



Axpo Holding AG  
1 October 2022 to 31 March 2023

# Interim Report 2022/23

The Power of Energy



# Key figures for first half-year

in CHF million	First half 2022/23	First half 2021/22
<b>Total income</b>		
Total income	6 503	6 013
of which revenues from energy sales and grid usage	6 501	5 688
<b>EBIT</b>		
Earnings before interest and tax	3 854	1 021
as % of total income	59.3%	17.0%
<b>Adjusted EBIT</b>		
Adjusted earnings before interest and tax	2 242	1 303
as % of total income	34.5%	21.7%
<b>Result for the period</b>		
Result for the period	3 214	513
as % of total income	49.4%	8.5%
<b>Cash flow and investments</b>		
Cash flow from operating activities	1 515	- 1 748
Net investments in non-current assets (excluding loan receivables)	- 192	- 147
Free cash flow	1 322	- 1 895
<b>Balance sheet</b>		
Total assets	53 701	65 162
Equity including non-controlling interests	11 044	7 615
Equity ratio in %	20.6%	11.7%
Net financial assets	- 2 608	- 2 221
<b>Employees</b>		
Average number of employees	6 152	5 476
Number of employees as at 31.3.	6 260	5 545

# Axpo posts exceptional half-year results

## Key points at a glance

- In a persistently challenging environment, Axpo successfully implemented its strategy, drove forward the expansion of renewable energies, and took advantage of market opportunities
- Positive contributions to earnings from all areas of the business
- Anticipated financial benefits realised from positive impact of shifts in income, flow of funds from hedging Swiss electricity production, and significant reductions to balance sheet and net debt
- **Solid operating business, another very good trading result and shifts in income lead to extraordinary results**
- **Company reports half-year adjusted operating income of CHF 2,242 million (previous year: CHF 1,303 million) and overall results for period of CHF 3,214 million (previous year: CHF 513 million)**
- **Significant contribution made to Switzerland's security of supply; additional precautions taken for coming winter**
- **Business model proving itself; positive medium-term outlook**

**During the first half of the 2022/23 financial year (1 October 2022 to 31 March 2023), the Axpo Group continued to successfully implement its strategy in an environment that remained extremely challenging. Outstanding results were achieved, supported by the anticipated financial benefits of energy markets easing in autumn 2022. With 14.2 terrawatt hours (TWh), Axpo made the largest contribution to Swiss electricity supply in the reporting period, accounting for around 40 per cent of total electricity consumption.**

The company also continued to drive forward the expansion of renewable energies in Switzerland and abroad. Among other efforts, Axpo significantly increased its ambitions for the expansion of solar power in Switzerland by 2030. In international trading, Axpo took advantage of available market opportunities to once again achieve very good financial results in Trading & Sales. There was also a marginal contribution to results from business with Swiss customers. Electricity sales from Swiss power plants during the reporting period were made at an average of 8 cents per kilowatt hour (kWh). This was due to prices hedged three years ago, meaning Axpo was only able to achieve negligible benefits from higher electricity prices on the spot market. For the

year as a whole, the company expects to achieve an average price of around 6 cents per kWh. Axpo has still not made use of the line of credit from the federal government, which was requested at the end of August 2022 as a precaution due to the severe situation at the time.

## **Significant increase in adjusted operating income**

Following the extreme price fluctuations of summer 2022, there was a significant drop in wholesale energy prices in the autumn – although prices remained volatile.

CHF million	First half 2022/23 adjusted	Performance STENFO HY 22/23	Hedges Swiss production (accounting mismatch) HY 22/23	First half 2022/23 reported	First half 2021/22 adjusted	Performance STENFO HY 21/22	Hedges Swiss production (accounting mismatch) HY 21/22	First half 2021/22 reported	Change, adjusted
Total income	4 936	0	- 1 567	6 503	6 222	0	209	6 013	- 1 286
Expenses for energy procurement, grid usage and goods purchased	- 1 570	- 45	0	- 1 525	- 3 958	73	0	- 4 031	2 388
Operating expenses	- 929	0	0	- 929	- 823	0	0	- 823	- 106
Share of result of partner plants and other associates	46	0	0	46	48	0	0	48	- 2
<b>EBITDA</b>	<b>2 483</b>	<b>- 45</b>	<b>- 1 567</b>	<b>4 095</b>	<b>1 489</b>	<b>73</b>	<b>209</b>	<b>1 207</b>	<b>994</b>
Depreciation, amortisation and impairment losses/reversals	- 241	0	0	- 241	- 186	0	0	- 186	- 55
<b>EBIT</b>	<b>2 242</b>	<b>- 45</b>	<b>- 1 567</b>	<b>3 854</b>	<b>1 303</b>	<b>73</b>	<b>209</b>	<b>1 021</b>	<b>939</b>

