating BBB	3 101.1	80.8	28.4	1.7	13.8	0.5	3 226.3
Counterparty rating BB	1 790.4	108.1	9.7	3.6	1.9	1.2	1 914.9
Counterparty rating B	577.8	12.5	11.0	1.7	0.9	1.2	605.1
Counterparty rating CCC	113.7	0.4	44.5	10.7	2.6	23.9	195.8
Counterparty rating < CCC	2.7	23.2	4.5	19.9	22.9	17.0	90.2
Total cost of acquisition	**6 553.0**	**241.6**	**108.6**	**38.6**	**42.2**	**44.0**	**7 028.0**
Loss allowances	– 5.9	– 23.2	– 11.2	– 31.3	– 26.3	– 29.0	– 126.9
Total	**6 547.1**	**218.4**	**97.4**	**7.3**	**15.9**	**15.0**	**6 901.1**

Retail customers as at 30 September 2023

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 more than 360 days	Total
Trade receivables and revenue not yet invoiced	503.1	114.9	4.9	4.4	22.7	114.2	764.2
Gross carrying amount	**503.1**	**114.9**	**4.9**	**4.4**	**22.7**	**114.2**	**764.2**
Loss allowances	– 1.6	– 0.5	– 0.6	– 1.5	– 16.6	– 110.6	– 131.4
Net carrying amount	**501.5**	**114.4**	**4.3**	**2.9**	**6.1**	**3.6**	**632.8**

Retail customers as at 30 September 2022

CHF million	Not yet due	Past due 1–30 days	Past due 31–90 days	Past due 91–180 days	Past due 181–360 days	Past due more than 360 days	Total
Trade receivables and revenue not yet invoiced	868.6	57.1	25.6	23.9	28.7	55.5	1 059.4
Gross carrying amount	**868.6**	**57.1**	**25.6**	**23.9**	**28.7**	**55.5**	**1 059.4**
Loss allowances	– 4.6	– 1.9	– 5.3	– 13.4	– 15.6	– 54.5	– 95.3
Net carrying amount	**864.0**	**55.2**	**20.3**	**10.5**	**13.1**	**1.0**	**964.1**

Loss allowances created, released or no longer required

The following table shows the development of the loss allowances on trade receivables/revenue not yet invoiced for the 2021/22 and 2022/23 reporting periods:

CHF million	Industrial and wholesale customers	Retail customers	Total
Loss allowances as at 1.10.2021	**39.6**	**82.0**	**121.6**
Financial assets derecognised during reporting period	– 1.5	– 7.9	– 9.4
Financial assets recognised during reporting period	100.8	48.0	148.8
Write-offs	– 0.9	– 15.3	– 16.2
Changes in models/risk parameters	0.2	0.0	0.2
Currency effects	– 11.3	– 11.5	– 22.8
Loss allowances as at 30.9.2022	**126.9**	**95.3**	**222.2**
Financial assets derecognised during reporting period	– 5.8	– 12.8	– 18.6
Financial assets recognised during reporting period	20.4	53.0	73.4
Write-offs	– 26.6	– 5.1	– 31.7
Changes in models/risk parameters	0.1	0.0	0.1
Currency effects	0.7	1.0	1.7
Loss allowances as at 30.9.2023	**115.7**	**131.4**	**247.1**

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

CHF million	Carrying amount 30.9.2023	Carrying amount 30.9.2022
Western Europe	2 074.4	1 986.7
Southern Europe	1 459.7	4 057.2
Central Europe	1 303.9	1 226.0
Rest of Europe	96.7	384.7
Outside Europe	78.7	210.6
Total	**5 013.4**	**7 865.2**

Development of the credit quality of loans, money investments and other financial receivables and the respective loss allowances

CHF million	No or low increase in default risk	Significant increase in default risk – credit impaired	Total
Gross carrying amount as at 1.10.2022	**793.9**	**3.3**	**797.2**
Additions	2 814.8	0.0	2 814.8
Repayments	– 795.8	0.0	– 795.8
Evaluation changes	– 60.0	0.0	– 60.0
Reclassification to/from “assets held for sale”	– 166.9	0.0	– 166.9
Reclassification	– 5.1	0.0	– 5.1
Foreign currency translation	1.5	0.0	1.5
Gross carrying amount as at 30.9.2023	**2 582.4**	**3.3**	**2 585.7**
Counterparty rating AA	1.0	0.0	1.0
Counterparty rating A	137.7	0.0	137.7
Counterparty rating BBB	2 203.0	0.0	2 203.0
Counterparty rating BB	96.3	0.0	96.3
Counterparty rating B	144.4	0.0	144.4
Counterparty rating CCC	0.0	3.3	3.3
Gross carrying amount as at 30.9.2023	**2 582.4**	**3.3**	**2 585.7**

CHF million	No or low increase in default risk	Significant increase in default risk – credit impaired	Total
Gross carrying amount as at 30.9.2023	**2 582.4**	**3.3**	**2 585.7**
Loss allowances as at 1.10.2022	**74.3**	**3.3**	**77.6**
Financial assets derecognised during reporting period	– 0.6	0.0	– 0.6
Financial assets recognised during reporting period	3.9	0.0	3.9
Changes in models/risk parameters	– 2.6	0.0	– 2.6
Reclassification to/from “assets held for sale”	– 0.5	0.0	– 0.5
Foreign currency translation	0.8	0.0	0.8
Loss allowances as at 30.9.2023	**75.3**	**3.3**	**78.6**
Net carrying amount as at 30.9.2023	**2 507.1**	**0.0**	**2 507.1**
thereof:			
Loans (non-current)			171.3
Other financial receivables (current)			2 328.1
Investments (current)			7.7

Development of the credit quality of loans, money investments and other financial receivables and the respective loss allowances

CHF million	No or low increase in default risk	Significant increase in default risk – credit impaired	Total
Gross carrying amount as at 1.10.2021	**2 082.0**	**3.3**	**2 085.3**
Additions	2 865.9	0.0	2 865.9
Repayments	– 4 101.6	0.0	– 4 101.6
Evaluation changes	– 23.6	0.0	– 23.6
Reclassification to/from “assets held for sale”	– 9.0	0.0	– 9.0
Reclassification	30.7	0.0	30.7
Change in scope of consolidation	– 10.4	0.0	– 10.4
Foreign currency translation	– 40.1	0.0	– 40.1
Gross carrying amount as at 30.9.2022	**793.9**	**3.3**	**797.2**
Counterparty rating A	56.6	0.0	56.6
Counterparty rating BBB	532.6	0.0	532.6
Counterparty rating BB	93.3	0.0	93.3
Counterparty rating B	111.4	0.0	111.4
Counterparty rating CCC	0.0	3.3	3.3
Gross carrying amount as at 30.9.2022	**793.9**	**3.3**	**797.2**

CHF million	No or low increase in default risk	Significant increase in default risk – credit impaired	Total
Gross carrying amount as at 30.9.2022	**793.9**	**3.3**	**797.2**
Loss allowances as at 1.10.2021	**88.0**	**3.3**	**91.3**
Financial assets derecognised during reporting period	– 0.8	0.0	– 0.8
Financial assets recognised during reporting period	1.5	0.0	1.5
Changes in models/risk parameters	– 4.6	0.0	– 4.6
Currency effects	– 9.8	0.0	– 9.8
Loss allowances as at 30.9.2022	**74.3**	**3.3**	**77.6**
Net carrying amount as at 30.9.2022	**719.6**	**0.0**	**719.6**
thereof:			
Loans (non-current)			291.7
Loans (current)			12.7
Other financial receivables (current)			415.2

Transfer of trade receivables

Axpo Solutions Group has transferred trade receivables to banks against cash. The carrying amount of the trade receivables transferred as at 30 September 2023 was CHF 601.8 million (previous year: CHF 631.3 million). The trade receivables were derecognised as substantially all risks and rewards, primarily the default risk, were transferred to banks.

Cash and cash equivalents and financial receivables

Cash and cash equivalents and time deposits are preferably held with banks which have been rated at least BBB by an internationally recognised rating agency.

Derivative financial instruments

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

Collateral

A significant portion of the energy transactions in Axpo Solutions Group are concluded on the basis of framework agreements such as the EFET (European Federation of Energy Traders) General Agreement on Power or Gas and the ISDA (International Swaps and Derivatives Association). In the event of the insolvency of a business partner, they provide for an offsetting of open transactions (see table "Netting of positive and negative derivative financial instruments", column "Additional netting potential").

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. The collateral is received and delivered in the form of cash and stand-by letters of credit. Cash collateral is presented in the line "Credit Support Annex (CSA)" and the stand-by letters of credit received in line item "Bank guarantees". Stand-by letter of credit and bank guarantees delivered are not presented in the table below as they are part of the used credit line (see Note 4.5.6 "Liquidity risks"). Another option for collateral provided and received are payment guarantees. Payment guarantees are irrevocable and undisputable during the term of the contract. Furthermore, they can be drawn immediately on first demand. 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. For further contingent liabilities refer to Note 3.7.2 "Contingent liabilities".

Financial securities received

CHF million	30.9.2023	30.9.2022
Credit Support Annex (CSA)	189.5	2 422.1
Bank guarantees	1 056.9	2 978.9
Payment guarantees	2 936.3	1 950.6
Other guarantees	100.3	132.6
Total	**4 283.0**	**7 484.2**

Financial securities delivered

CHF million	30.9.2023	30.9.2022
Credit Support Annex (CSA)	1 066.8	4 900.9
Payment guarantees	28.2	192.2
Other guarantees	253.0	650.1
Total	**1 348.0**	**5 743.2**

Collateral posted under a Credit Support Annex is recognised at its nominal value in the balance sheet, whereas guarantees are measured at fair value. The fair value of the guarantees is normally zero. Guarantees and parent company guarantees granted within Axpo Solutions Group are only presented in the separate financial statements of the company that granted them.

