

FINANCIAL REPORT

2020



REPOWER

COMMENTS ON THE FINANCIAL RESULTS

Repower has managed the coronavirus crisis well, posting a solid group profit of CHF 41 million – having seen operating income increase for the fifth financial year running.

The year 2020 will go down in history as an unusual financial year. The Covid-19 pandemic had a considerable impact on both society and the economy. Despite this, Repower can look back on a successful twelve months. Even though the year was dominated by Covid-19, the negative consequences were kept within limits. Shrinking volumes and margins resulting from the pandemic were offset by other factors, including very high margins on balancing energy in Italy. The Market Switzerland segment's results were heavily impacted by one-off effects. The group closed the 2020 financial year with earnings before interest and taxes (EBIT) of CHF 77 million (prior year: CHF 65 million). Earnings before tax (EBT) came to CHF 65 million in 2020 (prior year: CHF 54 million). However, owing to a year-on-year increase in the group's effective income tax rate, in 2020 group profit was CHF 9 million down on the prior year at CHF 41 million (versus CHF 50 million in 2019). The share of group earnings attributable to Repower shareholders per registered share comes to CHF 5.31 (CHF 6.28 the year before). In 2020 Repower's equity continued to increase, growing CHF 24 million from CHF 845 million to CHF 869 million. With total assets currently high at CHF 1,982 million (versus CHF 1,876 million the prior year) there was a slight year-on-year decline, from 45 per cent to 44 per cent, in the equity ratio. Net debt (or net liquidity when written with a minus sign) improved by CHF 58 million, now totalling CHF –89 million (prior year: CHF –31 million).

Development in sales, and strong operating results

At CHF 1,708 million, Repower Group net sales from goods and services were down 11 per cent on the prior year level of CHF 1,915 million. The decline in net revenues is due in particular to lower demand from small and medium-sized enterprises (SMEs) in Italy which were closed during the first wave of the Covid-19 pandemic.

Repower defines the gross energy gross margin as the difference between net revenue from energy business and energy procurement. In the Market Switzerland segment the gross energy gross margin saw a year-on-year decline of CHF 22 million from CHF 134 million to CHF 112 million.

In the year under review the margin was eroded by provisions of CHF 21 million recognised for energy procurement. These provisions were connected with onerous procurement contracts for energy and guarantees of origin. As part of a subsequent positive declaration of operating and capital costs for a feeder line, CHF 7 million flowed to Repower and were recognised as net sales.

Energy prices came under pressure, especially in the first half of 2020, as a result of Covid-19. Rapidly changing news regarding the pandemic also had a negative impact on the trading income generated. Despite this, Repower managed to maintain good margins on energy trading, although it was not able to repeat the extraordinarily good results of the previous year. Energy gross margins in asset optimisation and market access declined by CHF 3 million and CHF 5 million respectively.

The decline in energy gross margin was offset by positive developments of revenues and costs. There was a year-on-year increase in internally produced and capitalised assets in connection with the modernisation of Robbia and Madulain power plants. A further highlight was a decline of CHF 6 million in the cost of materials and third-party services in the Market Switzerland segment. In addition to general cost savings and a reduction in outsourcing-intensive contracts for third parties, also worthy of mention is the fact that development expenses that now accrue to the newly established EVUlation AG ceased to apply. On 30 January 2020, with retroactive effect to 1 January 2020, Repower and additional partners established EVUlation AG with the goal of developing and marketing innovative products and services for energy utilities. Repower holds 42.75 per cent of the company, recognising it as an associate according to the share of equity.

EBIT for the Market Switzerland segment came to CHF 16 million, CHF 14 million less than the prior-year figure of CHF 30 million.

In the Market Italy segment the energy gross margin increased by CHF 31 million, up from CHF 131 million to CHF 162 million. Energy gross margin was boosted among other things by Teverola combined-cycle gas turbine plant, and in particular by high demand for the balancing energy it generates to help assure grid stability. On the basis of the average exchange rate for 2020, the margin on the plant increased by CHF 23 million. A CHF 7 million improvement in margin was attributable among other things to the retail business. Owing to less favourable wind conditions, the energy gross margin on the renewable energy business (Repower Renewable) resulted lower than expectations, but compared to the previous year a CHF 1 million year-on-year increase in the margin was achieved.

The Market Italy segment saw EBIT increase CHF 21 million (41 per cent) from CHF 51 million to CHF 72 million; the prior-year figure includes the reimbursement of CHF 10 million from business interruption insurance for Teverola power plant.

Negative EBIT, and thus costs in other segments and activities, declined CHF 5 million from around CHF 16 million to CHF 11 million. In 2019 a one-off deposit of CHF 3 million by Repower to the pension fund was recognised.

Net financial result (financial income and financial expenses) was unchanged versus the prior year, representing net financial expenses of CHF 12 million. The weakening in the euro was less pronounced than in 2019. As a result, fewer currency translation losses were recognised in 2020. At the same time, however, gains on forward exchange transactions were lower.

Earnings before taxes saw a year-on-year increase of CHF 11 million (20 per cent) from CHF 54 million to CHF 65 million. Income taxes increased by CHF 3 million year on year to CHF 24 million, which translates into an increase in the group's effective tax rate of around 6 per cent to 37 per cent. The main reasons for this were an increase in earnings from Italy in 2020, the use of tax loss carryforwards in the prior year, which have now been fully offset, and income taxes recognised for previous years.

Healthy balance sheet

Total assets at 31 December 2020 were CHF 1,982 million, up 6 per cent or CHF 106 million from CHF 1,876 million the prior year. This increase is primarily the result of cash flow from operating activities, which in 2020 was deployed in particular for acquisitions and investments rather than manifesting in an increase in cash and cash equivalents.

Repower's non-current assets grew CHF 98 million from CHF 899 million to CHF 997 million. Additions to the scope of consolidation alone came to CHF 72 million in 2020; they are related to twelve photovoltaic installations with a total installed capacity of 14 megawatts in the Market Italy segment, as well as a wind farm of five turbines with a total capacity of 7.5 megawatts in the Market Switzerland segment.

Current assets were up 1 per cent to CHF 985 million from CHF 977 million the previous year.

Equity grew 3 per cent from CHF 844 million to CHF 869 million. Contributory factors were good group earnings of CHF 41 million, a capital increase of CHF 3 million at minorities, and dividends of CHF 20 million paid to shareholders. The equity ratio is 44 per cent (prior year: 45 per cent). Return on equity (group earnings divided by equity) is 5 per cent, slightly below the prior year (6 per cent).

Liabilities came to CHF 1,113 million at 31 December 2020, up 8 per cent or CHF 82 million from CHF 1,031 million the prior year. In 2020 increases of long-term financial liabilities from acquisitions amounted to CHF 30 million. The current balance of negative replacement values at 31 December 2020 was CHF 95 million, CHF 31 million higher than the prior year. Other financial liabilities, including higher current income tax liabilities of CHF 17 million, continued to contribute to an increase in liabilities.

Marked increase in cash flow from operating activities

Funds from operations (FFO), representing cash flow before change in net current assets and taxes paid, were up from CHF 103 million to CHF 161 million, an increase of CHF 58 million. Income taxes paid increased CHF 2 million year on year to CHF 7 million. Together with the changes in net current assets, reduced compared to the previous year by about CHF 20 million, the result is a cash flow from operating activities of CHF 159 million (prior year: CHF 126 million).

Cash flow from investing activities came to CHF –167 million (prior year: CHF –69 million). In 2020 Repower made investments in group companies (less cash and cash equivalents acquired) in the amount of CHF 40 million. This was connected with the acquisition of solar and wind power installations in Italy and Germany. No businesses had been acquired the previous year. Direct investment in tangible assets, in particular grids and power generation assets, also increased by CHF 12 million versus the prior year. Investment in tangible assets (CHF 49 million), investment in intangible assets (CHF 3 million) and business acquisitions (CHF 40 million) totalled CHF 91 million in 2020. Repower also made net investments of CHF 81 million in current and non-current financial assets.

In 2020 cash flow from investing activities exceeded cash flow from operating activities. Free cash flow came to CHF –9 million in 2020 (prior year: CHF 57 million). Adjusted for incoming and outgoing payments in connection with investments and divestments of fully consolidated companies and associates, free cash flow came to CHF 31 million (versus CHF 59 million the prior year).

Cash flow from financing activities came to CHF –56 million (prior year: CHF 2 million). Overall in 2020 financial liabilities of CHF 30 million were repaid. In 2020 Repower paid dividends of around CHF 19 million to shareholders.

Repower's cash and cash equivalents came to CHF 301 million (prior year: CHF 367 million), with a year-on-year improvement in net liquidity to CHF –89 million from CHF –31 million the prior year.

Sufficient strategic and financial room for manoeuvre

The figure for net debt or net liquidity (as the case may be) is calculated on the basis of cash and cash equivalents, marketable securities, fixed-term deposits, and current and non-current financial liabilities, as well as accrued interest. Net liquidity is indicated by a minus sign.

Net liquidity increased by CHF 58 million from CHF –31 million the prior year to CHF –89 million. Liabilities are lower than cash and cash equivalents. The net debt to EBITDA ratio is therefore also negative, improving from –0.3 to –0.7 and thus giving Repower more financial and strategic room for manoeuvre.

Dividend to shareholders

Given Repower's good operating results, strong capital structure and healthy liquidity, the board of directors moves that the annual general meeting of 19 May 2021 approve a dividend of CHF 3.00 per share.

Repower cautiously optimistic about the future

Covid-19 is still an urgent concern for business and society at large. The specific risks related to the pandemic remain. Material risk factors include the effects on prices and volumes, as well as bad debt losses.

The Teverola combined-cycle gas turbine plant's considerable contributions to earnings cannot be taken for granted. By its very nature, demand for balancing energy is highly volatile. The impending introduction of a capacity market for balancing energy in Italy could also have a considerable influence on the plant's earning power.

The modernisation of Robbia power plant will at times involve a reduction in the volumes of electricity generated.

Despite all the uncertainty, however, we expect to see a further improvement in the economic situation in Switzerland and Italy.

CONSOLIDATED INCOME STATEMENT

CHF thousand	Note	2020	2019
Net sales from goods and services	1	1,708,078	1,915,261
Own costs capitalised	2	9,233	6,412
Change in inventory of sales orders	3	122	553
Other operating income	4	5,239	15,052
Total operating revenue		1,722,672	1,937,278
Share of earnings from associates and joint ventures	5	4,798	-133
Energy procurement	6	-1,406,168	-1,617,586
Concession fees	7	-18,324	-18,357
Personnel expenses	8	-70,157	-76,166
Materials and third party services	9	-44,923	-48,850
Other operating expenses	10	-59,209	-58,838
Earnings before interest, taxes, depreciation and amortisation (EBITDA)		128,689	117,348
Depreciation and value adjustments of tangible assets	11	-48,945	-49,303
Amortisation and value adjustments of intangible assets	12	-2,822	-2,825
Earnings before interest and taxes (EBIT)		76,922	65,220
Financial income	13	7,145	15,085
Financial expenses	13	-19,123	-26,758
Earnings before taxes		64,944	53,547
Income taxes	14	-23,717	-3,147
Group earnings		41,227	50,400
Share of group earnings attributable to Repower shareholders		39,255	46,383
Share of group earnings attributable to minorities		1,972	4,017
Share of group earnings attributable to Repower shareholders per registered share (in CHF)*		5.31	6.28
Average number of registered shares in circulation		7,390,751	7,390,665

* The undiluted group earnings are calculated on the basis of the weighted average number of shares. There are no factors resulting in a dilution of earnings per share.

