

# FAQ credit line

September 6, 2022

## **Why did the Swiss government grant a subordinated credit line for Axpo?**

- Since the fourth quarter of 2021, European energy markets have experienced unprecedented turmoil, with the situation intensifying dramatically in recent weeks. Compared to September 2021, electricity wholesale prices have increased tenfold, with price fluctuations reaching new records in the past few days.
- Axpo and other European electricity companies hedge their own production for several years in advance.
- To protect buyers and sellers, collateral is required on long-term power supply contracts. These funds are returned to the company in full as soon as the contract has been fulfilled – for example, when the agreed volume of power has been supplied. The extreme price increases of recent months, particularly in recent weeks, have led to a massive rise in liquidity requirements across the European energy sector.
- So far, Axpo has been able to cope with this challenging situation, but as developments in the coming months are unpredictable, we have agreed a credit line with the Swiss government as a precautionary measure. So far, however, Axpo has not used any of the funds.
- Throughout Europe, governments are supporting electricity producers in this extreme situation with liquidity in order to stabilize the system (for example, Germany, Sweden, Finland, France or the Czech Republic).

## **Has Axpo lost money due to speculation?**

- No, on the contrary. Fixed prices were agreed - and there was no speculation on falling or rising prices.
- It's a paradox: Axpo's long-term prospects remain positive, but in the short term we are confronted with the challenges of this historic energy crisis.

## **Why didn't Axpo raise the money elsewhere?**

- So far, we have been able to cope with this unprecedented situation on our own.
- As of 5 September 2022, Axpo had more than CHF 2 billion of liquidity at its disposal.
- However, the situation has worsened again in recent weeks and further developments are unpredictable. That is why we decided to take this precautionary measure.

## **What are the conditions of the credit line?**

- The credit line for a maximum of CHF 4 billion is subordinated to existing financings and does not require any security.

## **Is the rescue umbrella still needed?**

- Yes, Axpo still supports FiREG.

- While Axpo had weighty objections to the consultation draft, the draft law that has now been passed is significantly better. It is important to Axpo that the federal government does not exert any influence on the operational business and that no unnecessary bureaucracy is created in the area of reporting obligations.

**What exactly happens if an energy trading company can no longer pay a margin call?**

- In this case, the company would be excluded from trading on the power exchange.
- If this happens to several energy companies in Europe, there could be a chain reaction that endangers not only the energy market, but the entire financial system and security of supply.

**What about the future prospects for Axpo?**

- It's a paradox: Axpo's long-term prospects remain positive, but in the short term we are confronted with the challenges of this historic energy crisis.