Netting of positive and negative derivative financial instruments as at 30 September 2023

CHF million	Assets subject to legally enforceable netting agreements: Gross assets before balance sheet netting	Assets subject to legally enforceable netting agreements: Netting	Assets subject to legally enforceable netting agreements: Net assets after balance sheet netting	Assets not subject to master netting agreements or to legally enforceable master netting agreements	Total assets recognised on the balance sheet	Additional netting potential: Netting potential not reported on the balance sheet	Assets after recognition of the netting potential
Positive derivative financial instruments at fair value through profit or loss (held for trading)							
Energy derivatives	14 535.2	– 6 483.6	8 051.6	4 216.1	12 267.7	– 2 649.1	9 618.6
Currency forward contracts	0.0	0.0	0.0	279.0	279.0	0.0	279.0
Interest rate swaps	0.0	0.0	0.0	133.4	133.4	0.0	133.4
Positive derivative financial instruments at fair value through other comprehensive income with recycling (hedge accounting)							
Interest rate swaps	0.0	0.0	0.0	45.2	45.2	0.0	45.2
Total	**14 535.2**	**– 6 483.6**	**8 051.6**	**4 673.7**	**12 725.3**	**– 2 649.1**	**10 076.2**

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 not subject to master netting agreements or 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 instruments at fair value through profit or loss (held for trading)							
Energy derivatives	14 907.5	– 6 483.6	8 423.9	2 938.9	11 362.8	– 2 649.1	8 713.7
Currency forward contracts	0.0	0.0	0.0	82.3	82.3	0.0	82.3
Interest rate swaps	0.0	0.0	0.0	28.1	28.1	0.0	28.1
Total	**14 907.5**	**– 6 483.6**	**8 423.9**	**3 049.3**	**11 473.2**	**– 2 649.1**	**8 824.1**

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

CHF million	Assets subject to legally enforceable netting agreements: Gross assets before balance sheet netting	Assets subject to legally enforceable netting agreements: Netting	Assets subject to legally enforceable netting agreements: Net assets after balance sheet netting	Assets not subject to master netting agreements or to legally enforceable master netting agreements	Total assets recognised on the balance sheet	Additional netting potential: Netting potential not reported on the balance sheet	Assets after recognition of the netting potential
Positive derivative financial instruments at fair value through profit or loss (held for trading)							
Energy derivatives	87 309.4	– 64 499.0	22 810.4	19 161.6	41 972.0	– 6 426.9	35 545.1
Currency forward contracts	0.0	0.0	0.0	491.2	491.2	0.0	491.2
Interest rate swaps	0.0	0.0	0.0	111.4	111.4	0.0	111.4
Positive derivative financial instruments at fair value through other comprehensive income with recycling (hedge accounting)							
Interest rate swaps	0.0	0.0	0.0	21.0	21.0	0.0	21.0
Total	**87 309.4**	**– 64 499.0**	**22 810.4**	**19 785.2**	**42 595.6**	**– 6 426.9**	**36 168.7**

CHF million	Liabilities subject to legally enforceable netting agreements: Gross liabilities before balance sheet netting	Liabilities subject to legally enforceable netting agreements: Netting	Liabilities subject to legally enforceable netting agreements: Net liabilities after balance sheet netting	Liabilities not subject to master netting agreements or to legally enforceable master netting agreements	Total liabilities recognised on the balance sheet	Additional netting potential: Netting potential not reported on the balance sheet	Liabilities after recognition of the netting potential
Negative derivative financial instruments at fair value through profit or loss (held for trading)							
Energy derivatives	93 029.6	– 64 499.0	28 530.6	19 498.9	48 029.5	– 6 426.9	41 602.6
Currency forward contracts	0.0	0.0	0.0	150.2	150.2	0.0	150.2
Negative derivative financial instruments at fair value through other comprehensive income with recycling (hedge accounting)							
Energy derivatives	0.0	0.0	0.0	1.4	1.4	0.0	1.4
Interest rate swaps	0.0	0.0	0.0	0.1	0.1	0.0	0.1
Total	**93 029.6**	**– 64 499.0**	**28 530.6**	**19 650.6**	**48 181.2**	**– 6 426.9**	**41 754.3**

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

In the table above, the column "Additional netting potential" presents replacement values which do not fall due simultaneously, but would also be nettable in case of default, as well as the offsetting of replacement values "held for trading" and hedging instruments. In addition to the "Netting" amounts presented above, receivables and payables included in revenues not yet invoiced and in operating expenses not yet invoiced in the amount of CHF 1,689.7 million (previous year: CHF 2,864.9 million) were offset in the balance sheet (see Note 3.5 "Other receivables" and Note 3.6 "Other liabilities").

Accounting principles

Impairment of non-derivative financial assets

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

For all other financial assets for which the simplified approach is not envisaged, the loss allowance is calculated using the three-stage model. The calculation of the risk provision is based on the counterparty rating and the remaining contract term. Depending on which stage the financial asset is allocated to, the loss allowance is calculated over twelve months or if shorter the remaining contract term (stage 1) or over the entire remaining contract term (stages 2 and 3).

Counterparty ratings are prepared based on both quantitative and qualitative information and analysis. The probability of default per counterparty rating and contract term corresponds to the observable industrial values and is based on historical defaults, current information and future expectations.

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

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

Axpo considers a financial asset to be credit-impaired if the borrower has filed for bankruptcy or 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 a financial asset is 30 or 90 days past due can be rebutted if appropriate and supportive information is available.

If there are indications of impairment, a loss allowance is 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. Furthermore, credit support annexes received or delivered are not included in the netting.

Additionally, trade receivables from customers who are simultaneously 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 Volume risks

Volume risks arise from fluctuations in production, which are influenced, for example, by water, wind and sun levels, as well as the production capacity of nuclear power plants, a lack of demand or bottlenecks in energy commodities. If there are unexpected reductions in production, Axpo must nevertheless ensure the delivery of the energy sold in advance. Accordingly, this already committed quantity must be procured on the spot market, which can lead to financial losses depending on the price level.

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

4.5.6 Liquidity risks

Liquidity risk describes the potential risk that Axpo Solutions Group will not be able to meet its financial obligations as they fall due. Axpo’s Group Treasury is responsible for liquidity management. This task includes planning, monitoring, providing and optimising liquidity. Liquidity management and financing activities play a key role in ensuring that Axpo Solutions Group is always able to meet its financial obligations even in the event of enormous market turbulence and large temporary liquidity outflows.

The following key measures are continuously monitored to protect the Axpo Solutions Group’s liquidity.

Financing
Various measures are used to secure liquidity, e.g. liquidity swaps, factoring and new credit lines.

Cash pooling and the balancing of cash and cash equivalents within the business areas are used to achieve optimum cash management.
Liquidity in the project business is mainly secured via specific project financing and by refinancing on the money and capital markets.

Adjustment of the methodology

A combination of different indicators is used with the aim of identifying and assessing liquidity risks and deriving suitable measures for risk mitigation. Risk modelling based on historical data (Liquidity-at-Risk (LaR)) and a forward-looking liquidity heat map based on various scenario of extreme price movements were implemented. The LaR ratio measures potential liquidity outflows due to market risks (including cash outflows due to collateral provided in the trading business), credit risks (including cash outflows due to switching from cash to credit lines as well as cash outflows due to loan defaults), volume risks (including cash outflows due to replacement purchases on the spot markets) and operational risks. The liquidity heatmap analyses the sensitivities of the main risk factors. The LaR and the liquidity heatmap are recorded together with the available liquidity and regularly reported to the Executive Board and the Board of Directors.

Portfolio management

The triangular relationship between market price, credit and liquidity risk means that measures to reduce liquidity risk increase market risk or credit risk to various counterparties ("trilemma").
The portfolio is reviewed regularly with the aim of optimising it and ensuring an adequate balance between these risks.

Contingency plan

Axpo Group has a contingency plan in place with regard to liquidity scenarios. This defines worst-case scenarios, measures and responsibilities that allow Axpo to remain capable of acting in the event of a crisis. The contingency plan is regularly analysed, adjusted if necessary and further developed.

Aggregated credit lines

CHF million	30.9.2023	30.9.2022
Committed credit lines from banks[1]	1 736.6	1 537.4
thereof used for guarantees	1 736.6	1 537.4
Uncommitted credit lines from banks and financial institutions	4 765.5	4 393.4
thereof used for loans and guarantees	2 919.8	3 339.4
Credit lines from Axpo Holding	4 541.6	4 702.2
thereof used for loans	511.3	2 271.1
Total remaining credit lines	**5 876.0**	**3 485.1**

1 Guarantees issued under sub-limits of committed bilateral credit facilities and the sustainability-linked revolving credit facility of Axpo Holding AG for Axpo Solutions Group.