CONSOLIDATED BALANCE SHEET

CHF thousand	Note	31.12.2020	31.12.2019
Assets			
Tangible assets	15	877,848	809,039
Intangible assets	16	12,198	12,657
Investments in associates and joint ventures	17	6,432	6,450
Financial assets	18	66,722	36,024
Deferred tax assets	19	33,859	34,600
Non-current assets		997,059	898,770
Inventories	20	21,604	16,692
Trade accounts receivable	21	49,304	54,994
Other receivables	22	43,866	37,352
Prepaid expenses and accrued income	23	306,345	306,408
Securities	24	158,471	107,562
Positive replacement values of held for trading positions	25	104,540	86,691
Cash and cash equivalents	26	301,244	367,131
Current assets		985,374	976,830
Total assets		1,982,433	1,875,600

CHF thousand	Note	31.12.2020	31.12.2019
Liabilities and shareholders' equity			
Share capital		7,391	7,391
Treasury shares		-19	-16
Capital reserves		179,843	198,320
Retained earnings (including group earnings)		600,780	561,525
Accumulated translation differences		-2,627	-2,437
Shareholders' equity excluding minorities		785,368	764,783
Minorities		83,914	79,705
Shareholders' equity		869,282	844,488
Non-current provisions	27	31,065	11,032
Deferred tax liabilities	28	24,411	22,209
Non-current financial liabilities	29	364,470	435,347
Other non-current liabilities	30	109,311	61,773
Non-current liabilities		529,257	530,361
Current financial liabilities	29	41,175	17,719
Negative replacement values of held for trading positions	25	94,788	64,000
Current provisions	27	7,809	841
Trade accounts payable	31	81,118	77,984
Other current liabilities	32	47,710	23,155
Deferred income and accrued expenses	33	311,294	317,052
Current liabilities		583,894	500,751
Liabilities		1,113,151	1,031,112
Total liabilities and shareholders' equity		1,982,433	1,875,600

CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

	Share capital	Treasury shares	Capital reserves	Retained earnings	Accumulated translation differences	Shareholders' equity excluding minorities	Minorities	Total shareholder's equity
Equity at 1 January 2019	7,391	-22	202,008	515,174	1,408	725,959	80,983	806,942
Group earnings				46,383		46,383	4,017	50,400
Effect of currency translation					-3,821	-3,821	-2,022	-5,843
Dividends			-3,695			-3,695	-1,176	-4,871
Purchase/sale of treasury shares		-196	7			-189	-62	-251
Changes in consolidation		202		-202		-	-1,335	-1,335
Purchase/sale of minorities				170	-24	146	-700	-554
Equity at 31 December 2019	7,391	-16	198,320	561,525	-2,437	764,783	79,705	844,488
Equity at 1 January 2020	7,391	-16	198,320	561,525	-2,437	764,783	79,705	844,488
Group earnings				39,255		39,255	1,972	41,227
Effect of currency translation					-190	-190	-201	-391
Dividends			-18,477			-18,477	-971	-19,448
Purchase/sale of treasury shares		-3				-3		-3
						-	3,409	3,409
Equity at 31 December 2020	7,391	-19	179,843	600,780	-2,627	785,368	83,914	869,282

The share capital consists of 7,390,968 fully paid-up registered shares, each with a nominal value of CHF 1.00.

CONSOLIDATED CASH FLOW STATEMENT

CHF thousand	Note	2020	2019
Group earnings		41,227	50,400
Income taxes	14	23,717	3,147
Share of earnings from associates and joint ventures	5	-4,798	133
Dividends from associates and joint ventures	17	426	5
Net financial income	13	11,978	11,673
Depreciation/amortisation, impairment and reversal of impairment of tangible and intangible assets	11/12	51,767	52,128
Gain/loss on the disposals of tangible and intangible assets		1,240	612
Gain/loss on the sales of group companies		-	-518
Change in non-current provisions (without interest)		18,198	-5,543
Change in replacement values of held for trading positions		12,924	-10,888
Other non-cash income and expenses		-1,837	-1,553
Other financial cash outflow and inflow		5,990	3,326
Funds from Operations (FFO)		160,832	102,922
Changes			
Inventory		-4,889	22,871
Trade accounts receivable		6,174	-8,382
Other receivables (without income taxes)		-5,575	-13,164
Prepaid expenses and accrued income		363	-36,194
Current provisions		6,939	829
Trade accounts payable		782	10,203
Other current liabilities (without taxes)		6,581	-4,966
Deferred income and accrued expenses		-5,654	54,260
Income taxes paid		-6,795	-2,259
Cash flow from operating activities		158,758	126,120

CHF thousand	Note	2020	2019
Additions of tangible assets		-48,019	-36,496
Subsidies received for power plants	15	2,053	-
Disposals of tangible assets		325	2,736
Additions of current and non-current financial assets		-98,693	-74,561
Disposals of current and non-current financial assets		18,112	44,896
Additions of intangible assets	16	-2,675	-4,422
Additions of group companies		-39,567	-
Disposals of group companies (less cash and cash equivalents disposed of)		-	-2,313
Payments for additions of investments in associates and joint ventures	17	-428	-
Dividends received from third parties		189	201
Interest received		1,337	770
Cash flow from investing activities		-167,366	-69,189
Capital increase		3,409	-
Increase in financial liabilities		10,816	36,338
Repayment of financial liabilities		-40,882	-19,076
Dividend payments		-19,448	-4,871
Purchase/sale of treasury shares		-3	-251
Purchase of minorities		-	-554
Interest paid		-9,840	-9,616
Cash flow from financing activities		-55,948	1,970
Effect of currency translation		-1,331	-8,084
Change in cash and cash equivalents		-65,887	50,817
Cash and cash equivalents at 1 January		367,131	316,314
Cash and cash equivalents at 31 December	26	301,244	367,131

Funds from operations (FFO) is defined as cash flow from operating activities before change in net current assets and income taxes paid.

A payment of CHF 39,567 thousand for investments in group companies in the 2020 financial year relates to the acquisition of the three Italian companies ENERGEIA CODROIPO S.R.L., ENERGEIA VARMO S.R.L. and ENERGIA TRE S.R.L. (CHF 33,168 thousand) and the acquisition of the company Windpark Bestwing-Berlar GmbH & Co. KG (CHF 6,399 thousand), which was transferred to Repartner Wind Deutschland GmbH (see the “[Additions to the scope of consolidation](#)” section).

A payment of CHF 428 thousand received from investments in associates and joint ventures relates to the interest in the company EVUlation AG newly established in 2020 (see the “[Additions to the scope of consolidation](#)” section).

A payment of CHF 2,313 thousand received from disposals of group companies in the 2019 financial year relates to the change for esolva ag, formerly SWIBI AG, from full consolidation to the equity method (see the “[Transition from full consolidation to equity method](#)” section).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS: PRINCIPLES

1 Accounting and valuation principles

General information

Repower Group prepares its financial statements in accordance with the entire Accounting and Reporting Recommendations (Swiss GAAP FER), providing a true and fair view of the assets, liabilities, financial position and profit or loss of the Repower Group.

In individual cases roundings can mean that figures in this report do not add up to the exact total specified, and that the specified percentages do not exactly result from the stated figures.

2 Consolidation

Scope of consolidation

The present consolidated financial statements encompass the financial statements of Repower AG and all investments where Repower holds, directly or indirectly, more than 50 per cent of the votes or can exercise control in some other way. These investments are fully consolidated. Associated organisations and joint ventures are included in the financial statements in accordance with the equity method.

Overview of subsidiaries, associates and joint ventures

Company	Head office	Currency	Issued capital in thousands	Holding 31.12.2020	Method ¹⁾
Repower AG	Brusio	CHF	7,391	-	F
Ovra elettrica Ferrera SA	Trun	CHF	3,000	49.00%	F
Alvezza SA in Liquidation	Disentis	CHF	500	62.00%	F
Repartner Produktions AG	Poschiavo	CHF	20,000	51.00%	F
Repower Deutschland GmbH	Olsberg	EUR	11,525	100.00%	F
Repartner Wind GmbH	Olsberg	EUR	25	51.00%	F
Repower Italia S.p.A.	Milan	EUR	2,000	100.00%	F
Repower Vendita Italia S.p.A.	Milan	EUR	4,000	100.00%	F
SET S.p.A.	Milan	EUR	120	61.00%	F
Energia Sud S.r.l.	Milan	EUR	1,500	100.00%	F
SEA S.p.A.	Milan	EUR	120	65.00%	F
REC S.r.l.	Milan	EUR	10	65.00%	F
MERA S.r.l.	Milan	EUR	100	100.00%	F
RESOL 1 S.r.l. ²⁾	Milan	EUR	10	100.00%	F
REV S.r.l.	Milan	EUR	10	100.00%	F
Repower Renewable S.p.A.	Venice	EUR	71,936	65.00%	F
Impianto Eolico Pian dei Corsi S.r.l.	Venice	EUR	200	37.38%	F
ESE Cerignola S.r.l.	Venice	EUR	100	65.00%	F
RES S.r.l.	Venice	EUR	150	65.00%	F
Cramet Energie S.r.l.	Venice	EUR	20	65.00%	F
ESE Terlizzi S.r.l.	Venice	EUR	20	65.00%	F
ESE Salento S.r.l.	Venice	EUR	10	65.00%	F
Elettrosud Rinnovabili S.r.l.	Venice	EUR	10	65.00%	F
Quinta Energia S.r.l.	Erice	EUR	50	65.00%	F
ESE Armo S.r.l.	Venice	EUR	30	65.00%	F
ESE Nurra S.r.l.	Venice	EUR	200	43.55%	F
ESE Castelguglielmo S.r.l.	Venice	EUR	30	65.00%	F
Compagnia Energie Rinnovabili S.r.l.	Venice	EUR	100	65.00%	F
Parco Eolico Buseto S.p.A.	Erice	EUR	500	65.00%	F
ERA S.c.ar.l.	Venice	EUR	30	64.99%	F
ESE Apricena S.r.l.	Venice	EUR	30	65.00%	F
SOLIS S.r.l.	Venice	EUR	10	65.00%	F

1) Key: F Fully consolidated, E Equity Method

2) Formerly Immobiliare Saline S.r.l.

3) Only 20 percent of the issued capital has been paid in.