A relatively mild winter and precautions and cost-saving measures taken in many countries led to a certain easing of the situation on the energy markets by the end of the reporting period. In the first six months of the 2022/23 financial year, Axpo posted total income of CHF 6,503 million, 8 per cent up on the same period in the previous year. This difference was due primarily to shifts in income. Higher availability resulted in a 3 per cent increase in production at the nuclear power plants to 10.3 TWh, while hydro power plants saw a rise of 8 per cent to 4.0 TWh.

Energy generated by solar and wind power plants fell by 8 per cent to 1.0 TWh due to weather conditions. Adjusted earnings before interest and tax (EBIT) came to CHF 2,242 million (previous year: CHF 1,303 million), with all business areas making a positive contribution to these figures.

Very good results were again achieved in Trading & Sales, in particular [Origination](#), with contributions to earnings from electricity production also significantly higher than the same period in the previous year, thanks to the high availability of nuclear and hydro power plants.

Taking into account the shifts in income – which, at CHF 1,567 million, impacted very positively on results in this period – and the positive effect on results from the funds for decommissioning and dismantling nuclear power plants (STENFO), an operating income of CHF 3,854 million was posted. The result for the period – which benefited from positive effects caused by currency developments and STENFO, among other factors – came to CHF 3,214 million (previous year: CHF 513 million) after tax deductions of CHF 736 million.

### Return of funds for collateral payments

While Axpo posted a CHF 1,748 million outflow of funds from operating business in the same period of the previous year, funds totalling CHF 1,515 million flowed back to the company during the reporting period. As previously communicated, this effect is linked to the hedging of Swiss electricity production. Collateral payments additionally required due to the increase in electricity prices flowed back to the company on completion of the contracts and delivery of the electricity. This effect was somewhat diminished as the portfolio was heavily protected against price shocks as part of increased efforts to secure liquidity. The funds flowing back to the company will be used to reduce debt, and are also available for the planned expansion of renewable energies and the development of customer business.

The reporting period saw gross investments of CHF 203 million, of which CHF 87 million was accounted for by the expansion of renewable energies in Switzerland and abroad, CHF 50 million by the Swiss electricity network, and a further CHF 46 million by Swiss hydro and nuclear power plants. Following divestments of CHF 11 million, net investment came to CHF 192 million. This resulted in a free cash flow of CHF 1,322 million for the reporting period (previous year: CHF -1,895 million).