Maturity analysis of financial liabilities and derivative financial instruments as at 30 September 2023

CHF million	Carrying amount	Cash flows	At sight	< 3 months	3–12 months	1– 5 years	> 5 years
Financial liabilities measured at amortised cost							
Trade payables	1 130.9	1 130.9	0.0	1 074.9	54.2	1.8	0.0
Financial liabilities (current and non-current)	3 056.8	3 234.2	0.0	1 528.2	187.5	903.1	615.4
Other liabilities (current and non-current)	683.3	683.7	189.5	294.7	78.3	101.2	20.0
Operating expenses not yet invoiced	3 494.8	3 494.9	0.0	3 492.9	2.0	0.0	0.0
Total cash outflow		**8 543.7**	**189.5**[1]	**6 390.7**	**322.0**	**1 006.1**	**635.4**
Derivative financial instruments at fair value							
Net carrying amount of energy derivatives	904.9						
Gross cash inflow		65 702.6	6 872.6	14 754.4	21 442.9	21 825.1	807.6
Gross cash outflow		59 875.7	5 140.6	14 411.6	19 372.8	18 114.7	2 836.0
Net carrying amount of currency forward contracts	196.7						
Gross cash inflow		6 488.2	1.4	1 283.3	2 402.9	2 795.3	5.3
Gross cash outflow		6 400.3	0.0	1 272.9	2 398.7	2 722.9	5.8
Net carrying amount of interest rate swaps	150.5						
Gross cash inflow		5 075.6	0.0	72.3	1 591.8	2 663.5	748.0
Gross cash outflow		4 915.2	0.0	57.7	1 528.7	2 608.7	720.1
Total net cash inflow (–) / outflow (+)		**– 6 075.2**	**– 1 733.4**	**– 367.8**	**– 2 137.4**	**– 3 837.6**	**2 001.0**

1 Amounts at sight are mainly credit support annexes received. 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 2022

CHF million	Carrying amount	Cash flows	At sight	< 3 months	3–12 months	1– 5 years	> 5 years
Financial liabilities measured at amortised cost							
Trade payables	1 582.1	1 582.1	0.0	1 564.0	13.7	4.4	0.0
Financial liabilities (current and non-current)	4 327.1	4 528.7	163.2	2 569.7	276.3	870.3	649.2
Other liabilities (current and non-current)	2 987.0	2 987.0	2 422.1	486.3	55.8	19.8	3.0
Operating expenses not yet invoiced	5 001.8	5 001.8	0.0	4 986.2	10.4	5.2	0.0
Total cash outflow		**14 099.6**	**2 585.3**[1]	**9 606.2**	**356.2**	**899.7**	**652.2**
Derivative financial instruments at fair value							
Net carrying amount of energy derivatives	– 6 058.9						
Gross cash inflow		128 888.9	16 516.1	31 235.8	44 096.7	35 990.6	1 049.7
Gross cash outflow		115 697.3	16 777.8	28 731.5	36 828.7	29 889.1	3 470.2
Net carrying amount of currency forward contracts	341.0						
Gross cash inflow		7 608.2	0.0	109.3	2 557.1	4 844.9	96.9
Gross cash outflow		7 329.5	0.0	107.7	2 365.3	4 766.0	90.5
Net carrying amount of interest rate swaps	132.3						
Gross cash inflow		2 682.2	0.0	1.0	33.4	2 342.1	305.7
Gross cash outflow		2 579.2	0.0	14.6	6.2	2 265.8	292.6
Total net cash inflow (–) / outflow (+)		**– 13 573.3**	**261.7**	**– 2 492.3**	**– 7 487.0**	**– 6 256.7**	**2 401.0**

1 Amounts at sight are mainly credit support annexes received. 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, to show the liquidity risk, only the maturity of financial liabilities is presented in the above table. In order to show the effective liquidity risk arising from derivative financial instruments, the cash inflow/outflow in the above table relates to contracts with positive and negative replacement values.

In some cases, Axpo Solutions Group enters into stack and roll hedges to hedge long-term contracts. These hedges are assigned to trading books. Cash flows from these hedges are not presented in the same time period as cash flows from long-term contracts.

4.5.7 Liquidity situation and ability to continue as a going concern

Axpo Solutions Group's financial headroom is made up of available liquidity and committed credit lines. The required minimum liquidity is determined by Axpo Solutions Group's Risk Management and analysed weekly with the Axpo Group's Executive Board.

Axpo Group has processes in place that identify at an early stage material uncertainties which could cast significant doubt on the company's ability to continue as a going concern. For the assessment of the liquidity situation, sensitivities with regard to future cash flow forecasts over the coming years were taken into account.

Axpo Solutions Group complied with the financial covenants at all times during the reporting period. There is no material uncertainty regarding compliance in the coming reporting period.

Axpo Solutions Group generated a profit in the reporting period and is budgeting for positive results in the coming years. The outflow of liquidity on the external hedges is only temporary and will flow back upon realisation of the underlying positions.

The Board of Directors and the Management Board believe that the going concern assumption is appropriate.

4.5.8 Operational risks

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

Axpo operates in many different international markets. The regulatory environment and the increasingly complex tax environment are fraught with risks and uncertainties. Axpo counters these risks by consulting law firms and local tax experts in order to address potential risks and challenges at an early stage. Internal processes, controls and systems are continuously developed.

Axpo is also active in the field of renewable energy as a project developer and operator, particularly in the construction and operation of wind farms and solar plants. Axpo also operates gas-fired combined-cycle power plants in Italy and other conventional plants in Switzerland. The licensing, construction and operation of these plants are subject to regulatory risks and changes and are monitored on an ongoing basis.

4.5.9 Strategic, long-term and non-financial risks

Strategic, long-term and non-financial risks describe risks that have an impact on the business strategy or strategic objectives, e.g. reputation, compliance or ESG ambitions. Many of the strategic and long-term risks are directly related to opportunities and are closely linked to Axpo's corporate governance and strategic direction. Strategic and long-term risks are regularly identified and reported to the Executive Board and the Board of Directors.


Head office in Baden, Switzerland

5. Employees

5.1 Personnel expenses

CHF million	2022/23	2021/22
Salaries and wages	– 345.4	– 250.7
Employee benefit expense for defined benefit plans (Note 5.2)	– 7.6	– 10.0
Employee benefit expense for defined contribution plans	– 3.0	– 5.2
Social security and other personnel expenses	– 58.6	– 45.2
Total	**– 414.6**	**– 311.1**

Number of employees at the balance sheet date:		
Full-time equivalents	2 277	1 942
Apprentices	31	2
Total	**2 308**	**1 944**

5.2 Employee benefits

Axpo Solutions Group has several pension plans in accordance with national legislation. The Swiss subsidiaries are affiliated with PKE-CPE Vorsorgestiftung Energie, a legally independent collective pension fund which qualifies as a defined benefit plan under IAS 19. The other defined benefit plans are insignificant. All other pension plans qualify as defined contribution plans.

PKE-CPE Vorsorgestiftung Energie

PKE-CPE Vorsorgestiftung Energie is a pension fund with the legal form of a foundation under the Swiss Civil Code 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, which protect the employees of the affiliated companies and their family and survivors against the financial consequences of old age, invalidity and death. The pension fund is an independent 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 pension fund regulations and the organisational regulations define the benefits provided by PKE-CPE Vorsorgestiftung Energie and their financing, the organisation and administration, and the relationship with the affiliated companies and with the active insured members and pensioners.

The employer and employee contributions are defined as a percentage of the insured salary. The old-age pension is determined by multiplying the balance of the retirement savings capital at retirement by the conversion rate defined in the regulations. The employee may draw the pension benefits as a lump-sum payment. The invalidity pension and the spouse's pension are defined as a percentage of the insured salary. The plan assets are invested by PKE-CPE Vorsorgestiftung Energie jointly for all affiliated companies, which share the actuarial and investment risks of the pension fund. The Board of Trustees is responsible for the investment of the plan assets. The organisation of the investment activities and the related competencies are specified in the investment regulations and investment strategy. The pension fund is exposed to actuarial and investment risks. The investments are made in such a way that the benefits can be paid when they become due.

In the event of underfunding, the Board of Trustees, in collaboration with the recognised actuarial expert, implements suitable measures to eliminate the underfunding. If necessary, the interest rate on the retirement savings capital, the benefits in excess of the minimum requirement under BVG and their financing 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 the persistently low interest rates and increasing life expectancy, the liabilities from defined benefit plans in Switzerland are measured in accordance with the applicable Swiss law and company practice, taking into account risk sharing between the employer and employees. This is based on regulations and on the history of cost sharing between Axpo Solutions Group and its employees as part of past restructuring measures. Since 30 September 2020, Axpo Solutions Group has been applying extended risk sharing. Compared to 2020, the financial situation of PKE-CPE Vorsorgestiftung Energie has improved significantly due to very good returns on investments. Therefore, no measures are required to restore the financial balance of the pension fund, and as in the previous year the current regulatory conversion rates can be applied.

As at 30 September 2023, all companies of Axpo Solutions Group have an asset surplus with regard to IAS 19. As for all pension plans the present value of the future service cost is lower than the present value of the future contributions, the asset surplus had to be limited for all companies.

Reconciliation of pension assets/liabilities

CHF million	2022/23	2021/22
Present value of defined benefit obligations as at 30.9.	265.6	249.0
Fair value of plan assets as at 30.9.	293.5	273.7
Adjustment to asset ceiling	15.1	15.8
Asset surplus (-) / deficit (+) recognised as at 30.9.	**– 12.8**	**– 8.9**
thereof recognised as separate asset (-) (Note 3.5)	– 12.8	– 8.9

Pension costs in income statement

CHF million	2022/23	2021/22
Current service cost	7.7	9.9
Interest expense on defined benefit obligation	5.2	0.5
Interest income on plan assets	– 5.7	– 0.5
Interest expense (+) / income (-) on effect of asset ceiling	0.3	0.0
Administration cost excluding asset management cost	0.1	0.1
Pension cost for the period recognised in profit or loss	**7.6**	**10.0**
thereof service cost and administration cost	7.8	10.0
thereof net interest expense (+) / income (-)	– 0.2	0.0

Pension costs in other comprehensive income

CHF million	2022/23	2021/22
Actuarial gains (-) / losses (+) on defined benefit obligation	5.0	– 41.2
Gains (-) / losses (+) on plan assets excluding interest income	– 7.1	30.2
Change in effect of asset ceiling excluding interest expense (+) / income (-)	– 1.0	15.8
Pension costs for the period recognised in other comprehensive income	**– 3.1**	**4.8**