Company	Head office	Currency	Issued capital in thousands	Holding 31.12.2020	Method ¹⁾
Energeia Codroipo S.r.l.	Milan	EUR	10	65.00%	F
Energeia Varmo S.r.l.	Milan	EUR	10	65.00%	F
Energia Tre S.r.l.	Milan	EUR	1,426	65.00%	F
EL.IT.E. S.p.A.	Milan	EUR	3,889	46.55%	E
Aerochetto S.r.l.	Catania	EUR	2,000	39.00%	E
Kraftwerk Morteratsch AG	Pontresina	CHF	500	10.00%	E
Grischelectra AG ³⁾	Chur	CHF	1,000	11.00%	E
Terra di Conte S.r.l.	Lucera	EUR	10	32.50%	E
esolva ag	Weinfelden	CHF	792	42.05%	E
EVUlation AG	Poschiavo	CHF	1,000	42.75%	E

1) Key: F Fully consolidated, E Equity Method

2) Formerly Immobiliare Saline S.r.l.

3) Only 20 percent of the issued capital has been paid in.

All subsidiaries, associates and joint ventures with the exception of Grischelectra AG, which closes its accounts on 30 September, close their accounts at the end of the calendar year.

Ovra elettrica Ferrera SA, Trun, is a power plant company in which the local municipality holds a 51 per cent stake. The Repower Group bears full operating responsibility for this company via Repower AG, and sells 100 per cent of the energy generated on the market. The Repower Group thus exercises overall control and Ovra elettrica Ferrera SA is fully consolidated.

In contrast to the share capital held, Repower exercises 30 per cent of the votes in Grischelectra AG and on the basis of contractual arrangements controls Grischelectra AG in conjunction with Canton Graubünden.

Under the contractual arrangements governing the interests in Kraftwerk Morteratsch AG and Terra di Conte S.r.l., all relevant decisions must be made unanimously. Kraftwerk Morteratsch AG and Terra di Conte S.r.l. are joint ventures.

Additions to the scope of consolidation

On 30 January 2020 Repower and additional partners established EVUlation AG with the goal of developing and marketing innovative products and services for energy utilities. The investment is initially recognised at CHF 428 thousand (see [Note 17](#)). Repower holds 42.75 per cent of the company, recognising it as an associate according to the share of equity.

In the first half of 2020 Repower Renewable acquired another 12 photovoltaic installations with total installed capacity of 14 MW by establishing SOLIS S.R.L. (on 6 March 2020), which in its turn bought ENERGEIA CODROIPO S.R.L. and ENERGEIA VARMO S.R.L. (on 30 April 2020) and ENERGIA TRE S.R.L. (on 18 June 2020) and their existing installations in Italy. The acquisition belongs to the Market Italy segment.

With effect 31 December 2020, in North Rhine-Westphalia Repower acquired the company Windpark Bestwig-Berlar GmbH & Co. KG with a wind farm consisting of five turbines with a total capacity of 7.5 megawatts. With the withdrawal of the general partner, the assets of the company accrued to the acquirer, Repower Wind Deutschland GmbH, as the sole remaining shareholder, and the acquired company ceased to exist. The acquisition belongs to the Market Switzerland segment.

The table below summarises the material recognised amounts of assets acquired and liabilities assumed as well as the purchase prices of the acquired companies:

		Market Italy	Market Switzerland	TOTAL
Tangible assets	15	61,417	10,732	72,149
Financial assets	18	265	-	265
Trade accounts receivable	21	583	-	583
Other receivables	22	2,444	375	2,819
Prepaid expenses and accrued income	23	1,505	186	1,691
Cash and cash equivalents	26	2,740	234	2,974
Current and non-current provisions	27	-35	-679	-714
Deferred tax liabilities	28	-3,469	-	-3,469
Non-current financial liabilities	29	-26,721	-3,450	-30,171
Trade accounts payable	31	-1,496	-	-1,496
Other current liabilities	32	-579	-864	-1,443
Deferred income and accrued expenses	33	-746	-	-746
Total net assets		35,908	6,534	42,442
Cash consideration paid		35,908	6,633	42,541
Purchase price adjustment		-	-99	-99
Purchase price		35,908	6,534	42,442
Acquired cash and cash equivalents		-2,740	-234	-2,974
Cash out flow from acquisition		33,168	6,399	39,567

There were no additions to the scope of consolidation in 2019.

Transition from the equity method to recognition at cost

In March 2019 Engie New Business acquired an interest in tiko Energy Solutions AG by way of a unilateral capital increase. Repower's interest in tiko Energy Solutions AG declined from 35.0 to 19.85 per cent. The existing investment and loan receivable that compose the net investment in the company are recognised at cost the recognised value is based on the equity value of Repower's interest in the company at the moment the significant influence ceased to be exercised. Impairment of CHF 4,481 thousand on the investment and loan receivable resulting from the application of the equity method was reversed in 2019.

Transition from full consolidation to equity method

Since 1 October 2019 esolva AG, the former SWIBI AG, has no longer been recognised as a subsidiary, but as an associate in the consolidated financial statements.

EcoWatt AG, Sacin AG and SWIBI AG, all companies operating in energy services, were merged with effect 30 September 2019. The previous shareholders of EcoWatt AG and Sacin AG deposited their shares in return for new shares in SWIBI AG. As part of this transaction Repower sold shares in SWIBI AG towards payment of CHF 2,486 thousand.

Following the merger, Repower AG's remaining interest in the capital and votes of SWIBI AG came to 42.05 per cent. The company was to be deconsolidated. On deconsolidation the carrying amounts of the assets and liabilities, as well as the share of minorities, are removed. The investment in the

associate is recognised for the first time according to the share of the carrying value (CHF 2,396 thousand) of the net assets of SWIBI AG recognised at the time of derecognition.

The interim consolidation results in income of CHF 518 thousand, disclosed the prior year in the consolidated income statement under other operating income. Net cash outflow of CHF 2,313 thousand is disclosed in the cash flow statement for 2019 in the item disposals of group companies (less cash and cash equivalents) under cash flow from investing activities.

The material balance sheet effects are shown in the following table:

CHF thousand	Note	Total
Tangible assets	15	375
Intangible assets	16	553
Financial assets	18	68
Inventories	20	285
Trade accounts receivable	21	846
Other receivables	22	114
Prepaid expenses and accrued income	23	148
Cash and cash equivalents	26	4,799
Deferred tax liabilities	28	-114
Trade accounts payable	31	-404
Other current liabilities	32	-193
Deferred income and accrued expenses	33	-778
Share attributable to minorities		-1,335
Net assets derecognised		4,364
Cash consideration received		2,486
Investment in associate company		2,396
Net assets derecognised		-4,364
Result from transition consolidation		518
Cash consideration received		2,486
Cash and cash equivalents disposed of		-4,799
Net cash outflow arising from transition consolidation		-2,313

Changes in the ownership interests without loss of control

On 1 January 2019 the wholly-owned subsidiary Lagobianco SA was merged into Repower AG.

In 2019, non-controlling interests were acquired in ESE Salento S.r.l. and ESE Nurra S.r.l. A net cash outflow of CHF 554 thousand is offset by non-controlling interests of CHF 700 thousand. The difference was allocated to the majority shareholder's capital.

Consolidation method

Capital consolidation is done in accordance with the purchase method. When an entity is purchased its assets and liabilities as of the date of acquisition are revalued in accordance with uniform group principles. Any remaining goodwill (the difference between the purchase price and the share of equity) is capitalised and amortised over five years or a maximum of 20 years. Assets and liabilities and income and expenses at fully consolidated entities are integrated in their entirety in the consolidated

financial statements. Minority interests in the equity and minority interests in the profits of fully consolidated entities are stated separately.

Intragroup receivables and liabilities, income and expenses and investments are netted out and interim gains eliminated. Investments in associates and joint ventures are accounted for using the equity method.

Conversion of foreign currencies

Each group company determines the functional currency in which it draws up its individual financial statements. Company financial statements in foreign currencies are converted as follows: assets and liabilities at the closing rate on the balance sheet date, equity at historical rates. The income and cash flow statements are converted at the average rate for the year. The resulting translation differences are recognised directly in equity. On the disposal of entities the translation differences attributable to them are reclassified in the consolidated statement of changes in equity from accumulated translation differences to retained earnings.

Foreign currency transactions contained in the individual financial statements of consolidated entities are converted at the relevant daily rate, and foreign currency balances are converted on the closing date at the closing rate on the balance sheet date. The resulting differences in rates are recognised in profit or loss.

The following exchange rates were used for the most important foreign currency:

Currency	Unit	Closing exchange rate		Average exchange rate	
		31.12.2020	31.12.2019	2020	2019
EUR	1	1.08020	1.08540	1.07037	1.11276

Cash flow statement

The cash and cash equivalents fund forms the basis of the consolidated cash flow statement. Cash flow from operating activities is calculated by the indirect method.

3 Valuation principles

Tangible assets

Tangible assets are initially recognised at the lower of cost (acquisition or manufacturing cost). Repower capitalises borrowing costs if construction takes more than one year and it is a major investment project. For the purposes of subsequent measurement, Repower does scheduled straight-line amortisation over the expected useful life. Estimated useful lives are calculated in accordance with the recommendations of the Association of Swiss Electricity Companies and are within the following ranges for each category:

Category	Useful life
Power plants	20 – 80 years depending on the type of facility
Grids	15 – 40 years
Land	Indefinite
Buildings	30 – 60 years
Plant and business equipment	3 – 20 years
Assets under construction	Reclassification to the corresponding category when available for use; any impairments are recognised immediately

Intangible assets

Intangible assets are initially recognised at the lower of cost (acquisition or manufacturing cost). Provided the prerequisites for capitalisation are met, intangible assets generated internally are capitalised. Amortisation is done on a straight-line basis. The estimated useful lives for the individual categories are within the following ranges:

Category	Useful life
Goodwill	5 - 20 years
Other intangible assets	3 - 5 years

The useful lives of concession rights and rights of use are determined by the relevant contractual provisions.

Impairment

Assets are tested for impairment on every balance sheet date. If there is evidence of impairment, an impairment test is carried out to calculate the recoverable value. The recoverable value is the higher of net selling price and value in use. If the carrying amount exceeds the recoverable value, an adjustment is made in the income statement by way of unscheduled amortisation. If there is a material improvement in the facts considered while calculating the recoverable value, an impairment recognised in earlier reporting periods will be fully or partially reversed in the income statement, with the exception of goodwill.

Investments in associates and joint ventures

Investments in associates and joint ventures are recognised using the equity method. Any goodwill is a component of the interest in the entity.

Financial assets

Financial assets comprise securities and loans extended for the purposes of long-term investment, and derivatives. Non-current securities and loans are recognised at cost less any impairment. Derivatives are recognised at current values.

Deferred taxes

Deferred taxes are calculated on the basis of balance sheet temporary differences. Temporary differences between the values of balance sheet positions determined in accordance with Swiss GAAP FER principles and those determined in accordance with tax law form the basis for recognising deferred income tax assets and liabilities. Given the uncertainty involved in offsetting loss carryforwards against future earnings, deferred taxes are not capitalised.