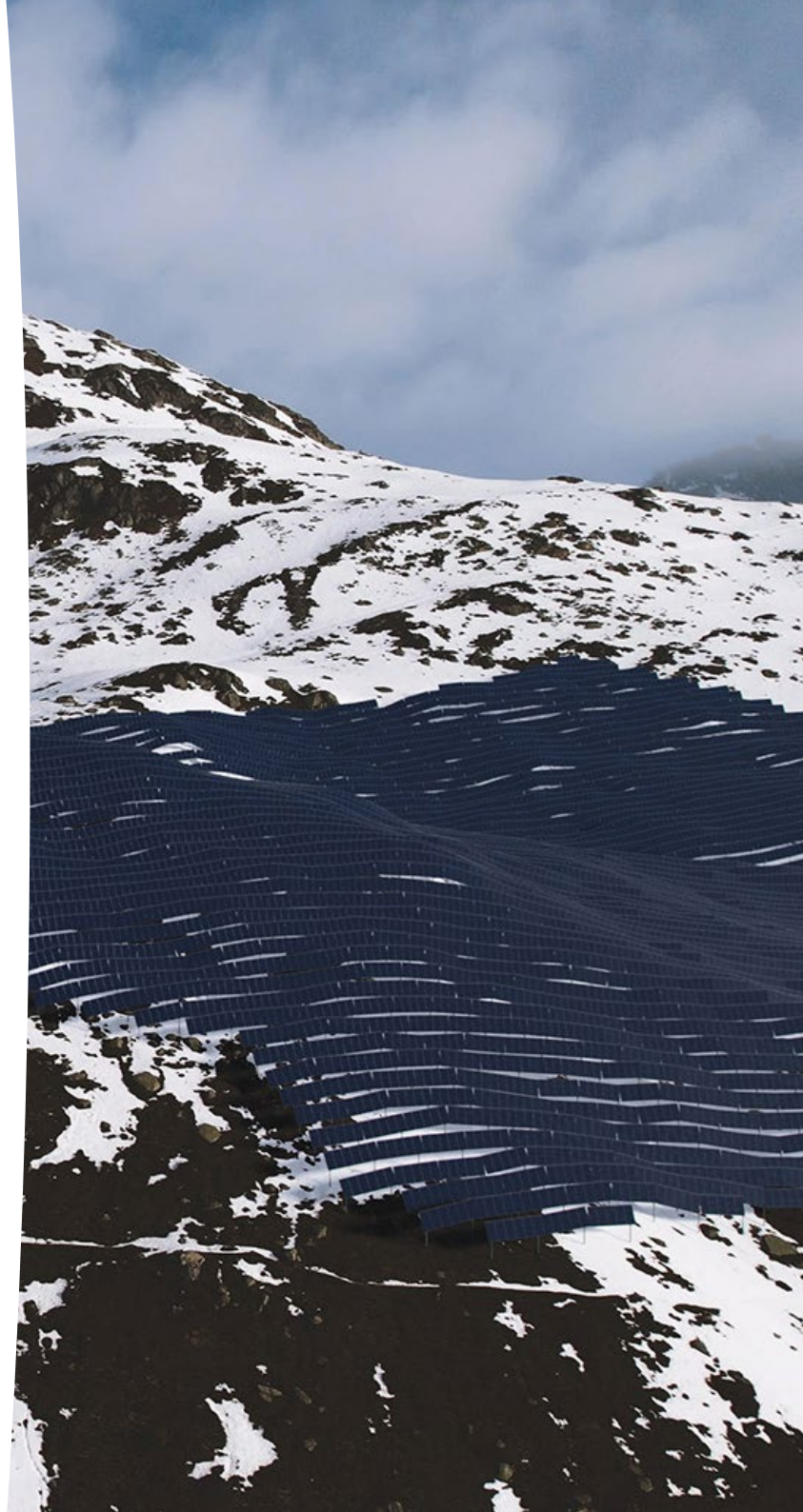
### Clear strengthening of equity

Compared to the end of the previous financial year as at 30 September 2022, total assets fell significantly from CHF 79.7 billion to CHF 53.7 billion. This decrease is primarily the result of significantly lower [replacement values](#) due to price developments. Net debt fell during the reporting period by CHF 1,036 million to CHF 2,608 million, with liquidity amounting to CHF 4,723 million as at 31 March 2023. In October 2022, the company secured further credit lines totalling EUR 3.0 billion from banks and other financial institutions, thereby increasing the syndicated and committed credit lines at banks to a total of EUR 6.0 billion. Equity increased by CHF 3,612 million to CHF 11,044 million in the reporting period. Moreover, the energy price risks in trading measured by value at risk also decreased significantly during this period.

### Solar ambitions significantly increased

Axpo has consistently and successfully implemented its three-pillar strategy, namely playing a leading role on the path to a CO<sub>2</sub>-free energy future in Switzerland, the expansion of renewable energies, and growth in the international customer and trading businesses. In Switzerland, Axpo once again significantly increased its ambitions in the field of solar power as part of the improved framework conditions. With a total investment of about CHF 1.5 billion, Axpo now aims to expand capacity by 1.2 GW in the Alps and Swiss Mittelland by 2030, provided that the general conditions – such as approval procedures or grid connections – allow it. As a result, the annual electricity needs of more than 300,000 households can be met. Following completion of the AlpSolar project on the Mutsee dam and the NalpSolar project on the Nalps reservoir, where construction is planned to start in 2024, Axpo has launched another Alpine solar project. The Ovra Solara Magriel plant is a planned greenfield installation near the Disentis ski resort, located in the Surselva region at 2,100 metres above sea level.

The 10 megawatt (MW) plant covers an area of 100,000 m<sup>2</sup> and should generate 17 gigawatt hours (GWh) of electricity per year, enough to supply around 4,000 households. Part of the power plant should be in operation by 2025. Axpo subsidiary CKW, which plays a leading role in Switzerland and already installs more than 700 systems on homes and businesses each year, will connect customers to the new facility.