Change in the fair value of plan assets

CHF million	2022/23	2021/22
Fair value of plan assets as at 1.10.	273.7	295.1
Interest income on plan assets	5.7	0.5
Employer contributions	8.4	7.7
Employee contributions	5.4	4.8
Benefits paid in (+) / out (-)	– 6.8	– 4.2
Return on plan assets excluding interest income	7.1	– 30.2
Fair value of plan assets as at 30.9.	**293.5**	**273.7**

Change in pension asset/liability reported in the balance sheet

CHF million	2022/23	2021/22
Pension liability as at 1.10.	– 8.9	– 16.0
Pension cost for the period recognised in profit or loss	7.6	10.0
Pension cost for the period recognised in other comprehensive income	– 3.1	4.8
Employer contributions	– 8.4	– 7.7
Pension asset (-) / liability (+) as at 30.9.	**– 12.8**	**– 8.9**

Change in effect of asset ceiling

CHF million	2022/23	2021/22
Adjustment to asset ceiling as at 1.10.	15.8	0.0
Interest expense (+) / income (-) on effect of asset ceiling	0.3	0.0
Change in effect of asset ceiling excluding interest expense (+) /income (-)	– 1.0	15.8
Adjustment to asset ceiling as at 30.9.	**15.1**	**15.8**

Change in the present value of the defined benefit obligation

CHF million	2022/23	2021/22
Present value of defined benefit obligation as at 1.10.	249.0	279.1
Interest expense on defined benefit obligation	5.2	0.5
Current service cost	7.7	9.9
Employee contributions	5.4	4.8
Benefits paid in (+) / out (-)	– 6.8	– 4.2
Administration cost excluding asset management cost	0.1	0.1
Actuarial gains (-) / losses (+) on defined benefit obligation	5.0	– 41.2
Present value of defined benefit obligation as at 30.9.	**265.6**	**249.0**

Breakdown of defined benefit obligation

CHF million	30.9.2023	30.9.2022
Present value of defined benefit obligation as at 30.9. for active members	184.3	167.9
Present value of defined benefit obligation as at 30.9. for pensioners	81.3	81.1

Actuarial gains/losses on defined benefit obligation

CHF million	2022/23	2021/22
Actuarial gains (-) / losses (+) on defined benefit obligation from:		
changes in financial assumptions	1.3	– 45.4
experience adjustments	3.7	4.2
Actuarial gains (-) / losses (+) on defined benefit obligation	**5.0**	**– 41.2**

Actuarial assumptions

	30.9.2023	30.9.2022
Discount rate for active members (in %)	2.0	2.1
Discount rate for pensioners (in %)	2.0	2.0
Expected future salary increase (in %)	1.0	1.0
Long-term expected rate of change in the CMI model (BVG 2020)	1.25	1.25

Sensitivity analysis of defined benefit obligation

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

CHF million	30.9.2023	30.9.2022
Discount rate (–0.25% change)	273.8	256.8
Discount rate (+0.25% change)	257.8	241.9
Salary increase (–0.25% change)	264.7	248.3
Salary increase (+0.25% change)	266.5	249.9
Life expectancy (–1 year change)	258.9	242.7
Life expectancy (+1 year change)	272.1	255.3

Estimate of employer and employee contributions for subsequent period

CHF million	30.9.2023	30.9.2022
Expected employer contributions	8.6	7.5
Expected employee contributions	5.4	4.7

Major categories of plan assets

CHF million	30.9.2023	30.9.2022
Cash and cash equivalents	6.8	2.5
Equity instruments	110.1	103.8
Debt instruments	90.1	81.6
Real estate	14.0	14.4
Others	26.7	30.1
Total plan assets at fair value (quoted market price)	**247.7**	**232.4**
Real estate	45.8	41.3
Total plan assets at fair value (non-quoted market price)	**45.8**	**41.3**
Total plan assets at fair value	**293.5**	**273.7**

Maturity profile of the defined benefit obligation

	30.9.2023	30.9.2022
Weighted average duration of the defined benefit obligation in years	12.3	12.0

Accounting principles

Defined benefit plan

The defined benefit obligation attributable to Axpo Solutions Group is calculated annually by an independent actuary using the projected unit credit method. The discount rate is determined on the basis of the yield on Swiss and foreign corporate bonds that are listed on the Swiss Stock Exchange (SIX). Only institutions whose bonds are rated with one of the two highest credit quality categories (AAA and AA) are considered. Wage growth is based on the long-term expectations of Axpo. Additionally, wage increases according to valid collective working agreements or other contractual commitments are considered. Life expectancy is calculated using a projection of future mortality improvement according to the Continuous Mortality Investigation (CMI) model based on observed actual mortality data in Switzerland.

The service cost encompasses current service cost, past service cost, and gains and losses from plan settlements. Gains or losses from curtailments form part of the past service cost. The service cost is recognised in the income statement in personnel expenses.

Net interest expense is calculated by multiplying the net pension liability (or asset) at the beginning of the reporting period by the discount rate, taking into account any changes during the year as a result of contributions and pension payments. Remeasurement components comprise actuarial gains and losses from the development in the present value of the defined benefit obligation arising from changes in the assumptions and experience adjustments, as well as the return on plan assets less amounts included in the net interest expense, and changes in the asset ceiling less effects in-

cluded in net interest expense. The net interest expense is recognised in the income statement in 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).
Since the 2019/20 reporting period, risk sharing has been taken into account when determining the financial assumptions. It also takes into account that under the Swiss pension fund plan (and the corresponding laws, ordinances and directives on occupational pensions) employees are also required to pay additional contributions to remedy any underfunding. The employer's restructuring contributions must be at least as high as the sum of the employees' contributions.

Defined contribution plan

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

Significant judgements and estimation uncertainties

Defined benefit plan

The calculation of the reported pension liability is based on statistical and actuarial assumptions. In particular, the present value of the defined benefit obligation is dependent on assumptions such as the discount rate, future wage and salary increases, and the expected increase in pension benefits. In addition, independent actuaries base their assumptions on 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 lives of insured members and other estimated factors. These deviations may have an impact on the pension liability reported in future reporting periods.

Axpo location in Madrid, Spain

6. Scope of consolidation

6.1 Changes in scope of consolidation

Reporting year 2022/23:
During the reporting year, some micro entities were acquired. Furthermore, several subsidiaries were established in relation to the construction of wind farms and photovoltaic systems. These entities are not considered material so far and thus not listed in Note 6.6 "Investments".

Previous year 2021/22:
In the previous reporting period, Axpo Solutions signed an agreement with an investor regarding the sale of a photovoltaic system portfolio with newly constructed photovoltaic systems in France. The transaction was closed on 25 October 2021.

In May 2022, Axpo Solutions sold the wind farms Genonville, Grand Pièce, Arcy-Précy and Butte de Menonville, all located in France, to Greencoat Renewable plc. The transaction was closed in the reporting period.

Furthermore, a wind farm located in Bisaccia (Italy) was sold to Edison S.p.A in July 2022.

In addition, several subsidiaries were established in relation to the construction of wind farms and photovoltaic systems.

Accounting principles

Scope of consolidation

Subsidiaries are companies controlled by the Group and are included in the consolidated financial statements using the method of full consolidation. 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 Axpo Solutions Group exercises significant influence without having control over its financial and business policy are classified as other associates and accounted for using the equity method. As at the date of acquisition, the fair value of the proportional net assets is calculated and, together with any goodwill, recognised in the balance sheet under investments in partner plants and other associates. In subsequent reporting periods, this amount is adjusted for any change in Axpo Solutions Group's share of the capital, income earned and impairment losses/reversals, as well as any dividends.

Capital consolidation

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ends. Net assets acquired are measured at their fair value and accounted for using the acquisition method. Any positive amount arising from an acquisition is capitalised as goodwill. A negative amount 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 irrespective 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 Axpo Solutions Group are eliminated in the consolidated financial statements.

6.2 Assets and liabilities held for sale

CHF million	30.9.2023	30.9.2022
Assets held for sale		
Property, plant and equipment	80.0	151.5
Right-of-use assets	17.4	0.8
Intangible assets	0.0	0.1
Derivative financial instruments (current and non-current)	1.9	0.0
Financial receivables (current and non-current)	166.4	0.0
Other receivables (current and non-current)	12.2	32.1
Total	**277.9**	**184.5**
Liabilities held for sale		
Financial liabilities (current and non-current)	72.7	5.4
Other liabilities (current and non-current)	5.0	29.6
Total	**77.7**	**35.0**

In the 2022/23 reporting year, three wind farms and a portfolio of photovoltaic systems, which were recognised in property, plant and equipment, and the associated assets with a carrying amount of CHF 116.8 million and liabilities with a carrying amount of CHF 77.7 million were advertised for sale. In addition, a loan receivable with a carrying amount of CHF 161.1 million is available for sale. As at 30 September 2023, the requirements for classification as "held for sale" were met.

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

In the 2021/22 financial year, power plants and the associated assets and liabilities were classified as "held for sale". The requirements for classification as "held for sale" were met at this time. Due to market developments in the 2022/23 financial year the strategy regarding the utilisation of these plants had to be adjusted, as a result of which the sale process was stopped and the power plants and the associated assets and liabilities were reclassified to the original balance sheet items. As at 30 September 2022, the carrying amount of these plants was CHF 184.5 million, and CHF 35.0 million for the associated liabilities.