Inventory

Inventories are goods used in the regular course of business for the purposes of disposal, manufacturing goods or providing services. They are initially recognised at the lower of cost (acquisition or manufacturing cost). The closing inventory is valued at the lower of average cost or net market price. Settlement discounts received are recognised as financial income.

Repower provides services for third parties. Only immaterial contracts are recognised under inventories recognised at acquisition or production cost.

Trade accounts receivable

Trade accounts receivable comprise receivables from business activities where the delivery or service has already been fulfilled but the debtor's payment has not been received. Receivables are measured at nominal value taking due account of necessary impairment.

Other receivables

Individual contracts that are material for Repower in the context of its service business are recognised as other receivables in proportion to revenues, net of any amounts already invoiced and prepayments received, provided the relevant preconditions of FER 22 Long-term contracts are met. The percentage of completion for application of the percentage of completion method is calculated individually for each contract using the cost to cost method.

This item still contains all other current receivables. They are measured at nominal value taking due account of necessary impairment.

Prepaid expenses and accrued income/deferred income and accrued expenses

Prepaid expenses and accrued income/deferred income and accrued expenses are designed to ensure that assets and liabilities at the balance sheet date are presented correctly and that income and expense are recognised on an accrual basis in the income statement.

In particular, goods and services delivered or received but not yet invoiced are recognised in prepaid expenses and accrued income/deferred income and accrued expenses.

Securities

Securities comprise shares, bonds and fund units as well as derivatives and short-term investments. Both initial and subsequent measurement is done at current values. If no current value is available, non-current securities are valued no higher than their acquisition costs less any impairments.

Replacement values of held-for-trading positions

Contracts in the form of forward transactions (forwards and futures) conducted with the intention of achieving a trading profit or margin are treated as derivative financial instruments and recognised as held-for-trading positions or replacement values. On the balance sheet date, all open derivative financial instruments from energy trading transactions are measured at fair value through profit or loss, and the positive and negative replacement values are recognised under assets and liabilities. Positive replacement values represent receivables. Negative replacement values represent liabilities. The replacement value is the difference in price compared to the closing price.

The open contracts are measured on the basis of market data from electricity exchanges (e.g. EEX Leipzig). For contracts for which no liquid market exists, measurement is based on a valuation model.

Current transactions are offset at positive and negative replacement value if the respective contract terms provide for this and the intention to offset exists and is legally permitted.

Realised and unrealised income from held-for-trading positions is recognised as net sales from goods and services.

Cash and cash equivalents

The cash and cash equivalents item comprises cash, sight deposits at banks and other financial institutions (e.g. PostFinance) and cash equivalents, provided they are held as a cash reserve, are highly liquid and convertible to cash at short notice, and are subject to only negligible fluctuations in value. Cash equivalents have a maximum residual term to maturity at the balance sheet date. Fixed-term deposits callable at short notice with an agreed term of more than 90 days are likewise deemed to be cash equivalents, provided that on the balance sheet date they are available for payment purposes by termination within 90 days.

Provisions

A provision is a probable liability on the basis of an event before the balance sheet date; the amount of the liability and/or the date on which it will fall due is uncertain but can be estimated. Provisions are recognised for actual and statutory obligations and for impending risks and losses. Existing provisions are remeasured on every balance sheet date. Provisions are divided into current provisions (due within twelve months) and non-current provisions (due after twelve months). If there is a material time factor involved, the provision is discounted.

Financial liabilities

Financial liabilities comprise both financing activities and derivatives, and are recognised at nominal or current values. Any differences between the acquisition cost and the redemption value of bonds or registered bonds are amortised on a straight-line basis over the term of the instruments. Interest accrued but not yet charged is accrued and recognised as deferred income and accrued expenses on the balance sheet date. Depending on the term, it is recognised under non-current or current financial liabilities.

Other non-current liabilities

Other non-current liabilities comprise all liabilities not belonging to the other categories that are not due within twelve months after the balance sheet date. In particular, under this item Repower recognises received connection fees and grid cost contributions, which are charged to profit or loss over a period of 35 years.

Trade accounts payable

Trade accounts payable from goods and services are current liabilities with a remaining term of less than twelve months arising from deliveries, work performances, services, lease agreements, etc.). They are recognised at nominal values.

Other current liabilities

This item comprises all other current liabilities that cannot be assigned to payables from goods and services. They are recognised at nominal values.

Pension provisions

On the balance sheet date, employees of Repower AG in Switzerland were members of the PKE Vorsorgestiftung Energie pension fund. This is a legally independent pension fund operating as a

defined contribution plan in accordance with the Federal Law on Occupational Pensions for Old Age, Survivors and Disability (BVG). Pension benefit obligations are measured and recognised in accordance with Swiss GAAP FER 16. The economic impacts of pension institutions on the entity are either economic benefits or economic obligations. Economic benefits and economic obligations are evaluated at the balance sheet date and recognised in the entity's financial statements. Employer contribution reserves are recognised at nominal or present value as financial assets.

A peculiarity of Italian law is the payment of severance pay. This corresponds to around one month's pay for every year of employment, and must be paid in all cases when an employment relationship is terminated. The provision for this obligation is calculated according to a recognised method specific to the country, and the change is recognised in personnel expenses.

Cash flow hedges

Derivative transactions entered into for the purpose of hedging cash flows with a high probability of occurrence are not recorded on the balance sheet, but are disclosed in the notes.

Leases

A lease is an agreement whereby certain goods are ceded for the use of the lessee in return for a payment. A distinction is made between finance and operating leases. A finance lease is defined as a lease that transfers all material risks and rewards of ownership to the lessee. Otherwise the lease is deemed to be an operating lease. The asset leased under a finance lease is recognised as tangible assets and financial liabilities. Lease instalments paid are apportioned between the finance charge and the reduction in the outstanding liability. Assets leased under operating leases are not recognised on the balance sheet. Paid and received leasing instalments are recognised in the period in which they occur.

Off-balance-sheet business

Contingent assets and liabilities are measured at the balance sheet date and disclosed in the notes. If an outflow of funds without a simultaneous usable inflow of funds is probable and estimable, a corresponding provision is recognised.

Transactions with related parties

Related parties (natural persons and legal entities) are parties which can directly or indirectly exert a significant influence on the group's financial and operational decisions. Organisations that for their part are directly or indirectly controlled by related parties are likewise deemed to be related. All material transactions and resulting balances or liabilities vis-à-vis related parties are disclosed in these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS: NOTES

1 Net sales from goods and services

CHF thousand	2020	2019
Net sales from goods and services	1,708,078	1,915,261
Revenue from energy business	1,679,581	1,881,936
Revenues from services and other usual business activities	28,497	33,325

Revenue from energy business and revenues from services and other usual business activities are recognised in the income statement when delivery of goods or services has been performed.

Long-term contracts are recognised in accordance with the percentage of completion method. Revenues from services and other usual business activities contain revenues of CHF 4,130 thousand (prior year: CHF 6,767 thousand).

The decline in revenue from energy business versus the prior year is connected in particular with a decline in demand from Italian SMEs that were closed down during the first wave of the pandemic (see [Note 6](#)).

The Swiss Federal Electricity Commission (ElCom) has issued a ruling on the resubmission of the operating costs and cost of capital for the 150 kV Robbia-Campocologno feeder line for the tariff years from 2009 to 2012. In the first half of 2020 Repower received CHF 7,343 thousand in subsequently declared eligible grid costs, including interest on the differences, which are recognised in net sales from goods and services in the Market Switzerland segment.

Prior-year revenues from services and other usual business activities include revenues of CHF 3,514 thousand from the trade fair business of SWIBI AG, which since 1 October 2019 has been recognised as an associate under the name of esolva ag in the consolidated financial statements.

A breakdown of net revenues by Repower business segment is presented in the note on segment reporting ([Note 37](#)).

2 Own costs capitalised

CHF thousand	2020	2019
Own costs capitalised	9,233	6,412

A year-on-year increase in own costs capitalised is attributable in particular to work for the company's own power generation assets.

3 Change in inventory of sales orders

CHF thousand	2020	2019
Change in inventory of sales orders	122	553

The changes in inventory of sales orders relate to work in progress in inventories.

4 Other operating income

CHF thousand	2020	2019
Other operating income	5,239	15,052
Profit from disposal of tangible assets	78	853
Refund from insurance for operating loss	-	9,737
Revenue from other operating activities	5,161	4,462

The reimbursement of CHF 9,737 thousand from business interruption insurance in 2019 relates to the Tenerola power plant, which was out of action for a protracted period owing to damage and its repair.

Furthermore in 2019 a good performance guarantee for the construction of a power plant was collected for an amount of CHF 967 thousand (see [Note 15](#)).

5 Share of earnings from associates and joint ventures

CHF thousand	2020	2019
Share of earnings from associates and joint ventures	4,798	-133
Associated organisations	4,751	-197
Joint ventures	47	64

The “share of earnings from associates and joint ventures” in 2020 include in particular CHF 1,006 thousand representing the share in the accumulated start-up losses of EVolution AG, established and in the start-up process in the year under review and assigned to the “other segments and activities”, and the reversal, amounting to CHF 5,780 thousand, recognised in the “Market Italy” segment, of the loan towards associated company Aerochetto S.r.l. (see [Note 17](#)).

6 Energy procurement

CHF thousand	2020	2019
Energy procurement	-1,406,168	-1,617,586

The decline in energy procurement versus the prior year is connected in particular with a reduction in sales volumes in Italy during the pandemic (see [Note 1](#)).

In the “Market Switzerland” segment, energy procurement includes recognition of provisions for long-term agreements of CHF 20,779 thousand net (prior year: provisions of CHF 5,900 thousand reversed). In the “Market Italy” segment provisions of CHF 3,122 thousand were made for long-term energy procurement agreements (versus CHF 0 thousand the prior year) (see [Note 27](#)).

7 Concession fees

CHF thousand	2020	2019
Concession fees	-18,324	-18,357
Water rates/hydro plant taxes	-10,775	-10,317
Other concession fees	-7,549	-8,040

8 Personnel expenses

CHF thousand	2020	2019
Personnel expenses	-70,157	-76,166
Wages and salaries	-55,035	-57,959
Social security costs and other personnel costs	-15,122	-18,207

To compensate for the future reduction in conversion rates for the occupational pensions of employees in Switzerland, Repower AG made an additional employer's contribution of CHF 3,087 thousand in the 2019 financial year. The resulting expense is recognised in social security costs and other personnel costs.

9 Materials and third party services

CHF thousand	2020	2019
Materials and third party services	-44,923	-48,850
Materials	-6,813	-8,003
Third party services	-38,110	-40,847

The “Materials and third party services” contain expenses for maintaining and operating technical assets, external services for operational processes and the performance of services by third parties.

10 Other operating expenses

CHF thousand	2020	2019
Other operating expenses	-59,209	-58,838
Cost of premises	-6,224	-4,260
Vehicle and transport costs	-1,283	-2,059
Administrative costs	-7,011	-8,116
IT costs	-11,415	-10,085
Marketing & communications	-10,535	-10,363
Allowances for doubtful accounts	-7,960	-3,821
Capital taxes, levies and fees	-6,541	-6,404
Other operating expenses	-8,240	-13,730

The increase in “allowances for doubtful accounts” relates in particular to the recognition of an allowance of CHF 1,964 thousand for doubtful accounts (prior year: CHF 0) for a trading partner in Italy.

