



Axpo UK Limited
Consolidated Segmental Statement
for the year ended 30 September 2023



Introduction:

The Consolidated Segmental Statement Report is prepared in accordance with the “Guidelines published for preparing Consolidated Segmental Statements” and is submitted by Axpo UK Limited to comply with the Standard Licence Conditions 19A of the Electricity and Gas supply licences.

The Consolidated Segmental Statements Report is based on the published Financial Statements of Axpo UK Limited for the year ended 30 September 2023 and prepared in accordance with the International Financial Reporting Standards.

Axpo UK Limited is a wholly owned subsidiary of Axpo International SA. The Company supplies electricity and natural gas to large industrial and commercial consumers operating in the United Kingdom and off takes electricity, natural gas and green certificates from the local, independent renewable producers through power and gas purchase agreements.

The Consolidated Segmental Statement Report consists of the following parts:

- (1)** Consolidated Segmental Statement is presented on page 3;
- (2)** the reconcilable items report, with the overall reconciliation to the Audited Financial Statements, is shown on page 4; and
- (3)** the basis of preparation is presented on pages 5 to 6;
- (4)** the Hedging Policy adopted by Axpo UK Limited is presented on page 7.



Consolidated Segmental Statement:

		Electricity Supply		Gas Supply		Aggregate Supply Business 2023
		Domestic	Non-Domestic	Domestic	Non-Domestic	
		2023	2023	2023	2023	
Total Revenue:	Unit					
Revenue from sale of gas	£mIn	-	-	-	427.7	427.7
Revenue from sale of electricity	£mIn	-	209.5	-	-	209.5
Total Operating Costs:						
Direct fuel costs	£mIn	-	183.2	-	424.6	607.8
<i>Direct / Indirect costs:</i>						
Other direct costs	£mIn	-	18.1	-	-	18.1
Indirect costs	£mIn	-	10.6	-	3.9	14.5
EBITDA	£mIn		(2.3)		(0.9)	(3.1)
Depreciation & Amortization	£mIn	-	0.3	-	0.1	0.3
EBIT	£mIn		(2.5)		(0.9)	(3.5)
Volume - Electricity delivered	TWh	-	1.2	-	-	1.2
Volume - Gas delivered	m therms	-	-	-	223.9	223.9
WACO Electricity	£/MWh	-	157.7	-	-	157.7
WACO Gas	£/ptherm	-	-	-	189.6	189.6
Meter points - Electricity	Units	-	123.0	-	-	123.0
Meter points - Gas	Units	-	-	-	202.0	202.0



Reconcilable Items Report:

		Aggregate Supply Business	Other Operating Income	Irish Branch	Statutory Accounts
		2023	2023	2023	2023
Total Revenue	Unit				
Revenue from sale of gas	£mln	427.7	-	(37.2)	390.5
Revenue from sale of electricity	£mln	209.5	-	2.7	212.2
Other Income	£mln	-	24.7	-	24.7
Total Operating Costs					
Direct fuel costs	£mln	607.8	-	(44.8)	563.0
<i>Direct / Indirect costs:</i>					
Other direct costs	£mln	18.1	-	-	18.1
Indirect costs	£mln	14.5	-	1.6	16.1
EBITDA	£mln	(3.1)	24.7	8.7	30.2
Depreciation & Amortization	£mln	0.3	-	-	0.3
EBIT	£mln	(3.5)	24.7	8.7	29.9



Basis of preparation:

General:

1. All financial figures are stated in millions of pounds sterling (GBP £mln);
2. Revenue, costs, depreciation are shown as positive values;
3. EBITDA is representative of *Earnings Before Interest, Tax, Depreciation and Amortization*, whereas EBIT represents *Earnings Before Interest and Tax*;
4. WACO represents *Weighted Average Cost of Fuel* and is derived by dividing the direct cost over the volume supplied;
5. Meter points for electricity and gas represents the average number of meters per year, calculated by aggregating the quantity of meters per each month and dividing the total by 12;

Consolidated Segmented Statement and Reconcilable Items Report:

1. Revenue gas/power: Revenue is represented by the sale of gas, power and the green certificates to the non-domestic customers of Axpo UK Limited, all of which are based in the UK.
2. Direct Fuel Costs: The Direct Fuel Cost represents the cost of purchase of gas and power through the long-term Gas / Power Purchase Agreements signed with the counterparties and the purchase of the energy from the market through back-to-back transactions with its parent Axpo Solutions AG.
3. Other Direct Costs: The Other Direct Cost represents the cost of compliance by Axpo UK Limited with the Renewable Obligation (RO) scheme for 2022 – 2023. Major part of the obligation was covered by the submission of the Renewable Obligation Certificates with the remaining obligation covered by the contribution to the buyout fund.



Basis of preparation:

Consolidated Segmented Statement and Reconcilable Items Report (continued):

4. Indirect Cost: Indirect costs represent General and Administrative expenses and include the following: (1) office running costs, (2) personnel costs, (3) professional fees and other. These costs are attributed to the power and gas supply in proportion to EBITDA before indirect costs. However, these overheads cover origination services executed by the UK as a whole rather than just under the full supply licence. EBIT on aggregate is positive when taking into account the SLA fee (other operating income in note 6) received from the parent AXPO Solutions AG for origination services provided to them and executed in its name.
5. Irish branch: Axpo UK Limited Irish Branch is registered and operates in accordance with the licence granted in the Republic of Ireland. The Branch was established in 2019 and its primary activities consist of origination transactions similar to that in the UK where it offtakes electricity from PPAs, supplies electricity to full supply customers under its Irish supply licence and provides risk mitigating solutions to other energy and industry participants.

The financial results of the branch have been excluded from the Consolidated Segmental Statements and included in the Reconciliation Table.

6. Other Operating Income: The Other Operating Income relates to the service level agreement signed with Axpo Solutions AG, where AXPO UK Limited receives a fee for origination services it provides, where deals are transacted in the name of Axpo Solutions AG. The fee is based on a proportion of the IFRS margin generated in Axpo Solutions AG on the respective trading transactions involving the UK origination and trading team.

As the substance of the operations consists of provision of a service, the impact of Other Operating income for the year ended 30 September 2023 has been excluded from the CSS report and has been shown in the Reconciliation Table instead.



Hedging Policy:

1. Hedging Policy: AXPO UK always ensures that it minimises its exposure to the market price volatility. Contractually, by default, all contracts are priced at index, hence if a counterparty does not fix their prices, Axpo UK would purchase the power or gas on the exchange and then pass it on to the customer at the index price.

However, some of the contracts enable customers to fix periodic / seasonal prices, which would then give Axpo UK Limited an exposure to the volume risk. This occurs when a counterparty fixes part or their entire consumption. At the time of fixing, Axpo would go and purchase an approximate amount based on the best forecast consumption or generation data available. At the time of delivery, any deviation from the forecast would result in Axpo UK Limited being exposed to the cash out prices and thereby balancing risk. Axpo UK Limited charges a fee to cover for this risk and, over time, the outcome should breakeven.

All forward contracts are measured at the fair value at the end of the reporting period, and this creates a position on gain/losses on the forward contracts that the company recognises in the income statement.