## Innovative projects for green hydrogen in the pipeline

In the expanding field of hydrogen, Axpo has commenced construction of a 2.5 MW hydrogen plant next to the Reichenau hydro power plant, working in collaboration with Rhienergie. Using hydro power, the plant will produce up to 350,000 tonnes of green hydrogen a year, equivalent to around 1.5 million litres of diesel fuel. Furthermore, CKW is planning a unique, Swiss-wide renewable energy ecosystem in collaboration with Galliker Transport, Emmi and PanGas in the Dagmersellen municipality. At the heart of this concept is a large wood-burning plant operated by CKW, which is planned to generate heat and electricity for the production of green hydrogen from 2027. The project is an important step towards achieving the strategic energy goals of both the companies involved and Switzerland as a whole.

## Wind and battery projects further developed

If the framework conditions allow, Axpo also wants to significantly increase investments in Swiss wind power. CKW is currently planning several wind power plants, has carried out wind measurements at six sites, and informed the local population of its plans. Axpo is also driving forward with the development and construction of wind projects abroad, and has opened a new site in connection with this initiative in Finland. From the important Nordic energy hub of

Vaasa, Axpo intends to develop, build and operate wind farms across the country. Additionally, Axpo is developing a battery storage project in Sweden, and will be constructing a system based on lithium-ion cells with a storage capacity of 20 MWh in Landskrona in the south of the country. This system is scheduled to begin operating in 2024. Battery storage systems will play an important role in decarbonisation, and Axpo has set itself the goal of making a significant contribution to the expansion of storage capacities across Europe in the coming years. The company is also further expanding its business with long-term power purchase agreements (PPA) – which make an increasingly important contribution to Axpo's financial results – and has successfully concluded the first PPAs in Serbia and Croatia.

## Key contribution to Switzerland's security of energy supply

European energy markets remain fragile. In addition to energy price volatility, Axpo is also monitoring security of supply for the coming winter. [As seen over the past winter](#), the company is preparing various measures to enable Axpo to contribute to Switzerland's security of electricity and gas supply in the event of any shortages. These measures include the retention of water in reservoirs and the postponement of renovation work at the Gigerwald reservoir to the winter of 2024/25.



## Outlook

Axpo is making good headway in operating terms and implementing its strategy successfully. While the market situation has stabilised, it remains vulnerable, making forecasting difficult. Due to seasonal trends, the second half of the year will be weaker than the first.

The outlook must also take into account Axpo's change in hedging strategy at the start of 2022, which means the company is no longer hedging the entire Swiss electricity production over a period of three years. Electricity production hedged three years in

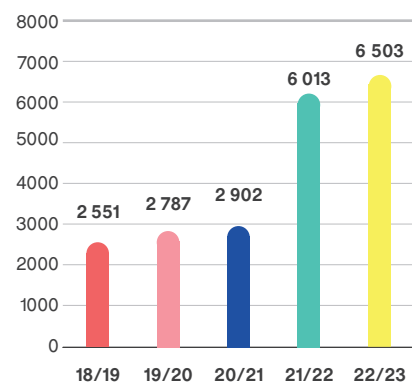
advance still amounted to 59 TWh as at 31 March 2023 (30 September 2022: 64 TWh). Hedged prices average between 51 EUR/MWh in the current financial year and 87 EUR/MWh in financial year 2025/26. From financial year 2024/25, increased electricity prices will have a positive effect on Axpo's results. Furthermore, it is expected that in future the effects of shifts in income will be much smaller, while the return of collateral payments for Swiss electricity production will also have a positive impact on cash flow over the coming periods, once the contracts are completed. The STENFO value fluctuations will also have an impact on future results.

### Axpo Group as an employer

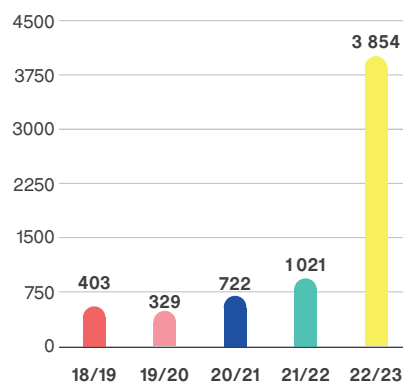
- Since 1 April 2022, Axpo has created an additional **382 full-time positions in Switzerland** and **333 full-time positions abroad**.
- With **432 apprentices** in 2023, Axpo is one of the largest training organisations in Switzerland. By 2030, the company aims to assume the leading position, taking on 650 apprentices annually which represents an apprenticeship quota of 15 per cent. Expansion of the existing **16 apprenticeships** and new offerings in solar, ICT and digitalisation training at various skill levels form the basis of this revised target.
- The trainee programme has been expanded: up to **18 trainees** will now be recruited each year, tripling the number since 2020, with international assignments possible at seven Axpo locations.
- In the employer brand research study conducted by Randstad, Axpo subsidiary CKW was named the **most attractive employer** in Switzerland in the power, utilities and telecom sector.