Information on the development of allowances for doubtful accounts can be found in [Note 21](#).

11 Depreciation and value adjustments of tangible assets

CHF thousand	2020	2019
Depreciation and value adjustments of tangible assets	-48,945	-49,303

The balance for the 2020 financial year contains neither a reversal nor impairment, while the 2019 balance contains impairment of CHF 1,983 thousand (see [Note 15](#)).

12 Amortisation and value adjustments of intangible assets

CHF thousand	2020	2019
Amortisation and value adjustments of intangible assets	-2,822	-2,825

Neither impairment gains nor impairment losses were recognised in 2019 and 2020.

13 Net financial result

CHF thousand	2020	2019
Financial income	7,145	15,085
Interest income	1,252	1,142
Dividend income	189	201
Changes in the value of securities held for trading	1,992	8,031
Reversal of impairment financial investments	3,072	4,481
Gain on early repayment of liabilities	488	1,193
Other financial income	152	37
Financial expenses	-19,123	-26,758
Interest expense	-10,629	-10,804
Interest accumulated on provisions	-226	-775
Changes in securities held for trading	-1,037	-2,414
Currency translation	-1,910	-9,885
Impairments	-2,813	-
Loss on premature repayment of liabilities	-104	-
Other financial expenses	-2,404	-2,880
Net financial result	-11,978	-11,673

In 2020 the weakening in the euro was less pronounced, resulting in a year-on-year decline in currency translation losses. In connection with the stabler euro exchange rate and lower hedging volumes, in 2020 gains on forward exchange transactions, recognised in financial income under “changes in securities held for trading”, were lower.

“Changes in securities held for trading” in financial expenses comprises income contributions from interest rate swaps and dual currency deposits (DCDs).

In 2020 the impairment loss of CHF 3,072 thousand on ENAG Energiefinanzierungs AG was reversed (see [Note 18](#)).

The reversal of CHF 4,481 thousand in 2019 relates to the reversal of the impairment for the investment and the loan to tiko Energy Solutions AG. The investment with a carrying value of CHF 2,813 thousand in this company at 31 December 2019 was fully impaired in the first half of 2020 on the basis of the company's updated planning data.

The gains and losses on premature repayment of liabilities relate to the reimbursement of lease and loan liabilities.

14 Income taxes

CHF thousand	2020	2019
Income taxes referred to in the income statement	-23,717	-3,147
Current income taxes	-24,680	-3,961
Deferred income taxes	963	814

The reconciliation between the actual tax burden and the expected tax burden for the financial years ending on 31 December 2020 and 2019 is as follows:

CHF thousand	2020	2019
Reconciliation		
Income before taxes	64,944	53,547
Income tax rate for parent company	14.8%	16.1%
Income taxes at expected income tax rate	-9,592	-8,632
Tax effect from income taxed at other tax rates	-6,140	-3,393
Tax effect from tax-free income/non-tax-deductible expenses	-7,533	-105
Tax losses in the current year for which no deferred tax assets were recognised	-141	-324
Tax loss carryforwards for which no deferred tax assets were recognised	9,192	10,093
Regional production tax in Italy - IRAP	-2,771	-2,142
Change in tax rate	-	1,625
Income taxes for previous years	-6,692	297
Non-usable withholding tax	-204	-562
Other	164	-4
Income taxes referred to in the income statement	-23,717	-3,147
Effective income tax rate	36.5%	5.9%

Not yet used tax loss carryforwards

On the balance sheet date there were not yet used tax loss carryforwards of CHF 45,068 thousand (prior year: CHF 106,960 thousand). The offsetability of loss carryforwards against future earnings involves uncertainty.

This results in unrecognised deferred tax assets of CHF 11,948 thousand (prior year: CHF 22,395 thousand). Given the uncertainty involved in offsetting loss carryforwards against future earnings, deferred taxes are not capitalised (Swiss GAAP FER 11/23).

15 Tangible assets

CHF thousand	Power plants	Grids	Assets under construction	Land and buildings	Other	Total
Gross values at 1 January 2019	994,857	771,481	81,522	71,731	55,738	1,975,329
Own costs capitalised	-	330	6,082	-	-	6,412
Additions	189	262	27,331	22	2,438	30,242
Disposals	-	-14,791	-52,897	-73	-445	-68,206
Disposals from changes in consolidation	-	-	-	-	-2,394	-2,394
Reclassifications between asset classes	8,630	18,034	-28,181	10	1,728	221
Effect of currency translation	-18,863	-	-499	-603	-872	-20,837
Gross values at 31 December 2019	984,813	775,316	33,358	71,087	56,193	1,920,767
Accumulated depreciation and value adjustments at 1 January 2019	-558,044	-451,476	-59,780	-33,697	-35,655	-1,138,652
Depreciation	-25,283	-17,229	-	-679	-4,129	-47,320
Impairments	-	-	-1,983	-	-	-1,983
Disposals	-	10,713	52,094	43	343	63,193
Disposals from changes in consolidation	-	-	-	-	2,019	2,019
Effect of currency translation	9,807	-	178	550	480	11,015
Accumulated depreciation and value adjustments at 31 December 2019	-573,520	-457,992	-9,491	-33,783	-36,942	-1,111,728
Net values at 31 December 2019	411,293	317,324	23,867	37,304	19,251	809,039
of which security pledged for debts						77,953
Gross values at 1 January 2020	984,813	775,316	33,358	71,087	56,193	1,920,767
Own costs capitalised	-	207	9,026	-	-	9,233
Additions	1,530	5,428	30,818	594	1,369	39,739
Additions from changes in consolidation	71,496	-	-	622	31	72,149
Subsidies received	-	-	-2,053	-	-	-2,053
Disposals	-1,652	-8,935	-17	-128	-318	-11,050
Reclassifications between asset classes	3,351	23,048	-26,698	837	337	875
Effect of currency translation	-1,425	-	6	-56	-105	-1,580
Gross values at 31 December 2020	1,058,113	795,064	44,440	72,956	57,507	2,028,080
Accumulated depreciation and value adjustments at 1 January 2020	-573,520	-457,992	-9,491	-33,783	-36,942	-1,111,728
Depreciation	-27,079	-17,431	-	-729	-3,706	-48,945
Disposals	1,502	7,901	-	29	120	9,552
Reclassifications between asset classes	-25	-	-	-305	-	-330
Effect of currency translation	1,082	-	22	65	50	1,219
Accumulated depreciation and value adjustments at 31 December 2020	-598,040	-467,522	-9,469	-34,723	-40,478	-1,150,232
Net values at 31 December 2020	460,073	327,542	34,971	38,233	17,029	877,848
of which security pledged for debts						99,843

Land and buildings connected with power generation and grid facilities are stated under power plants and grids.

The increase in the net values of tangible assets pledged as security for debts relates in particular to bank loan taken up in connection with the early redemption of financial leases.

The subsidies received stated are subsidies received in connection with the total renovation of Robbia power plant.

The impairment charge recognised in 2019 related to a payment to a supplier that was unable to meet its obligation. In this context use was made of a contract bond amounting to CHF 967 thousand. The income was recognised as other operating income (see [Note 4](#)).

Leased power plants

The net carrying amount of the generation assets held as part of the finance leasing agreement totalled CHF 22,938 thousand (previous year: CHF 41,057 thousand) at the closing date.

Total lease liabilities come to CHF 16,363 thousand (prior year: CHF 27,431 thousand).

16 Intangible assets

CHF thousand	Goodwill	Software	Concessions and rights of use	Other	Total
Gross values at 1 January 2019	955	28,842	17,360	2,385	49,542
Additions	-	1,891	26	2,505	4,422
Disposals	-	-	-5	-	-5
Disposals from changes in consolidation	-	-1,696	-	-	-1,696
Reclassifications between asset classes	-	909	-	-1,130	-221
Effect of currency translation	-35	-392	-39	-117	-583
Gross values at 31 December 2019	920	29,554	17,342	3,643	51,459
Accumulated amortisation and value adjustments at 1 January 2019	-	-24,330	-12,919	-205	-37,454
Amortisation	-189	-2,231	-354	-51	-2,825
Disposals from changes in consolidation	-	1,143	-	-	1,143
Effect of currency translation	5	320	-	9	334
Accumulated amortisation and value adjustments at 31 December 2019	-184	-25,098	-13,273	-247	-38,802
Net values at 31 December 2019	736	4,456	4,069	3,396	12,657
Gross values at 1 January 2020	920	29,554	17,342	3,643	51,459
Additions	-	1,461	-	1,214	2,675
Disposals	-	-	-	-104	-104
Reclassifications between asset classes	-	1,513	-	-1,693	-180
Effect of currency translation	-4	-24	-5	-23	-56
Gross values at 31 December 2020	916	32,504	17,337	3,037	53,794
Accumulated amortisation and value adjustments at 1 January 2020	-184	-25,098	-13,273	-247	-38,802
Amortisation	-181	-2,203	-354	-84	-2,822
Effect of currency translation	-1	29	-	-	28
Accumulated amortisation and value adjustments at 31 December 2020	-366	-27,272	-13,627	-331	-41,596
Net values at 31 December 2020	550	5,232	3,710	2,706	12,198

The goodwill stems from the acquisition of Repower Renewable S.p.A. in December 2018.

17 Investments in associates and joint ventures

CHF thousand	2020	2019
Investments in associates and joint ventures	6,432	6,450
EL.IT.E S.p.A.	3,591	3,616
esolva ag	2,363	2,396
Aerochetto S.r.l.	-	-
EVUlation AG	-	-
Terra di conte S.r.l.	324	286
Grischelectra AG	27	27
Kraftwerk Morteratsch AG	127	125
Carrying amounts at 1 January	6,450	3,945
Investments	428	-
Additions from changes in consolidation	-	-
Addition of esolva ag	-	2,396
Dividends	-426	-5
Effect of currency translation	-19	-148
Share of earnings	-1	262
Carrying amounts at 31 December	6,432	6,450
Decrease in loans receivable		
01.01.2021	-6,713	-19,404
Share of earnings	4,799	-395
Disposal tiko Energy Solutions AG	-	12,834
Effect of currency translation	81	252
31 December	-1,833	-6,713

The investment of CHF 428 thousand relates to the investment in the associate EVUlation AG, which was established on 30 January 2020 by Repower and other partners (see the “[Additions to the scope of consolidation](#)” section). The share of start-up losses accumulated in the current year have eroded the entire value of the investment.

Losses in excess of the carrying value of the investments from measurement according to the share of equity are netted with the loans that also exist (see [Note 18](#)) as a component of the net investment, and are presented in the table above.