6.3 Investments in partner plants and other associates

CHF million	Partner plants	Other associates	Total
Carrying amount as at 1.10.2022	**180.0**	**200.0**	**380.0**
Change in scope of consolidation	0.0	0.6	0.6
Additions	0.0	13.7	13.7
Disposals	0.0	– 198.7	– 198.7
Impairment reversal (see Note 2.4)	0.0	57.7	57.7
Reclassification negative/(positive) investment value	0.0	– 2.5	– 2.5
Dividend	– 4.8	– 13.2	– 18.0
Share of result	6.1	11.0	17.1
Cash flow hedges (other comprehensive income)	0.0	9.4	9.4
Currency translation differences (other comprehensive income)	0.0	0.1	0.1
Remeasurement of defined benefit plans (other comprehensive income)	0.0	0.1	0.1
Deferred tax (other comprehensive income)	0.0	– 2.5	– 2.5
Foreign currency translation effect	0.0	– 0.3	– 0.3
Carrying amount as at 30.9.2023	**181.3**	**75.4**	**256.7**

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

The line item “Additions” mainly includes the purchase of Swissgrid shares from partner plants, an increase in the stake in Swiss Green Gas International AG and newly established companies.

The line item “Disposal” mainly includes the sale of the investment in Trans Adriatic Pipeline AG and the sale of the Swissgrid AG shares to the Axpo Holding AG.

Axpo Solutions Group holds material investments in Global Tech I Offshore Wind GmbH and Società EniPower Ferrara S.r.l. The following tables summarise the financial information of the material investments in other associates mentioned above, as included in their own financial statements and adjusted to comply with IFRS.

Financial information on material other associates

	Gross value		Gross value	
	Global Tech I Offshore Wind GmbH		Società EniPower Ferrara S.r.l.	
CHF million	**30.9.2023**	**30.9.2022**	**30.9.2023**	**30.9.2022**
Balance sheet				
Non-current assets	390.6	477.1	242.4	236.0
Current assets	59.6	52.7	54.9	73.0
Total assets	**450.2**	**529.8**	**297.3**	**309.0**
Non-current liabilities	645.1	728.9	22.1	70.0
Current liabilities	87.0	89.7	50.3	20.1
Equity	– 281.9	– 288.8	225.0	218.9
Total equity and liabilities	**450.2**	**529.8**	**297.4**	**309.0**
Share (in %)	24.10%	24.10%	49.00%	49.00%
Accumulated impairments	0.0	0.0	– 34.1	– 90.1
Negative equity value adjustment	67.9	69.6	0.0	0.0
Carrying amount of the investment	**0.0**	**0.0**	**76.2**	**17.2**

	Gross value		Gross value	
	Global Tech I Offshore Wind GmbH		Società EniPower Ferrara S.r.l.	
CHF million	**2022/23**	**2021/22**	**2022/23**	**2021/22**
Income statement				
Income	217.5	242.3	73.8	113.5
Expenses	– 207.8	– 234.0	– 70.2	– 102.6
Result for the period	**9.7**	**8.3**	**3.6**	**10.9**
Statement of comprehensive income				
Other comprehensive income	0.6	8.9	0.0	0.0
Total comprehensive income	10.3	17.2	3.6	10.9
Share (in %)	24.10%	24.10%	49.00%	49.00%
Share of result	2.3	2.0	1.8	5.3
Share of other comprehensive income	0.1	2.1	0.0	0.0
Share of total comprehensive income	**2.4**	**4.1**	**1.8**	**5.3**

Axpo Solutions Group sells the energy produced by Società EniPower Ferrara S.r.l. in proportion to its participation share by means of a tolling contract, thus bearing the energy price risk. Therefore, Società EniPower Ferrara S.r.l. as the energy generator is not affected by the persistently low clean spark spread on the European energy market; the respective losses are borne by Axpo Solutions Group. For this reason, the impairment losses/reversals of the Società EniPower Ferrara S.r.l. investment are booked by Axpo Solutions Group at shareholder level and included in impairment losses/reversals.

Global Tech I Offshore GmbH, by contrast, bears price risks, volume risks and other risks itself. For this reason, the impairment losses/reversals of the Global Tech I Offshore GmbH investment are booked at entity level by Global Tech I Offshore GmbH itself and are therefore included in the share of loss/gain.

The following table shows the aggregated financial information for the other, individually immaterial investments in partner plants and other associates (proportional):

Financial information for partner plants and other associates as at 30 September 2023 or for the 2022/23 financial year

CHF million	Individually disclosed investments aggregated[1]	Partner plants	Other associates	Total
Carrying amount of the investments	76.2	181.3	– 0.8	256.7
Balance sheet				
Non-current assets	212.9	755.3	172.1	1 140.3
Current assets	41.3	54.5	45.0	140.8
Total assets	**254.2**	**809.8**	**217.1**	**1 281.1**
Non-current liabilities	166.3	501.7	179.6	847.6
Current liabilities	45.6	126.9	44.2	216.7
Equity	42.3	181.2	– 6.7	216.8
Total equity and liabilities	**254.2**	**809.8**	**217.1**	**1 281.1**
Income statement				
Income	88.6	261.6	142.9	493.1
Expenses	– 84.5	– 255.5	– 136.0	– 476.0
Result for the period	**4.1**	**6.1**	**6.9**	**17.1**
Statement of comprehensive income				
Other comprehensive income	0.1	-	7.0	7.1
Total comprehensive income	**4.2**	**6.1**	**13.9**	**24.2**

1 The individually disclosed investments aggregated include the values of Società EniPower Ferrara S.r.l. and Global Tech I Offshore Wind GmbH, proportionately to the Group’s share.

Financial information for partner plants and other associates as at 30 September 2022 or for the 2021/22 financial year

CHF million	Individually disclosed invest-ments aggregated[1]	Partner plants	Other associates	Total
Carrying amount of the investments	17.2	180.0	182.8	380.0
Balance sheet				
Non-current assets	230.6	674.5	644.0	1 549.1
Current assets	48.5	86.6	135.1	270.2
Total assets	**279.1**	**761.1**	**779.1**	**1 819.3**
Non-current liabilities	209.9	487.6	457.6	1 155.1
Current liabilities	31.5	93.6	140.4	265.5
Equity	37.7	179.9	181.1	398.7
Total equity and liabilities	**279.1**	**761.1**	**779.1**	**1 819.3**
Income statement				
Income	114.0	209.2	236.1	559.3
Expenses	– 106.7	– 203.7	– 209.0	– 519.4
Result for the period	**7.3**	**5.5**	**27.1**	**39.9**
Statement of comprehensive income				
Other comprehensive income	2.1	– 2.5	18.2	17.8
Total comprehensive income	**9.4**	**3.0**	**45.3**	**57.7**

1 The individually disclosed investments aggregated include the values of Società EniPower Ferrara S.r.l. and Global Tech I Offshore Wind GmbH, proportionately to the Group's share.

Accounting principles

Investments in partner plants and other associates

For associated companies, Axpo Solutions 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 and other associates are accounted for using the equity method.
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 Axpo Solutions Group. The most recent financial statements available for these companies were used for the preparation of the consolidated financial statements of Axpo Solutions 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 judgements and estimation uncertainties

Classification of partner plants

Axpo Solutions Group holds a majority interest in certain partner plants. Due to the special circumstances regarding partner plants, it has to be assessed whether Axpo Solutions Group has control over these partner plants through its majority interest.

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, the 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 Solutions Group has control over individual partner plants, other factors in addition to the proportion of voting rights must be considered. Axpo Solutions Group 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 Solutions does not hold a majority interest. Given these mutual dependencies/interests and the conditions governing the Swiss energy market, Axpo Solutions Group 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 accounted for using the equity method. The assessment of whether and in which cases the factors mentioned above prevent Axpo Solutions Group as a majority shareholder from exercising control is a management judgement.

6.4 Subsidiaries with material non-controlling interests

A list of subsidiaries can be found in Note 6.6 “Investments”. Axpo Solutions Group holds Calenia Energia S.p.A., which has material non-controlling interests. The table below summarises the financial information of this subsidiary. The information represents amounts as included in the subsidiary’s financial statements before any intercompany eliminations. In the previous year, the subsidiary was classified as “held for sale”. Thus, the assets and liabilities were cumulatively presented in the consolidated balance sheet of Axpo Solutions Group in the positions “Assets held for sale” and “Liabilities held for sale” (see also Note 6.2 “Assets and liabilities held for sale”). In the current reporting period, the sales process was stopped due to market developments, and the assets and liabilities were reclassified to their original balance sheet items.

CHF million	30.9.2023	30.9.2022
	Calenia Energia S.p.A.	Calenia Energia S.p.A.
Non-controlling interests (in %)	15.00%	15.00%
Balance sheet		
Non-current assets	149.4	163.3
Current assets	65.4	90.9
Total assets	**214.8**	**254.2**
Non-current liabilities	23.9	43.9
Current liabilities	42.6	62.5
Equity	148.3	147.8
Equity attributable to non-controlling interests	22.2	22.2
Total equity and liabilities	**214.8**	**254.2**
Income statement	**2022/23**	**2021/22**
Total income	117.1	149.9
Result for the period	**– 1.2**	**3.6**
Result for the period attributable to non-controlling interests	– 0.2	0.5
Statement of comprehensive income		
Total comprehensive income	0.5	– 15.8
Total comprehensive income attributable to non-controlling interests	0.1	– 2.4
Cash flow statement		
Cash flow from operating activities	11.8	32.7
Cash flow from investing activities	– 0.9	– 0.2
Cash flow from financing activities	– 21.9	– 18.6

6.5 Transactions with related parties

Majority shareholder

Axpo Holding AG, Baden, directly holds 100% of the share capital of Axpo Solutions AG. Axpo Holding AG, the sister companies of Axpo Solutions AG (Axpo Power AG, Axpo Services AG, Axpo Hydro AG, Axpo Grid AG and Centralschweizerische Kraftwerke AG) and their fully consolidated subsidiaries, and companies and public agencies whose ownership interests allow them to exercise significant influence over Axpo Holding AG are all treated as shareholders and parties related to shareholders.
In the 2022/23 financial year, among other related party transactions, shares of Swissgrid AG were sold to Axpo Holding AG.