# Five-year trends in key Group figures – half-year comparison

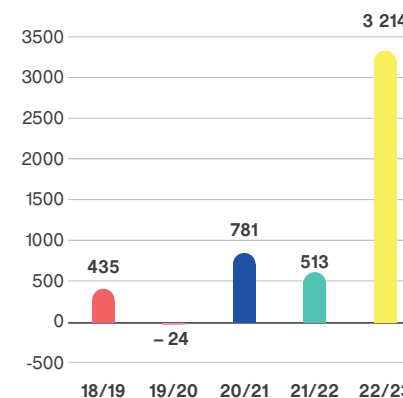
**Total income**  
in CHF million



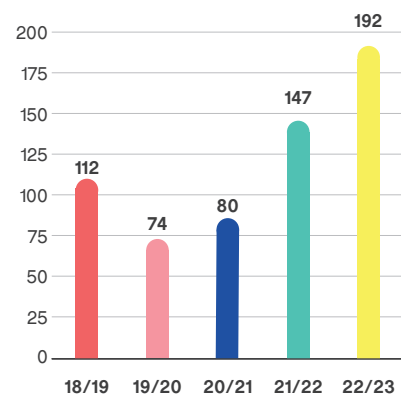
**Earnings before interest and tax (EBIT)**  
in CHF million



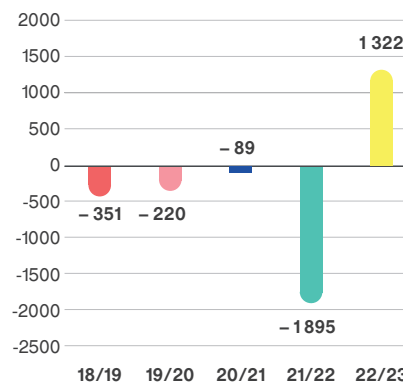
**Result for the period**  
in CHF million



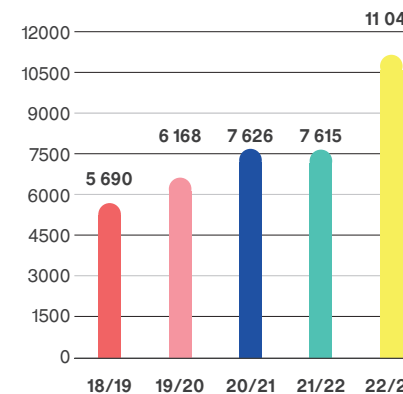
**Net investments in non-current assets**  
(excl. loan receivables) in CHF million



**Free cash flow**  
in CHF million



**Equity incl. non-controlling interests**  
in CHF million





# Consolidated income statement

in CHF million	First half 2022/23	First half 2021/22
Revenue	6 501.3	5 687.9
Capitalised production costs	41.6	25.4
Other operating income	- 39.5	299.8
<b>Total income</b>	<b>6 503.4</b>	<b>6 013.1</b>
Expenses for energy procurement, grid usage and goods purchased	- 1 525.2	- 4 031.3
Expenses for materials and third-party supplies	- 137.3	- 103.0
Personnel expenses	- 501.9	- 487.4
Other operating expenses	- 290.9	- 232.2
Share of profit of partner plants and other associates	46.3	48.4
<b>Earnings before interest, tax, depreciation and amortisation (EBITDA)</b>	<b>4 094.4</b>	<b>1 207.6</b>
Depreciation, amortisation and impairment losses/reversals	- 240.7	- 186.2
<b>Earnings before interest and tax (EBIT)</b>	<b>3 853.7</b>	<b>1 021.4</b>
Financial income	343.0	26.9
Financial expense	- 246.5	- 410.2
<b>Earnings before tax (EBT)</b>	<b>3 950.2</b>	<b>638.1</b>
Income tax expense	- 736.4	- 125.1
<b>Result for the period</b>	<b>3 213.8</b>	<b>513.0</b>
<b>Allocation of the result for the period:</b>		
Axpo Holding shareholders	3 180.0	521.0
Non-controlling interests	33.8	- 8.0