The loss carryforward of CHF 6,713 thousand as of 1 January 2020 relates to the loan to the associate Aerochetto S.r.l., which was continued in 2020. The equity of Aerochetto S.r.l. has developed positively, and in 2020 Repower was still in sales negotiations concerning its net investment in this company. The realisable amount was calculated. The loss carryforward for the loan receivable was reversed via the pro rata earnings except for a remaining amount of CHF -1,255 thousand, while the reversal of the impairment loss at the valuation date amounts to CHF 5,780 thousand.

Furthermore, as of 31 December 2020 there is a loss carryforward in the amount of CHF -578 thousand relating to the loan receivable to the associate EVUlation AG.

Since 1 October 2019, SWIBI AG has no longer been recognised as a subsidiary, but as an associate under the name of esolva ag in the consolidated financial statements (see the “[Transition from full consolidation to equity method](#)” section).

In March 2019 Engie New Business acquired an interest in tiko Energy Solutions AG by way of a unilateral capital increase. Repower’s interest in tiko Energy Solutions AG declined from 35.0 to 19.85 per cent. The carrying amount of the investment was CHF 0 thousand, and the carrying amount of the loss carried forward for the loan was CHF 12,843 thousand. The investment and loan are amortised at cost under financial assets (see [Note 18](#)).

18 Financial assets

CHF thousand	31.12.2020	31.12.2019
Financial assets	66,722	36,024
AKEB Aktiengesellschaft für Kernenergiebeteiligungen	6,300	6,300
Kraftwerke Hinterrhein AG	6,500	6,500
tiko energy solutions AG	-	2,813
Loans receivable	10,894	4,628
Non-current securities	5,132	4,071
Fixed term deposits	37,896	11,712

Repower holds interests of 7.0 per cent and 6.5 per cent respectively in the partner plants AKEB Aktiengesellschaft für Kernenergie-Beteiligungen, Lucerne, and Kraftwerke Hinterrhein AG, Thusis. Repower’s interest in tiko Energy Solutions AG, Ittingen, is 19.85 per cent.

The investment with a carrying value of CHF 2,813 thousand in tiko Energy Solutions AG at 31 December 2019 was fully impaired in the first half of 2020 on the basis of the company’s updated planning data (see [Note 13](#)).

In 2020 the impairment of CHF 3,072 thousand on ENAG Energiefinanzierungs AG, recognised in “non-current securities”, was reversed (see [Note 13](#)). As part of a reduction in the company’s capital, Repower received a repayment of its contribution in the amount of CHF 2,739 thousand. The new carrying value of the investment corresponds to its pro rata nominal value of CHF 2,739 thousand. The interest in the company is unchanged at 5.48 per cent.

The active loans relate to loans to associates and joint ventures amounting to CHF 8,623 thousand (prior year: CHF 486 thousand). Accumulated impairments of CHF 1,833 thousand (prior year: CHF 6,713 thousand) were recognised under this item (see [Note 17](#)).

19 Deferred tax assets

CHF thousand	2020	2019
Deferred tax assets	33,859	34,600

The tax rates used to calculate deferred income tax items are 14.8 per cent for Switzerland, 28.0 per cent for Italy, and 29.0 per cent for Germany.

20 Inventories

CHF thousand	31.12.2020	31.12.2019
Inventories	21,604	16,692
Emission certificates	6,955	3,583
Work in progress	8,120	7,782
Inventories of materials	6,529	5,327

21 Trade accounts receivable

CHF thousand	31.12.2020	31.12.2019
Trade accounts receivable	49,304	54,994
Trade accounts receivable	62,734	67,233
Allowances for doubtful accounts	-13,430	-12,239
Development of allowances for doubtful accounts		
Carrying amount at 1 January	12,239	11,859
Additions	5,737	4,264
Utilisations	-3,712	-2,719
Reversals	-803	-739
Effect of currency translation	-31	-426
End balance at 31 December	13,430	12,239

The stated trade accounts receivable also include claims on associates and joint ventures amounting to CHF 662 thousand (prior year: CHF 476 thousand).

Trade accounts receivable are measured by applying individual and lump-sum adjustments to the non-impaired positions based on their maturity structure and historical experience.

22 Other receivables

CHF thousand	31.12.2020	31.12.2019
Other receivables	43,866	37,352
Current income tax receivables	2,452	4,151
VAT receivables	5,081	11,783
Advance payments for inventories	5,641	5,514
Security deposits paid	16,763	9,685
Other receivables	13,929	6,219

The item "security deposits paid" include a receivable from a margin call of CHF 7,648 that was paid at the beginning of 2021.

The item "other receivables" includes accrued revenues from long-term contracts amounting to CHF 10,897 (prior year: CHF 6,767 thousand) less advance payments of CHF 6,715 thousand (prior year: CHF 5,761 thousand) received and balances from excise tax of CHF 4,695 thousand (prior year: CHF 127 thousand).

23 Prepaid expenses and accrued income

CHF thousand	31.12.2020	31.12.2019
Prepaid expenses and accrued income	306,345	306,408
Trade accounts receivable invoices not issued yet	300,951	299,625
Power trades from participations	889	221
Other prepaid expenses and accrued income	4,505	6,562

The item "trade accounts receivable invoices not issued yet" includes goods and services that have been delivered but not yet invoiced.

24 Securities

CHF thousand	31.12.2020	31.12.2019
Securities	158,471	107,562
Fixed term deposits (up to 12 months)	154,010	102,562
Loans receivable	4,030	-
Forward foreign currency contracts	305	4,596
Other securities	126	404

25 Replacement values of held-for-trading positions

CHF thousand	31.12.2020	31.12.2019
Positive replacement values	104,540	86,691
Negative replacement values	-94,788	-64,000
Net replacement values	9,752	22,691

26 Cash and cash equivalents

CHF thousand	31.12.2020	31.12.2019
Cash and cash equivalents	301,244	367,131
Sight deposits	285,041	309,142
Cash invested for less than 90 days	16,203	57,989

At the balance sheet date, Repower also has the following unused bank credit lines:

CHF thousand	31.12.2020	31.12.2019
Credit lines	126,532	158,714
Unused general credit lines	25,241	36,088
Additional unused credit lines for the purpose of issuing guarantees	101,291	122,626

27 Provisions

CHF thousand	Litigation and court proceedings	Dismantling provisions	Provisions for onerous contracts	Severance pay	Other provi- sions	Total
Carrying value at 1 January 2019	1,003	4,532	5,202	3,649	1,679	16,065
Additions	-	159	-	553	1,233	1,945
Utilisations	-11	-	-	-188	-11	-210
Reversals	-	-	-5,900	-	-390	-6,290
Interest	-	77	698	-	-	775
Effect of currency translation	-37	-150	-	-143	-82	-412
Carrying value at 31 December 2019	955	4,618	-	3,871	2,429	11,873
Carrying value at 1 January 2020	955	4,618	-	3,871	2,429	11,873
Additions	-	1,037	24,124	561	1,105	26,827
Additions from changes in consolidation	-	714	-	-	-	714
Utilisations	-	-	-223	-281	-52	-556
Reversals	-	-100	-	-	-96	-196
Interest	-	76	150	-	-	226
Reclassifications	-	10	-	-	-10	-
Effect of currency translation	-5	-12	29	-16	-10	-14
Carrying value at 31 December 2020	950	6,343	24,080	4,135	3,366	38,874
Non-current Provisions						
Carrying value at 31 December 2019	955	4,618	-	3,871	1,588	11,032
Carrying value at 31 December 2020	950	6,030	17,378	4,135	2,572	31,065
Current provisions						
Carrying value at 31 December 2019	-	-	-	-	841	841
Carrying value at 31 December 2020	-	313	6,702	-	794	7,809

Provisions for onerous contracts

The decision on whether there is a threat of loss on a long-term sales or procurement contract and the resulting recognition of a provision essentially depends on the situation regarding the relevant contractual prices and expected procurement or sales prices.

In the 2020 financial year additions in provisions totalling CHF 24,124 thousand were recognised under energy procurement for identifiable losses on procurement contracts. Of this, CHF 16,469 thousand and CHF 4,533 thousand fall to procurement contracts for electricity and guarantees

of origin respectively in the “Market Switzerland” segment, and CHF 3,122 thousand to procurement contracts for gas transport capacity in the “Market Italy” segment.

The provisions were calculated on the basis of risk-adjusted interest rates of between 6.8 and 14.2 per cent.

The provision that existed on 1 January 2019 was reversed in full the prior year via energy procurement in the “Market Switzerland” segment.

Severance pay

When an employment relationship is terminated in Italy, the employee is entitled to severance pay corresponding to almost one month’s pay for each year of employment (see [Note 34](#)).

Dismantling provisions

The dismantling provisions category comprises various provisions for the dismantling of operating installations. Taken individually they are immaterial. Additions in 2020 were recognised under tangible assets.

Other provisions

In 2020 provisions of CHF 763 thousand were recognised for expected repayments of investment contributions. Other provisions still include severance pay paid to sales agents in Italy amounting to CHF 1,348 thousand.

In 2019 a supplier of wind power equipment was unable to meet its commitment (see [Note 15](#)), delaying the construction of a Repower AG wind power installation for which a minimum feed-in tariff had already been agreed. Given the threat of a penalty resulting from the delay in the commencement of production, a provision of CHF 818 thousand was made.

28 Deferred tax liabilities

CHF thousand	2020	2019
Deferred tax liabilities	24,411	22,209

The tax rates used to calculate deferred income tax items are 14.8 per cent for Switzerland, 28.0 per cent for Italy, and 29.0 per cent for Germany.

29 Current and non-current financial liabilities

CHF thousand	Currency	Interest rate	Current	Maturity 1- years	Maturity more than 5 years	Total Non Cur- rent
Financial liabilities 31.12.2020			41,175	220,258	144,212	364,470
Bonds	CHF	2.4%	-200	96,328	-	96,328
Loans ¹⁾	CHF	1.2% - 3.6%	75	10,300	70,415	80,715
Loans ²⁾	EUR	variable	32,661	34,976	31,066	66,042
Loans ³⁾	EUR	1.7% - 2.6%	625	55,615	1,204	56,819
Liabilities for finance leasing	EUR	1.1% - 1.4%	1,794	7,510	7,059	14,569
Loan from minorities	CHF	no interest	390	1,560	17,550	19,110
Loan from minorities	CHF	0.3%	-	-	7,066	7,066
Loan from minorities	EUR	no interest	-22	-88	1,342	1,254
Loan from minorities	EUR	3.9%	3,194	14,085	5,869	19,954
Registered bond	EUR	3.4%	-7	-28	2,641	2,613
Other financial liabilities	CHF	no interest	613	-	-	-
Other financial liabilities	EUR	no interest	158	-	-	-
Forward foreign currency contracts	CHF		1,894	-	-	-
Financial liabilities are carried in the follow- ing currencies:						
Swiss francs			2,772	108,188	95,031	203,219
Euro (translated)			38,403	112,070	49,181	161,251

- 1) This item includes a mortgage loan of TCHF 790, for which a mortgage assignment was provided as security. The tangible assets pledged in this connection are disclosed in Note 15.
- 2) This item includes bank loans in the amount of TCHF 65,754 for which mortgage assignments were pledged as security for the investment. The tangible assets pledged in this connection are disclosed in note 15.
- 3) This item includes bank loans totalling TCHF 3,433 for which mortgage assignments were pledged as security for the investment. The tangible assets pledged in this connection are disclosed in Note 15.