Subsidiaries and associated companies

Transactions between Axpo Solutions AG and its subsidiaries were eliminated during consolidation and are not explained in this note, while transactions between Axpo Solutions AG and its other associates and partner plants are disclosed below. Transactions between Axpo Solutions AG and its subsidiaries are disclosed in the separate financial statements of Axpo Solutions AG. The principal terms and conditions governing relationships with related parties are explained in Note 6.1 "Change in scope of consolidation".

Management Board and Board of Directors

The Management Board and the Board of Directors of Axpo Solutions AG are also considered related parties. Transactions with related parties are conducted at arm's length.

Open balance sheet items with related parties as at 30 September 2023 and transactions between Axpo Solutions Group and related parties in 2022/23

CHF million	Shareholders and affiliates	Partner plants	Other associates
Balance sheet			
Non-current assets	1 031.1	1.6	240.2
Current assets	2 592.0	56.8	90.8
Non-current liabilities	625.0	0.0	52.5
Current liabilities	1 270.9	66.0	41.2
Income statement			
Total income	– 803.5	89.4	300.1
Operating expenses	– 1 593.6	– 167.9	– 56.9
Financial result	– 60.7	– 0.2	17.2
Income tax	141.0	0.0	0.0

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

CHF million	Shareholders and affiliates	Partner plants	Other associates
Balance sheet			
Non-current assets	3 193.6	3.1	400.8
Current assets	1 528.1	12.9	172.6
Non-current liabilities	1 833.9	0.4	186.4
Current liabilities	3 058.4	160.2	99.6
Income statement			
Total income	2 456.4	14.1	276.7
Operating expenses	– 541.2	– 361.5	– 104.6
Financial result	– 35.0	– 4.5	9.8
Income tax	74.9	0.0	0.0

6.6 Investments

	Registered office	Balance sheet date	Currency	Registered capital in millions	Share of votes in %	Share of capital in %	Purpose
Significant group companies							
ASPM Energia S.r.l.	Soresina (IT)	30.09.	EUR	0.150	100.0	100.0	D
Axpo Albania sh.a.	Tirana (AL)	31.12.	ALL	19.235	100.0	100.0	H
Axpo Austria GmbH	Vienna (AT)	30.09.	EUR	0.035	100.0	100.0	H
Axpo Benelux SA	Brussels (BE)	30.09.	EUR	0.500	100.0	100.0	H
Axpo BH d.o.o.	Mostar (BA)	31.12.	BAM	1.000	100.0	100.0	H
Axpo Bulgaria EAD	Sofia (BG)	31.12.	BGN	18.119	100.0	100.0	D
Axpo CKW France SAS	Paris (FR)	30.09.	EUR	0.100	100.0	100.0	D
Axpo d.o.o. Beograd	Belgrade (RS)	30.09.	RSD	49.292	100.0	100.0	H
Axpo Deutschland GmbH	Leipzig (DE)	30.09.	EUR	3.500	100.0	100.0	H
Axpo Energia Portugal, Unipessoal LDA	Lisbon (PT)	30.09.	EUR	0.050	100.0	100.0	H
Axpo Energy Romania S.A.	Bucharest (RO)	30.09.	RON	12.000	100.0	100.0	H
Axpo Energy Solutions Italia S.p.A.	Rome (IT)	30.09.	EUR	2.000	100.0	100.0	H
Axpo France SAS	Lyon (FR)	30.09.	EUR	0.380	100.0	100.0	H
Axpo Finland Oy	Helsinki (FI)	30.09.	EUR	0.250	100.0	100.0	H
Axpo Iberia S.L.	Madrid (ES)	30.09.	EUR	11.001	100.0	100.0	H
Axpo International SA	Luxembourg (LU)	30.09.	EUR	3.792	100.0	100.0	D
Axpo Italia S.p.A.	Rome (IT)	30.09.	EUR	3.000	100.0	100.0	H
Axpo Kosovo L.L.C.	Pristina (XK)	31.12.	EUR	0.100	100.0	100.0	H
Axpo MK dooel Skopje	Skopje (MK)	31.12.	MKD	6.140	100.0	100.0	H
Axpo Nordic AS	Oslo (NO)	30.09.	NOK	59.000	100.0	100.0	H
Axpo Polska Sp.z.o.o.	Warsaw (PL)	30.09.	PLN	241.250	100.0	100.0	H
Axpo Renewable Germany GmbH	Leipzig (DE)	30.09.	EUR	0.025	100.0	100.0	S
Axpo Servizi Produzione Italia S.p.A.	Rome (IT)	30.09.	EUR	0.300	100.0	100.0	D

	Registered office	Balance sheet date	Currency	Registered capital in millions	Share of votes in %	Share of capital in %	Purpose
Axpo Singapore Pte. Ltd.	Singapore (SG)	30.09.	USD	13.000	100.0	100.0	H
Axpo Sverige AB	Malmö (SE)	30.09.	SEK	52.000	100.0	100.0	H
Axpo Trgovina d.o.o.[1]	Zagreb (HR)	30.09.	EUR	0.100	100.0	100.0	H
Axpo Tunisia S.L.	Tunis (TN)	30.09.	TND	0.150	100.0	100.0	H
Axpo Turkey Enerji A.S.	Istanbul (TR)	30.09.	TRY	12.500	100.0	100.0	H
Axpo UK Limited	London (GB)	30.09.	GBP	9.500	100.0	100.0	H
Axpo UK Trading Limited	London (GB)	30.09.	GBP	0.150	100.0	100.0	H
Axpo U.S. LLC	Wilmington, DE (US)	30.09.	USD	80.500	100.0	100.0	H
Albula-Landwasser Kraftwerke AG	Filisur (CH)	30.09.	CHF	22.000	75.0	75.0	P
Calenia Energia S.p.A.	Rome (IT)	30.09.	EUR	0.100	85.0	85.0	P
Energia de la Zarza S.L.	Madrid (ES)	30.09.	EUR	0.103	100.0	100.0	I
Gold Energy-Comercializadora de Energía, S.A.	Vila Real (PT)	31.12.	EUR	1.500	100.0	100.0	H
Limited Liability Company “AXPO Ukraine”	Kiev (UA)	31.12.	UAH	29.450	100.0	100.0	H
Parc éolien de St Riquier 2 SAS	Strasbourg (FR)	30.09.	EUR	0.233	100.0	100.0	P
Parc éolien Plaine Dynamique SAS	Strasbourg (FR)	30.09.	EUR	0.015	100.0	100.0	P
Rizziconi Energia S.p.A.	Rome (IT)	30.09.	EUR	0.500	100.0	100.0	P
Urbasolar SAS[2]	Montpellier (FR)	30.06.	EUR	2.068	100.0	100.0	D
Volkswind GmbH[3]	Ganderkesee (DE)	30.09.	EUR	0.026	100.0	100.0	D

D = Services/H = Trading and supply/I = Project companies/E = Energy transmission/P = Production/S = Other

1 Change of currency from HRK to EUR.

2 Urbasolar SAS is the parent company of the Urbasolar Group. The entity holds several subsidiaries and associates which are not listed here. The balance sheet date was moved from 30.04. to 30.06., making the 2022/23 financial year an overlong financial year.

3 Volkswind GmbH is the parent company of the Volkswind Group. The entity holds several subsidiaries and associates which are not listed here.

	Registered office	Balance sheet date	Currency	Registered capital in millions	Share of capital in %	Share of votes in %	Purpose
Significant associated companies (partner plants)							
AKEB Aktiengesellschaft für Kernenergie-Beteiligungen Luzern	Lucerne (CH)	31.12.	CHF	90.000	26.4	31.0	P
ENAG Energiefinanzierungs AG	Schwyz (CH)	31.12.	CHF	50.000	34.6	36.7	P
Engadiner Kraftwerke AG	Zernez (CH)	30.09.	CHF	140.000	15.0	15.0	P
Etrans AG	Baden (CH)	31.12.	CHF	7.500	13.2	13.2	E
Forces Motrices de Mauvoisin SA	Sion (CH)	30.09.	CHF	100.000	29.3	29.3	P
Kernkraftwerk Gösgen-Däniken AG	Däniken (CH)	31.12.	CHF	350.000	4.5	0.0	P
Kernkraftwerk Leibstadt AG	Leibstadt (CH)	31.12.	CHF	450.000	0.5	16.3	P
Kraftwerke Mattmark AG	Saas-Grund (CH)	30.09.	CHF	90.000	30.5	38.9	P

D = Services/H = Trading and supply/I = Project companies/E = Energy transmission/P = Production/S = Other

	Registered office	Balance sheet date	Currency	Registered capital in millions	Share of capital in %	Share of votes in %	Purpose
Associated companies (other associates)							
Albula Netz AG	Filisur (CH)	31.12.	CHF	1.700	45.0[1]	33.3	E
Alleanza Luce & Gas S.p.A.	Villanova Di Castenaso (IT)	31.12.	EUR	5.000	5.0	5.0	D
Global Tech I Offshore Wind GmbH	Hamburg (DE)	31.12.	EUR	1.000	24.1	24.1	P
Grischelectra AG	Chur (CH)	30.09.	CHF	1.000	20.0	20.0	H
NOGUERA RENOVABLES S.L.	Vallfogona de Balaguer, Lleida (ES)	31.12.	EUR	2.004	40.0	40.0	I
Società EniPower Ferrara S.r.l.	San Donato Milanese (IT)	31.12.	EUR	140.000	49.0	49.0	P
Sogesa Société de Gestion des Energies SA	Val de Bagnes (CH)	30.09.	CHF	2.000	30.0	30.0	H
Swiss Green Gas International AG	Baden (CH)	31.12.	CHF	6.444	25.0	25.0	H
Terravent AG	Lucerne (CH)	30.09.	CHF	17.952	20.9	20.9	S

D = Services/H = Trading and supply/I = Project companies/E = Energy transmission/P = Production/S = Other

1 The direct share held by an entity of Axpo Solutions Group amounts to 60%. Axpo Solutions Group in turn owns 75% of the respective entity, resulting in a capital share of 45% at Group level.