# Consolidated balance sheet

in CHF million	31.3.2023	30.9.2022	31.3.2022
<b>Assets</b>			
Property, plant and equipment	6 638.5	6 405.1	4 304.6
Right-of-use assets	170.0	153.3	156.9
Intangible assets	1 191.8	1 237.1	839.1
Investments in partner plants and other associates	1 468.4	1 523.4	1 632.4
Derivative financial instruments	8 424.4	17 013.2	7 370.2
Financial receivables	490.4	499.5	638.5
Investment properties	39.9	39.9	40.2
Other receivables	2 811.9	2 703.1	3 205.3
Deferred tax assets	179.7	305.4	191.0
<b>Total non-current assets</b>	<b>21 415.0</b>	<b>29 880.0</b>	<b>18 378.2</b>
Assets held for sale	91.7	184.9	54.0
Inventories	871.2	1 092.7	663.5
Trade receivables	2 172.8	3 011.8	3 135.6
Financial receivables	1 649.3	179.3	303.3
Current tax assets	114.3	84.1	42.5
Derivative financial instruments	13 365.2	22 672.7	25 085.7
Other receivables	10 838.5	18 723.9	13 498.3
Cash and cash equivalents	3 183.1	3 906.6	4 000.6
<b>Total current assets</b>	<b>32 286.1</b>	<b>49 856.0</b>	<b>46 783.5</b>
<b>Total assets</b>	<b>53 701.1</b>	<b>79 736.0</b>	<b>65 161.7</b>

# Consolidated balance sheet

in CHF million	31.3.2023	30.9.2022	31.3.2022
<b>Equity and liabilities</b>			
Share capital	370.0	370.0	370.0
Retained earnings	10 582.8	7 408.3	7 422.5
Other reserves	- 461.1	- 786.5	- 635.6
<b>Total equity excluding non-controlling interests</b>	<b>10 491.7</b>	<b>6 991.8</b>	<b>7 156.9</b>
Non-controlling interests	552.2	440.6	458.2
<b>Total equity including non-controlling interests</b>	<b>11 043.9</b>	<b>7 432.4</b>	<b>7 615.1</b>
Financial liabilities	5 082.1	4 854.5	3 943.2
Derivative financial instruments	7 759.2	23 452.2	8 649.3
Other liabilities	701.8	582.6	370.6
Deferred tax liabilities	185.3	183.8	150.6
Provisions	3 317.0	3 201.6	3 717.2
<b>Total non-current liabilities</b>	<b>17 045.4</b>	<b>32 274.7</b>	<b>16 830.9</b>
Liabilities held for sale	0.0	35.0	20.7
Trade payables	1 446.8	1 572.2	1 552.5
Financial liabilities	2 249.5	2 890.3	2 673.4
Current tax liabilities	743.3	230.3	343.5
Derivative financial instruments	13 937.3	24 819.9	27 875.0
Other liabilities	7 048.9	9 414.8	7 380.3
Provisions	186.0	1 066.4	870.3
<b>Total current liabilities</b>	<b>25 611.8</b>	<b>40 028.9</b>	<b>40 715.7</b>
<b>Total liabilities</b>	<b>42 657.2</b>	<b>72 303.6</b>	<b>57 546.6</b>
<b>Total equity and liabilities</b>	<b>53 701.1</b>	<b>79 736.0</b>	<b>65 161.7</b>

# Consolidated cash flow statement

in CHF million	First half 2022/23	First half 2021/22
<b>Earnings before tax (EBT)</b>	<b>3 950.2</b>	<b>638.1</b>
Financial result	- 96.5	383.3
<b>Earnings before interest and tax (EBIT)</b>	<b>3 853.7</b>	<b>1 021.4</b>
(Gain)/loss on disposal of non-current assets and non-current assets and liabilities held for sale	13.6	- 81.7
Non-cash expenses and income	- 6 839.9	1 418.7
Change in net working capital	5 495.8	- 4 325.4
Change in derivative financial instruments and other financial result	22.6	41.0
Change in provisions (excluding interest, net)	- 877.7	182.8
Dividends received	11.7	30.1
Income taxes paid	- 165.0	- 35.2
<b>Cash flow from operating activities</b>	<b>1 514.8</b>	<b>- 1 748.3</b>
Property, plant and equipment:		
Investments net of capitalised borrowing costs	- 189.4	- 133.1
Disposals and cost contributions	2.4	12.1
Leases:		
Receipt of deferred considerations	1.5	0.8
Intangible assets:		
Investments (excluding goodwill)	- 3.7	- 15.4
Disposals	3.3	0.0
Acquisition of subsidiaries (net of cash acquired)	- 4.8	- 44.4
Disposals of subsidiaries (net of cash transferred)	0.0	17.6
Investments in partner plants and other associates:		
Investments	- 4.3	- 3.0
Disposals and capital repayments	0.0	6.7