CHF thousand	Currency	Interest rate	Current	Maturity 1- years	Maturity more than 5 years	Total Non Cur- rent
Financial liabilities 31.12.2019			17,719	192,592	242,755	435,347
Bonds	CHF	2.4%	-200	96,128	-	96,128
Loans	CHF	1.2% - 3.6%	865	10,000	70,000	80,000
Loans ¹⁾	EUR	variable	9,011	28,620	35,573	64,193
Loans	EUR	1.7% - 1.9%	-	27,135	27,135	54,270
Liabilities for finance leasing	EUR	1.1% - 1.4%	2,837	11,834	12,760	24,594
Loan from minorities	CHF	no interest	390	1,560	17,941	19,501
Loan from minorities ²⁾	CHF	0.3%	745	3,725	51,773	55,498
Loan from minorities	EUR	no interest	-34	-138	2,057	1,919
Loan from minorities	EUR	3.9%	3,088	13,616	9,642	23,258
Registered bond	EUR	3.4%	-7	-28	2,646	2,618
Other financial liabilities ³⁾	CHF	no interest	738	-	-	-
Other financial liabilities	EUR	no interest	100	140	-	140
Forward foreign currency contracts	CHF		186	-	-	-
Swaps	CHF		-	-	13,228	13,228
Financial liabilities are carried in the follow- ing currencies:						
Swiss francs			2,724	111,413	152,942	264,355
Euro (translated)			14,995	81,179	89,813	170,992

- 1) This item includes bank loans in the amount of TCHF 62,207. Mortgage assignments were pledged as security for the investment. The fixed assets pledged in this connection are disclosed in Note 15.
- 2) The balances of short-term loans, loans with a «maturity of 1-5 years» and TCHF 44,706 of loans with a «maturity of more than 5 years» are released to income in accordance with the maturities shown. As of 1 January 2020, the balances are reclassified to other liabilities (see events after the balance sheet date).
- 3) Mortgage assignments were pledged as security for the investment loan of TCHF 212. The fixed assets pledged in this connection are disclosed in Note 15.

In 2020 the interest rate swaps recognised under financial liabilities the prior year were released at the current value through payment of CHF 14,091 thousand. The cash outflow is included in the “repayment of financial liabilities” item in the consolidated cash flow statement.

The carrying value of the financial liabilities acquired in the current financial year from additions to the scope of consolidation (see the “[Additions to the scope of consolidation](#)” section) came to CHF 27,661 thousand on 31 December 2020.

Negative amounts presented in the table are scheduled allocations of net expenditures.

30 Other non-current liabilities

CHF thousand	2020	2019
Other non-current liabilities	109,311	61,773
Connection fees and grid cost contributions	61,419	61,559
Advance payments on energy deliveries	47,686	-
Other non-current liabilities	206	214

The item “connection fees and grid cost contributions” consist of accrued connection fees and grid cost contributions received from customers, which are charged to profit or loss over a period of 35 years via “net sales from goods and services” in the “Market Switzerland” segment.

“Advance payments on energy deliveries” stem from the transfer of Repower AG’s Prättigau power generation assets to Repartner Produktions AG on 1 January 2020. In connection with this transaction the minority shareholders of Repartner Produktions AG transferred their shareholder loans of CHF 49,176 thousand to Repower AG. These transfers are seen as down payments received for energy deliveries, recognised under other non-current and current liabilities. The down payments will be charged to profit or loss on a linear basis over the remaining 66-year concession period via “net sales from goods and services” in the “Market Switzerland” segment. Income of CHF 745 thousand was recognised in 2020.

31 Trade accounts payable

CHF thousand	31.12.2020	31.12.2019
Trade accounts payable	81,118	77,984

The stated trade accounts payable also include liabilities vis-à-vis associates and joint ventures amounting to CHF 3,370 thousand (prior year: CHF 838 thousand).

32 Other current liabilities

CHF thousand	31.12.2020	31.12.2019
Other current liabilities	47,710	23,155
Excise taxes	5,533	7,119
Connection fees and grid cost contributions	3,476	3,541
Customer prepayments	1,059	1,378
VAT liabilities	754	1,328
Current income tax liabilities	16,584	124
Other current liabilities	20,304	9,665

The “customer prepayments” item contains prepayments of CHF 1,032 thousand (prior year: CHF 1,032) for third-party contracts.

The “other current liabilities” item include payments received from hedging transactions, in particular margin payments, amounting to CHF 11,211 thousand (prior year: CHF 845 thousand).

33 Deferred income and accrued expenses

CHF thousand	31.12.2020	31.12.2019
Deferred income and accrued expenses	311,294	317,052
Trade accounts payable invoices to be received	286,515	296,363
Deferred income for capital and other taxes, charges and levies	5,976	5,389
Accrued annual leave and overtime	4,837	4,937
Accrued other personnel expenses	6,890	3,664
Accrued power trades from participations	4,020	3,190
Accrued interest	2,565	2,644
Other accrued expenses	491	865

Trade accounts payable invoices to be received are goods and services that have been received but not yet invoiced.

34 Pension schemes

Economic benefit/economic liability and pension benefit expenses

CHF thousand	Overfund- ing/ underfund- ing	Organisation's share of economic liability		Change on prior year	Contribu- tions con- cerning the business period	Pension benefit expenses within personnel expenses	
	31.12.2020	31.12.2020	31.12.2019	2020	2020	2020	2019
Pension plans without overfunding/un- derfunding	-	-	-	-	3,229	3,229	6,558
Pension institutions with unfunded obligations	-	-4,135	-3,871	-263	319	880	787
Total	-	-4,135	-3,871	-263	3,548	4,109	7,345

The pension fund for employees of Repower AG is organised as a joint pension scheme of the PKE Vorsorgestiftung foundation.

To compensate for the future reduction in conversion rates for the occupational pensions of employees in Switzerland, Repower AG made an additional employer's contribution of CHF 3,087 thousand in the 2019 financial year (see [Note 8](#)).

The item "pension institutions with unfunded obligations" relates to the obligation to pay severance pay in Italy (see [Note 27](#)). The change in the stated provision related to pension benefit expenses in the income statement comes to CHF 561 thousand at the average exchange rate.

35 Derivative financial instruments

CHF thousand	Replacement values		Replacement values	
	positive	negative	positive	negative
	31.12.2020		31.12.2019	
On-balance-sheet derivatives				
Held for trading				
Interest derivatives	-	-	-	13,228
Currency derivatives	305	1,894	4,596	186
Energy derivatives	697,945	688,193	837,020	814,329
Total on-balance-sheet derivatives	698,250	690,087	841,616	827,743
Netting	-593,405	-593,405	-750,329	-750,329
Net value on balance sheet	104,845	96,682	91,287	77,414
Off-balance-sheet derivatives				
Held for cash flow hedges				
Interest derivatives	-	5,614	-	2,804
Energy derivatives	63,163	75,753	130,549	120,398
Total off-balance-sheet derivatives	63,163	81,367	130,549	123,202
Total derivative financial instruments	168,008	178,049	221,836	200,616

In 2020 the interest derivatives in held for trading were liquidated (Note 29).

The line "netting" refers to the netting of energy derivatives transactions entered into with the same counterparty and with whom there are enforceable netting agreements.

Cash flow hedges used as hedging transactions are not recognised on the balance sheet and therefore do not yet impact the balance sheet. Off-balance-sheet energy and interest derivatives are used to hedge future cash flows with a high probability of occurrence.

36 Transactions with related parties

The balances and liabilities reported on the balance sheet and the transactions contained in the income statement vis-à-vis related parties are related to business with the main shareholders and Repower AG entities, associates, partner works and joint ventures controlled by them.

The following balance sheet and profit and loss items contain the following amounts vis-à-vis related third parties:

CHF thousand	31.12.2020	31.12.2019
Income statement item		
Net Sales from goods and services	2,542	15,935
Energy procurement	-60,356	-73,972
Financial and other operating income	427	402
Financial and other operating expenses	-6,336	-2,684
Balance sheet item		
Assets		
Financial assets	9,623	1,486
Trade accounts receivable	960	840
Prepaid expenses and accrued income	2,932	2,612
Positive replacement values of held for trading positions	499	3,415
Liabilities		
Non-current liabilities	3,471	9,418
Trade accounts payable	3,775	1,725
Deferred income and accrued expenses	6,854	9,857
Negative replacement values of held for trading positions	15,837	16,756
Off-balance-sheet energy derivatives		
Held for cash flow hedges		
Positive replacement values	-	5,280
Negative replacement values	3,875	5,842

Transactions are at market prices, or in the case of Grischelectra AG at annual costs.

Canton Graubünden is deemed to be a related party in its capacity as a shareholder. Official business such as levying taxes, concession-related charges, fees, etc., is done on a statutory basis and is therefore not included here. Canton Graubünden's energy business is transacted via Grischelectra AG, which is included as a related party in the table above.

Compensation paid to members of the board of directors and executive board is disclosed in the [Corporate Governance](#) section.

37 Segment reporting

Segment reporting is done by geographic market and reflects internal management and reporting structures. The information provided is that used by management for steering and assessing the business performance and development of the individual segments. For each business segment,

internal steering, performance measurement and capital allocation are carried out on the basis of the segment's income before interest and taxes (EBIT). Segment income is calculated on the basis of the accounting and valuation principles used at group level.

CHF thousand	Market Switzerland	Market Italy	Other segments and activities	Group
2020				
Net sales from goods and services	629,727	1,134,731	-56,380	1,708,078
Net sales from goods and services	607,242	1,100,608	228	1,708,078
Net sales from goods and services between segments	22,485	34,123	-56,608	-
Earnings before interest and taxes (EBIT)	16,234	71,685	-10,997	76,922
2019				
Net sales from goods and services	676,324	1,269,071	-30,134	1,915,261
Net sales from goods and services	675,696	1,239,425	140	1,915,261
Net sales from goods and services between segments	628	29,646	-30,274	-
Earnings before interest and taxes (EBIT)	29,778	50,903	-15,461	65,220

38 Treasury shares

	2020		2019	
	Number of shares	Carrying amount in CHF	Number of shares	Carrying amount in CHF
Initial balance at 1 January	172	16,008	301	22,084
Purchases	350	32,250	351	30,227
Disposals	-310	-29,054	-480	-36,303
Ending balance at 31 December	212	19,204	172	16,008

Purchases/disposals of treasury shares relate to Repower AG registered shares. In the year under review Repower AG bought 350 shares (prior year 351) at CHF 92.14 (prior year CHF 86.12) and sold 310 shares (prior year 480) at an average price of CHF 95.94 (prior year CHF 90.29).

39 Off-balance-sheet business

In the course of regular business the group granted guarantees, bank guarantees and sureties in favour of third parties, directly and via commercial banks. These came to CHF 129,142 thousand (prior year: CHF 144,431 thousand).