Report of the statutory auditor

KPMG

Statutory Auditor's Report

To the General Meeting of Axpo Solutions AG, Baden

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Axpo Solutions AG and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 30 September 2023, the consolidated statement of comprehensive in-come, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements (pages 12 to 123) give a true and fair view of the consolidated financial position of the Group as at 30 September 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended 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 (ISA) and Swiss Standards on Auditing (SA-CH). 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, together with the requirements of the Swiss audit profession, as well as those of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Other Information

The Board of Directors is responsible for the other information. The other information comprises the 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 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 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.

KPMG

Board of Directors' Responsibilities 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, ISA and SA-CH 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 consolidated financial statements.

As part of an audit in accordance with Swiss law, ISA and SA-CH, 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 Group audit. We remain solely responsible for our audit opinion.

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

Report on Other Legal and Regulatory Requirements

In accordance with Art. 728a para. 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of the 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

Rolf Hauenstein Licensed Audit Expert Auditor in Charge	Nadine Herzog Licensed Audit Expert

Basel, 30 November 2023

Financial statements of Axpo Solutions AG

Income statement

CHF million	Notes	2022/23	2021/22
Revenue from sales of energy		4 235.1	4 143.7
Result from currency forward contracts		– 94.2	734.8
Other operating income		318.7	28.8
Total income		**4 459.6**	**4 907.3**
Energy procurement and material expenses		– 2 715.9	– 3 506.5
Personnel expenses	3	– 196.5	– 176.4
Other operating expenses	4	– 609.5	– 239.3
Earnings before interest, tax, depreciation and amortisation (EBITDA)		**937.7**	**985.1**
Depreciation, amortisation and impairments		– 15.4	– 3.9
Earnings before interest and tax (EBIT)		**922.3**	**981.2**
Financial income		574.7	174.4
Financial expense		– 318.1	– 334.8
Financial result	5	**256.6**	**– 160.4**
Extraordinary, non-recurring or off-period income	6	0.0	0.2
Extraordinary, non-recurring or off-period expenses	7	0.0	– 28.5
Direct taxes		– 159.7	– 88.2
Net profit for the year		**1 019.2**	**704.3**

Balance sheet

CHF million	Notes	30.9.2023	30.9.2022
Assets			
Cash and cash equivalents		169.7	90.3
Trade receivables	8	667.0	778.6
Current financial receivables	9	2 131.5	312.4
Current derivative financial instruments	10	5 047.3	19 684.7
Other receivables	11	2 069.6	11 463.2
Inventories	12	127.8	455.5
Accrued income and prepaid expenses	13	2 759.7	3 290.3
Total current assets		**12 972.6**	**36 075.0**
Non-current financial loans	14	535.1	549.0
Non-current derivative financial instruments	15	6 379.5	17 756.5
Other non-current financial assets	16	1.9	2.3
Investments	26	1 574.1	1 706.2
Other property, plant and equipment		0.3	0.3
Intangible assets	17	1.1	1.3
Total non-current assets		**8 492.0**	**20 015.6**
Total assets		**21 464.6**	**56 090.6**

CHF million	Notes	30.9.2023	30.9.2022
Equity and liabilities			
Trade payables	18	682.0	614.4
Current interest-bearing liabilities	19	1 194.3	2 506.7
Current derivative financial instruments	20	5 080.3	20 547.8
Other current liabilities	21	1 001.0	2 420.6
Accrued expenses and deferred income	22	3 078.0	3 609.8
Current provisions		89.8	285.1
Total current liabilities		**11 125.4**	**29 984.4**
Non-current derivative financial instruments	23	5 721.8	22 480.6
Non-current liabilities	24	154.9	83.7
Non-current provisions		641.9	240.5
Total non-current liabilities		**6 518.6**	**22 804.8**
Total liabilities		**17 644.0**	**52 789.2**
Share capital	25	1 567.0	1 567.0
General legal retained earnings		237.2	159.8
Profit carried forward		2 016.4	1 574.6
Total equity		**3 820.6**	**3 301.4**
Total equity and liabilities		**21 464.6**	**56 090.6**

Notes to the financial statements

1 General information

Axpo Solutions AG is a public limited company incorporated under Swiss law with its registered office in Baden.

The average number of employees in the reporting period was 374 full-time equivalents; in the previous year the average number was 354.

2 Accounting principles

The annual financial statements were prepared in accordance with the provisions of Swiss law on commercial accounting and financial reporting (32nd title of the Swiss Code of Obligations). The Board of Directors of Axpo Solutions AG approved the financial statements on 30 November 2023, and they are subject to the approval of the Annual General Meeting.

Foreign currency translation

Transactions in foreign currencies are translated at the exchange rate at the time of the transaction or at an exchange rate that corresponds to the transaction price approximating that rate. For translation of the financial figures into Swiss francs, the following rates were applied:

Currency/unit

	30.9.2023	30.9.2022
EUR/1	0.9669	0.9561
USD/1	0.9127	0.9808
GBP/1	1.1184	1.0828
CZK/100	3.9726	3.8947
PLN/100	20.8910	19.7203
HUF/100	0.2482	0.2265

Transactions with shareholders, investments and group companies

Direct and indirect shareholders up to and including shareholders of Axpo Holding AG are reported under “Shareholders”. “Investments and group companies” includes all fully consolidated subsidiaries and equity-accounted associates of Axpo Holding AG.

Cash pool

Axpo Solutions AG participates in a CHF and EUR cash pool (zero balancing) of Axpo Holding AG and an EUR cash pool of Axpo International SA.

The receivables or payables of Axpo Solutions AG are transmitted to the accounts of Axpo Holding AG and Axpo International SA daily. The balance is reported under current financial receivables/current interest-bearing liabilities.

Revenue recognition

Revenue is recognised in the income statement upon delivery of goods or rendering of services to the customer or on the date on which the significant risks and rewards related to the sale are transferred to the purchaser. Revenue is presented based on energy sales effectively invoiced and revenue accrued during the reporting period. In general, sales are reported net after deduction of value added tax and trade discounts.

Revenues and costs related to the customer solution business as well as energy trades, which are measured at fair value, are presented net in revenue from sales of energy.

Trade receivables

Trade receivables are recorded at their nominal value, less appropriate bad debt allowances.

Inventories

Certificates and gas inventories allocated to the customer solution business or held for trading purposes are principally acquired for resale in the near term with a view to generating a profit from fluctuations in price or dealer's margin. These are measured at fair value less costs to sell.

Inventories held in relation to own energy production and the retail business include materials, certificates and inventories of other energy sources. These inventories are measured at the lower of cost or net realisable value.

Derivative financial instruments (replacement values)

The finance and energy derivatives at year-end closing are measured at fair value on the balance sheet date. The positive and negative derivative financial instruments are recognised in the corresponding balance sheet items.

Net settled contracts that have a purely speculative intention are presented as current, independent of their contract term. Contracts which are entered into with the intention of physical delivery and which have a term to maturity of more than twelve months are presented as non-current.

Variation margins from futures contracts

Variation margin payments for futures contracts entered into for hedging purposes are treated as a valuation unit with the underlying transaction, which is treated as an off-balance-sheet item from own use accounting. Gains and losses on futures contracts with the same maturity as the underlying transaction are recognised when the underlying transaction is realised. Until realisation, the variation margin payments are shown under other receivables or other current liabilities. In case that both transactions were measured at fair value and the hedging relationship were effective, unrealised gains and losses from the underlying and the hedging transactions would be offset.

Property, plant and equipment

Property, plant and equipment is recognised in the balance sheet at acquisition cost less accumulated depreciation and impairment losses. Property, plant and equipment is depreciated using the straight-line method over the estimated useful life of the asset. The estimated useful lives are reviewed annually and are within 3 to15 years.

Intangible assets

Intangible assets include usage rights, energy procurement rights and other intangible assets. They are recognised in the balance sheet at acquisition cost less accumulated amortisation and impairment losses. Intangible assets are amortised using the straight-line method over the estimated useful life of the asset.

Investments in subsidiaries and associates

Investments in subsidiaries and associates are recorded in the balance sheet at cost, subject to any necessary value adjustments required.

Financial assets

Loan receivables are recognised at their nominal value, less any impairments.

Liabilities

Trade payables, other current liabilities and non-current loans are recognised at nominal value.

Provisions

Provisions are recognised at the expected cash outflow. Where the effect is significant, the present value of the expected cash outflow is used for recognition. 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. Due to the legal obligation of shareholders to pay a pro-rata share of the annual costs, an investment in a partner plant may result in a provision for an onerous energy procurement contract instead of an asset for the energy purchase right. Due to the existing obligation to buy energy from power plants from some subsidiaries at production cost, a provision for an onerous energy procurement contract is recognised in case the impairment test of the plants reveals an impairment loss.

Waiver of cash flow statement and additional information in the notes

As Axpo Solutions Group has prepared its consolidated financial statements in accordance with a recognised accounting standard (IFRS), as stipulated by law, Axpo Solutions AG 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.

Hidden reserves

In order to ensure the long-term prosperity of the company, use is made of the option to create and release hidden reserves.