# Consolidated cash flow statement

in CHF million	First half 2022/23	First half 2021/22
Other financial assets:		
Investments	- 27.3	- 51.9
Disposals and repayments	34.9	1 383.6
Receivables from state funds	2.6	11.8
Investment properties and change in other financial assets	1.3	20.1
Financial receivables (current)	- 1 449.2	733.6
Interest received	90.2	24.5
<b>Cash flow from investing activities</b>	<b>- 1 542.5</b>	<b>1 963.0</b>
Financial liabilities (current and non-current):		
Proceeds	4 990.6	6 449.6
Repayment	- 5 584.1	- 4 250.8
Other liabilities (non-current):		
Proceeds	11.1	8.9
Dividend payments (including non-controlling interests)	- 10.2	- 104.7
Interest paid	- 135.1	- 66.9
<b>Cash flow from financing activities</b>	<b>- 727.7</b>	<b>2 036.1</b>
Foreign currency translation effect on cash and cash equivalents	31.9	- 68.2
<b>Change in cash and cash equivalents</b>	<b>- 723.5</b>	<b>2 182.6</b>
<b>Cash and cash equivalents at the beginning of the reporting period</b>	<b>3 906.6</b>	<b>1 818.0</b>
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>3 183.1</b>	<b>4 000.6</b>

# Segment reporting for the first half-year

in CHF million	Generation & Distribution		Trading & Sales		CKW		Reconciliation <sup>1)</sup>		Axpo Group	
	First half 2022/23	First half 2021/22	First half 2022/23	First half 2021/22	First half 2022/23	First half 2021/22	First half 2022/23	First half 2021/22	First half 2022/23	First half 2021/22
Total income	3 575	1 388	4 072	5 266	658	561	- 1 802	- 1 202	6 503	6 013
Operating expenses	- 1 232	- 1 309	- 2 390	- 4 198	- 506	- 574	1 674	1 227	- 2 454	- 4 854
Share of result of partner plants and other associates	39	41	0	0	7	7	0	0	46	48
Depreciation, amortisation and impairment losses/reversals	- 198	- 149	- 8	- 10	- 33	- 33	- 2	6	- 241	- 186
<b>Earnings before interest and tax (EBIT)</b>	<b>2 184</b>	<b>- 29</b>	<b>1 674</b>	<b>1 058</b>	<b>126</b>	<b>- 39</b>	<b>- 130</b>	<b>31</b>	<b>3 854</b>	<b>1 021</b>

1) In compliance with IFRS 8, Axpo Holding AG, Axpo Services AG – neither of which is an operating segment – and consolidation effects are combined under 'Reconciliation'.

# Generation & Distribution

CHF million	First half 2022/23	First half 2021/22	Change
Total income	3 575	1 388	2 187
Operating expenses	- 1 232	- 1 309	77
Share of result of partner plants and other associates	39	41	- 2
Depreciation, amortisation and impairment losses/reversals	- 198	- 149	- 49
<b>EBIT</b>	<b>2 184</b>	<b>- 29</b>	<b>2 213</b>
One-off effects	- 1 811	257	- 2 068
<b>Adjusted EBIT</b>	<b>373</b>	<b>228</b>	<b>145</b>

