

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 and 6;
- (4)** the Hedging Policy adopted by Axpo UK Limited is presented on page 7.

Consolidated Segmental Statement:

	Unit	Electricity Supply		Gas Supply		Aggregate Supply Business
		Domestic	Non-Domestic	Domestic	Non-Domestic	
		2023	2023	2023	2023	
Total Revenue	£mIn	-	209.5	-	427.7	637.2
Revenue from sale of gas	£mIn	-	-	-	427.7	427.7
Revenue from sale of electricity	£mIn	-	191.6	-	-	191.6
Other revenues	£mIn	-	18.0	-	-	18.0
Total Operating Costs	£mIn	-	211.8	-	428.6	640.4
Direct fuel costs	£mIn	-	183.7	-	424.6	608.3
<i>Direct costs:</i>						
Transportation Costs	£mIn	-	-	-	-	-
Environmental & Social obligations costs	£mIn	-	17.5	-	-	17.5
Other direct costs	£mIn	-	-	-	-	-
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	-	158.1	-	-	158.1
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:

	Unit	Aggregate Supply Business	Other Operating Income	Irish Branch	Statutory Accounts
		2023	2023	2023	2023
Total Revenue	£mln	637.2	24.7	(34.5)	627.4
Revenue from sale of gas	£mln	427.7	-	(37.2)	390.5
Revenue from sale of electricity	£mln	191.6	-	2.7	194.3
Other revenues/income	£mln	18.0	24.7	-	42.7
Total Operating Costs	£mln	640.4	-	(43.2)	597.2
Direct fuel costs	£mln	608.3	-	(44.8)	563.5
Direct costs:					
Transportation Costs	£mln	-	-	-	-
Environmental & Social obligations costs	£mln	17.5	-	-	17.5
Other direct costs	£mln	-	-	-	-
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. Volume presented in the CSS report is taken at a meter point and, consequently, captures the transmission and distribution losses, where relevant
5. WACO represents *Weighted Average Cost of Fuel* and is derived by dividing the direct cost over the volume supplied;
6. 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: Represents the sale of gas and power to the non-domestic customers of Axpo UK Limited, all of which are based in the UK.
2. Other revenue: Predominantly consists of the contribution received from customers towards the renewable obligation scheme based on their consumption in the 2022-23 compliance period. Axpo has the choice to either contribute this value to the ROC (Renewable Obligation Certificates) buy out fund at the buy out price or submit the equivalent ROCs instead.
3. 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.



4. Transportation Costs: Transportation / distribution costs incurred by Axpo UK Ltd in the provision of gas and power are recharged to full supply customers, as regulated by respective agreements signed with the full supply customers, and, hence, from the perspective of the Company, such expenditure is not considered as a cost in the Profit and Loss account.
5. 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.
6. 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.
7. Irish branch: Axpo UK Limited Irish Branch is registered and operates in accordance with the licence granted in the Republic of Ireland. The financial results of the branch have been excluded from the Consolidated Segmental Statements and included in the Reconciliation Table.
8. 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 the services it provides. As the substance of the operations consists of the 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 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. Axpo mitigates wholesale price risk through the purchase and sale in the wholesale market to replicate the fixed price and / or index price risk in its customer contracts.

Axpo may also be exposed to some price risk associated with deviations to forecasted consumption. Axpo charges fees to cover 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.