3 Personnel expenses

CHF million	2022/23	2021/22
Salaries and wages	168.8	147.0
Social security expenses	17.4	20.5
Pension fund expenses	8.5	7.6
Other personnel expenses	1.8	1.3
Total	**196.5**	**176.4**

4 Other operating expenses

CHF million	2022/23	2021/22
Third parties	402.9	81.1
Shareholders	14.5	3.0
Investments and group companies	192.1	155.2
Total	**609.5**	**239.3**

5 Financial result

	2022/23	2021/22
Interest income		
Third parties	204.7	5.3
Shareholders	22.1	0.1
Investments and group companies	30.2	16.8
Dividend income		
Investments and group companies	213.0	29.6
Net exchange rate gains	58.8	0.0
Other financial income		
Third parties	16.8	81.2
Shareholders	0.1	30.2
Investments and group companies	29.0	11.2
Total financial income	**574.7**	**174.4**
Interest expense		
Third parties	– 175.9	– 53.8
Shareholders	– 41.9	– 47.2
Investments and group companies	– 29.5	– 4.2
Net exchange rate gains (losses)	0.0	– 186.9
Other financial expense		
Third parties	– 40.9	– 8.3
Shareholders	– 22.9	– 4.5
Investments and group companies	– 7.0	– 29.9
Total financial expense	**– 318.1**	**– 334.8**
Total financial result	**256.6**	**– 160.4**

6 Extraordinary, non-recurring or off-period income

In the previous year, there was an expropriation compensation from Swissgrid AG of CHF 0.2 million.

7 Extraordinary, non-recurring or off-period expenses

In the previous year, investments were impaired by CHF 28.5 million.

8 Trade receivables

CHF million	30.9.2023	30.9.2022
Third parties	498.3	579.9
Shareholders	5.6	14.8
Investments and group companies	163.1	183.9
Total	**667.0**	**778.6**

Allowances for bad debts amounted to CHF 5.1 million (previous year: CHF 5.5 million).

9 Current financial receivables

CHF million	30.9.2023	30.9.2022
Third parties	24.9	10.8
Shareholders	2 106.6	301.4
Investments and group companies	0.0	0.2
Total	**2 131.5**	**312.4**

10 Current derivative financial instruments (positive replacement values)

CHF million	30.9.2023	30.9.2022
Third parties	3 620.1	14 416.4
Shareholders	223.7	273.4
Investments and group companies	1 203.5	4 994.9
Total	**5 047.3**	**19 684.7**

11 Other receivables

CHF million	30.9.2023	30.9.2022
Third parties	2 069.5	11 463.1
Investments and group companies	0.1	0.1
Total	**2 069.6**	**11 463.2**

12 Inventories

CHF million	30.9.2023	30.9.2022
Inventories at fair value	127.8	455.4
Inventories at lower of cost or market	0.0	0.1
Total	**127.8**	**455.5**

This position includes certificates and gas inventories.

13 Accrued income and prepaid expenses

CHF million	30.9.2023	30.9.2022
Third parties	1 969.2	1 742.1
Shareholders	14.7	19.7
Investments and group companies	775.8	1 528.5
Total	**2 759.7**	**3 290.3**

Trade receivables from customers who are simultaneously suppliers are offset against trade payables, provided a netting arrangement has been agreed. The offset receivables and payables included in accrued income and prepaid expenses and accrued expenses and deferred income amounted to CHF 1,925.7 million (previous year: CHF 3,512.4 million; see Note 22).

14 Non-current financial loans

CHF million	30.9.2023	30.9.2022
Third parties	161.1	0.0
Investments and group companies	374.0	549.0
Total	**535.1**	**549.0**

This position includes loans granted with a term to maturity of more than twelve months.

15 Non-current derivative financial instruments (positive replacement values)

CHF million	30.9.2023	30.9.2022
Third parties	4 588.0	11 640.5
Shareholders	403.7	570.5
Investments and group companies	1 387.8	5 545.5
Total	**6 379.5**	**17 756.5**

16 Other non-current financial assets

CHF million	30.9.2023	30.9.2022
Third parties	1.7	2.1
Investments and group companies	0.2	0.2
Total	**1.9**	**2.3**

17 Intangible assets

Intangible assets contain rights of use for foreign gas supply networks and capitalised costs for software applications.

18 Trade payables

CHF million	30.9.2023	30.9.2022
Third parties	459.3	435.4
Shareholders	8.2	5.3
Investments and group companies	214.5	173.7
Total	**682.0**	**614.4**

19 Current interest-bearing liabilities

CHF million	30.9.2023	30.9.2022
Third parties	290.1	232.0
Shareholders	343.9	1 948.7
Investments and group companies	560.3	326.0
Total	**1 194.3**	**2 506.7**

20 Current derivative financial instruments (negative replacement values)

CHF million	30.9.2023	30.9.2022
Third parties	4 033.0	15 822.0
Shareholders	80.8	384.6
Investments and group companies	966.5	4 341.2
Total	**5 080.3**	**20 547.8**

21 Other current liabilities

CHF million	30.9.2023	30.9.2022
Third parties	982.1	2 405.3
Shareholders	0.7	2.7
Investments and group companies	18.2	12.6
Total	**1 001.0**	**2 420.6**

22 Accrued expenses and deferred income

CHF million	30.9.2023	30.9.2022
Third parties	2 192.2	2 633.7
Shareholders	147.2	79.1
Investments and group companies	738.6	897.0
Total	**3 078.0**	**3 609.8**

Accrued expenses and deferred income mainly include payables that have not yet been charged, accruals for taxes and personnel-related accruals.

The offset receivables and payables included in accrued income and prepaid expenses and accrued expenses and deferred income amounted to CHF 1,925.7 million (previous year: CHF 3,512.4 million; see Note 13).

23 Non-current derivative financial instruments (negative replacement values)

CHF million	30.9.2023	30.9.2022
Third parties	4 410.9	17 148.8
Shareholders	157.3	429.7
Investments and group companies	1 153.6	4 902.1
Total	**5 721.8**	**22 480.6**

24 Non-current liabilities

CHF million	30.9.2023	30.9.2022
Third parties	147.1	70.5
Shareholders	0.0	0.7
Investments and group companies	7.8	12.5
Total	**154.9**	**83.7**

This position includes accrued day-one profits of CHF 151.9 million (previous year: CHF 80.7 million) resulting from long-term contracts, whose valuation is partly based on non-observable input data.

25 Share capital

The share capital is divided into 31,340,000 bearer shares issued with a nominal value of CHF 50 per share. Axpo Holding AG, Baden, is the sole shareholder.

26 Investments in partner plants and other associates

Note 6.6 “Investments” of the consolidated financial statements sets out the details of Axpo Solutions Group’s direct or indirect equity interests in subsidiaries and associates.

27 Liabilities to pension funds

CHF million	30.9.2023	30.9.2022
Liabilities to pension funds	0.9	0.8
Total	**0.9**	**0.8**

28 Pledged assets

CHF million	30.9.2023	30.9.2022
Pledged cash and cash equivalents	31.5	235.0
Total	**31.5**	**235.0**

29 Contingent assets

With the entry into force of the new Energy Act, contingent assets exist in the form of a market premium for uncovered generation costs (see Note 3.7.3 "Contingent assets", consolidated financial statements of Axpo Solutions Group).

30 Contingent liabilities

CHF million	30.9.2023	30.9.2022
Other guarantees	1 779.6	1 536.3
Liabilities to capital payments	2.7	77.4
Total	**1 782.3**	**1 613.7**

Complex tax regulations at home and abroad create estimation uncertainty for Axpo Solutions AG. In addition, any changes in practice by the tax authorities in Switzerland and abroad may lead to reassessments of tax obligations. Axpo Solutions AG is subject to regular audits by the tax authorities, which may lead to different results with regard to the tax estimates or the management's judgement. Even if Axpo Solutions' management considers its tax estimates to be appropriate, the final decision on such tax audits or reviews may differ from its tax provisions and deferred liabilities. As a result, Axpo Solutions AG may be subject to additional tax liabilities, interest, penalties or regulatory, administrative or other related sanctions.

31 Leases

CHF million	30.9.2023	30.9.2022
Up to 1 year	1.5	1.4
1 to 5 years	5.5	5.3
Exceeding 5 years	1.1	1.8
Total	**8.1**	**8.5**

Proposal for the appropriation of available earnings

CHF million	30.9.2023	30.9.2022
Result brought forward from previous year	997.2	870.3
Reported net profit	1 019.2	704.3
Total available earnings	**2 016.4**	**1 574.6**
The Board of Directors proposes the following appropriation to the General Meeting:		
Transfer to general legal reserve	53.5	77.4
Dividend	500.0	500.0
Profit carried forward	1 462.9	997.2
Total	**2 016.4**	**1 574.6**

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Report of the Statutory Auditor to the General Meeting of
Axpo Solutions AG, Baden

Report on the Audit of the Financial Statements

Opinion
We have audited the financial statements of Axpo Solutions AG (the Company), as presented on pages 128 to 137 which comprise the balance sheet as at 30 September 2023, and the income statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements 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 Standards on Auditing (SA-CH). 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 Company in accordance with the provisions of Swiss law, together with 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.

Other Information
The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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.

Board of Directors' Responsibilities 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 Company'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 Company 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 SA-CH 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 SA-CH, we exercise professional judgment and maintain professional scepticism 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 the Company'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 Company'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 Company to cease to continue as a going concern.

KPMG

Axpo Solutions AG, Baden
Report of the Statutory Auditor
to the General Meeting on the
Financial Statements

We communicate with the Board of Directors 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.

Report on Other Legal and Regulatory Requirements

In accordance with article 728a para. 1 item 3 CO and PS-CH 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

Rolf Hauenstein Licensed Audit Expert Auditor in Charge	Nadine Herzog Licensed Audit Expert

Basel, 30 November 2023

Publishing details

Published by: Axpo Solutions AG
Editor: Axpo
Design/Prepress: Aorta Design GmbH, Baden; NeidhartSchönAG, Zurich

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 Solutions AG does not accept any obligation to update forward-looking statements.

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