# Trading & Sales

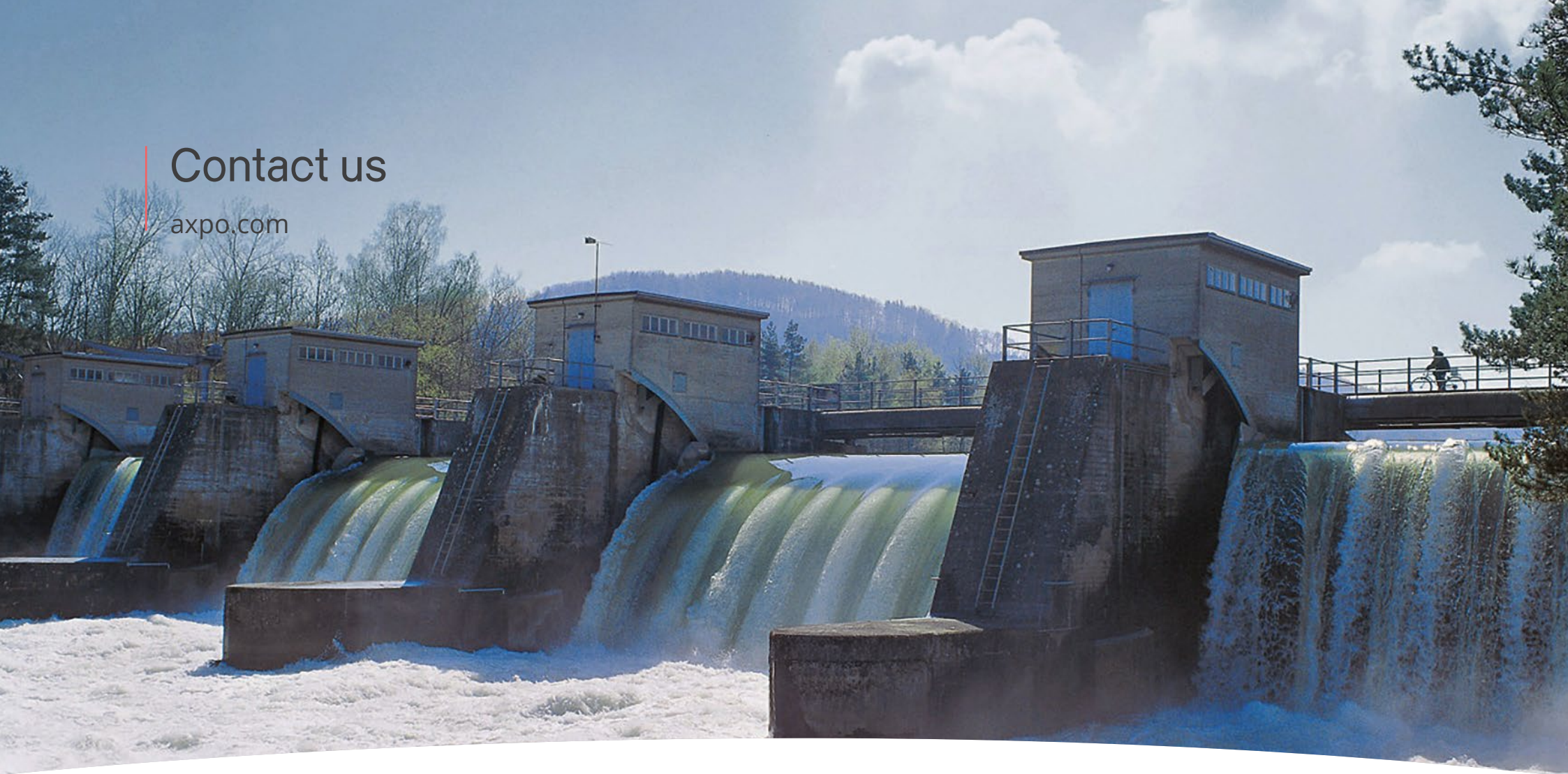
CHF million	First half 2022/23	First half 2021/22	Change
Gross margin asset-backed trading	667	459	208
Gross margin origination	1 247	531	716
Gross margin proprietary trading	304	281	23
<b>Gross margin</b>	<b>2 218</b>	<b>1 271</b>	<b>947</b>
Operating expenses	- 351	- 322	- 29
<b>EBIT performance view</b>	<b>1 867</b>	<b>949</b>	<b>918</b>
Hedging effects / other reconciliation items	- 193	109	- 302
<b>EBIT</b>	<b>1 674</b>	<b>1 058</b>	<b>616</b>

# CKW

CHF million	First half 2022/23	First half 2021/22	Change
Total income	658	561	97
Operating expenses	- 506	- 574	68
Share of result of partner plants and other associates	7	7	0
Depreciation, amortisation and impairment losses/reversals	- 33	- 33	0
<b>EBIT</b>	<b>126</b>	<b>- 39</b>	<b>165</b>
One-off effects	- 76	71	- 147
<b>Adjusted EBIT</b>	<b>50</b>	<b>32</b>	<b>18</b>

# Contact us

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