There is a service agreement for the Teverola power plant, concluded for 25 years and ending in June 2029. This resulted in an irrevocable payment obligation of CHF 9,288 thousand at 31 December 2020 (prior year: CHF 10,431 thousand). Furthermore, at 31 December 2020 there were various full maintenance contracts, taken out for several years for hydro, solar and wind power plants in Germany

and Italy, with irrevocable payment obligations amounting to CHF 11,259 thousand (prior year: CHF 11,003 thousand).

In the course of usual business, litigation can arise which results in contingent liabilities. These contingent liabilities are not expected to result in material liabilities within Repower Group in addition to the provisions already made for litigation (see [Note 27](#)). On the other hand there is litigation under way where Repower is asserting its rights, which, if it is successful, could result in inflowing payments.

CHF thousand	31.12.2020	31.12.2019
Off-balance-sheet liabilities		
Operating lease (nominal value)	11,334	13,320
Due within 1 year	2,072	3,085
Due in 1-5 years	4,684	4,658
Due in more than 5 years	4,578	5,577
Procurement contracts	628,600	733,681
Due within 1 year	107,657	120,753
Due in 1-5 years	330,632	367,720
Due in more than 5 years	190,311	245,208

At the reporting date of the financial year under review, the outstanding minimum lease payments consisted of CHF 10,607 thousand for property and buildings (prior year: CHF 12,297 thousand) and CHF 727 thousand for motor vehicles (prior year CHF 1,023 thousand).

Obligations to take delivery of electrical energy on the basis of the interests in AKEB Aktiengesellschaft für Kernenergie, Lucerne, Kraftwerke Hinterrhein AG, Thusis, and Grischelectra AG are not included in the above table. The volume and price of electricity delivered depend on actual future production and costs incurred by these companies.

Pledges are recognised under the relevant assets.

40 Events occurring after the balance sheet date

In January 2021, Repower AG paid out reversion waiver compensation amounting to CHF 24 million (Canton Graubünden and the municipalities of Brusio and Poschiavo) for the continued operation of the Campocologno I and II (lower stage) power plants. This investment has been recognised under intangible assets and will be amortised on a straight-line basis to 2089 under depreciation and value adjustments in the income statement.

The financial statements were approved for publication by the board of directors on 1 April 2021. They are subject to the approval of the annual general meeting, which will take place on 19 May 2021.

REPORT OF THE STATUTORY AUDITOR



Ernst & Young Ltd
Maagplatz 1
P.O. Box
CH-8010 Zurich

Phone: +41 58 286 31 11
Fax: +41 58 286 30 04
www.ey.com/ch

Zurich, 1 April 2021

To the General Meeting of Repower AG, Brusio

Report of the auditors on the consolidated financial statements

As statutory auditor, we have audited the financial statements of Repower AG, which comprise the **consolidated balance sheet, consolidated income statement, consolidated cash flow statement, changes in consolidated equity** and **notes to the consolidated financial statements**, for the year ended 31 December 2020.



Board of directors' responsibility

The Board of Directors is responsible for the preparation of the consolidated financial statements in accordance with Swiss GAAP FER and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.



Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the consolidated financial statements 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 entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the consolidated financial statements for the year ended 31 December 2020 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with Swiss GAAP FER and comply with Swiss law.



Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibility section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the consolidated financial statements.

Classification, valuation and presentation of energy derivatives

Risk	<p>The accounting treatment of energy derivatives is a result of its classification as “held-for-trading” or “Cashflow-Hedges”. Classification requires judgment and has a material impact on both consolidated balance sheet presentation and group result.</p> <p>The valuation of these “held-for-trading” instruments is derived from observable market data on active markets. The positive and negative replacement values are presented net when legally enforceable netting agreements are in place. The Company defines policies and procedures to account for energy contracts. These include the definition of segregation of duties and controls.</p> <p>Due to the significance of these transactions, significant judgment and the potential impact on the financial statements, the accounting of energy derivatives was considered significant in our audit. Refer to notes 1 and 35 of the consolidated financial statements for further information.</p>
Our audit response	<p>We evaluated the Group’s policies and procedures around classification, valuation and netting of open positions including the established segregation of duties and discussed these with the Group. We assessed internal controls over the Group’s accounting for such trading activity.</p> <p>For a sample of energy derivatives, we tested the observable inputs into valuation models by reference to externally available market data.</p> <p>Our audit did not give rise to any objections with regard to the recognition and measurement of the energy derivatives.</p>

Valuation of tangible assets and energy procurement contracts

Risk	<p>Tangible assets are a material balance sheet item amounting to 44.3% of total assets in the consolidated balance sheet. These comprise primarily power plants, grids and other non-current assets of the Group. In the financial year 2020, no extraordinary value adjustments were made. In addition, there are long-term purchase commitments which could significantly affect the amount of contractual commitments and thus the potential need for provisions.</p> <p>The valuation of tangible assets and energy procurement contracts by Repower depends on various valuation parameters and has a material impact on net income. The testing for potential value adjustments involves the use of estimates and assumptions, such as the forecast production volume, the forecast long-term energy price curve, foreign exchange rates impacting future earnings and cash flows. In addition, discount rates are relevant in obtaining a value in use as of the date of the valuation. Refer to notes 15 and 27 for further information.</p>
Our audit response	<p>We assessed the Group’s valuation approach related to its tangible assets and energy procurement contracts. We further assessed the process to derive the underlying assumptions and estimates around forecast production volumes, the forecast long-term energy price curve and foreign exchange rates. We evaluated the internal controls related to the budgeting and forecasting process as well as the process to derive assumptions and estimates. We evaluated the mathematical correctness of the impairment testing model and involved valuation specialists to evaluate the methodology.</p> <p>We assessed the cash flows derived for each tested tangible asset and how the discount rate including applicable input variables was determined. We corroborated the input variables to the discount rate based on sources provided by the Group and tested them against observable market data.</p> <p>Our audit did not give rise to any objections with regard to the process used to derive the assumptions and valuation of the tangible assets and energy procurement contracts.</p>



Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a para. 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

Ernst & Young AG

INCOME STATEMENT

CHF thousand	Note	2020	2019
Net sales	1	599,330	654,674
Change in inventories for work in progress		122	553
Own costs capitalised		9,233	6,413
Other operating income	2	73,796	21,618
Total operating revenue		682,481	683,258
Energy procurement		-498,272	-518,137
Materials and third party services		-19,114	-28,494
Concession fees		-13,487	-17,969
Personnel expenses		-51,864	-53,359
Other operating expenses	2	-20,214	-21,631
Depreciation/amortisation and impairment	3	-20,245	-25,588
Operating expenses		-623,196	-665,178
Operating earnings before interest, extraordinary items and taxes		59,285	18,080
Financial income		42,581	60,324
Financial expenses		-42,847	-61,840
Operating earnings before taxes		59,019	16,564
Non-operating income		505	578
Extraordinary, non-recurring or prior period income	4	2,422	3,685
Extraordinary, non-recurring or prior period expenses	5	-	-1,274
Earnings before taxes		61,946	19,553
Taxes		-4,119	-4,598
Net earnings for the year		57,827	14,955

BALANCE SHEET

CHF thousand	Note	31.12.2020	31.12.2019
Assets			
Cash and cash equivalents and current assets listed at the stock exchange	6	333,187	368,861
Current securities and other financial instruments not listed at the stock exchange	7	134,010	102,562
Trade accounts receivable	8	58,281	53,993
Other receivables	9	25,651	30,960
Inventories and non-invoiced services	10	7,729	6,862
Prepaid expenses and accrued income	11	326,017	350,893
Current assets		884,875	914,131
Financial assets	12	96,383	132,867
Shareholdings		232,766	220,250
Tangible assets		354,560	371,574
Intangible assets	13	4,509	10,799
Non-current assets		688,218	735,490
Total assets		1,573,093	1,649,621

CHF thousand	Note	31.12.2020	31.12.2019
Liabilities and shareholders' equity			
Trade accounts payable	14	18,760	18,683
Other current liabilities	15	103,779	73,231
Deferred income and accrued expenses	16	351,058	372,281
Current provisions	19	7,438	-
Current liabilities		481,035	464,195
Non-current interest-bearing liabilities	17	233,156	367,342
Other non-current liabilities	18	51,895	49,657
Non-current provisions	19	15,303	16,071
Non-current liabilities		300,354	433,070
Liabilities		781,389	897,265
Share capital		7,391	7,391
Legal reserve from capital		162,163	180,640
Legal reserve from retained earnings		17,123	17,123
Free reserves from earnings			
Other reserves		526,986	511,985
Retained earnings		78,060	35,233
Treasury shares		-19	-16
Shareholders' equity	20	791,704	752,356
Total liabilities and shareholder's equity		1,573,093	1,649,621

NOTES TO THE FINANCIAL STATEMENTS: GENERAL

General

The company was established in 1904 under the name of Kraftwerke Brusio AG. In 2000, Kraftwerke Brusio AG (Poschiavo) merged with AG Bündner Kraftwerke (Klosters) and Rhätische Werke für Elektrizität (Thusis) to form Rätia Energie AG. In 2010 the company was renamed Repower AG. The purpose of the company is to generate, transmit, distribute, trade in and sell energy, and provide services directly or indirectly in this connection.

NOTES TO THE FINANCIAL STATEMENTS: PRINCIPLES

A. Accounting principles

The present financial statements were prepared in accordance with the provisions of Swiss financial reporting law (Title Thirty-Two of the Code of Obligations).

B. Accounting and valuation principles

The main items are recognised as follows:

Cash and cash equivalents

Cash and cash equivalents comprise cash holdings and bank and postal account balances, and are recognised on the balance sheet at nominal value.

Current assets with a stock exchange price

Derivative financial instruments held for trading with a directly observable market price or directly observable input parameters are recognised at fair value. Fluctuation reserves are not created.

Hedging transactions

Future cash flows in foreign currencies can be hedged. The corresponding derivative is recognised in profit or loss on the occurrence of the underlying transaction.

Trade accounts receivable

Trade accounts receivable are recognised at nominal value and impaired if necessary. The amount at the end of the period may be subjected to a flat rate impairment at a rate accepted for tax purposes.

Other receivables

Other receivables are measured at nominal values. Any counterparty risks are accounted for by means of necessary impairment.

Provided the conditions for large orders are met, long-term construction contracts are valued in accordance with the percentage of completion (PoC) method. Following the consolidated financial statements, these are recognised in other receivables. Under the PoC method, in addition to acquisition or production costs a portion of profits corresponding to the percentage of completion of the order is calculated, provided that the order's realisation is reasonably certain. The percentage of completion is calculated on the basis of the accrued costs in relation to the anticipated total costs (cost to cost). If the conditions for applying the PoC method are not met, recognition is under non-invoiced services.

Inventories and non-invoiced services

Inventories and non-invoiced services are recognised at acquisition or production cost taking account of economically necessary impairments. Otherwise impairment may be done at a rate accepted for tax purposes.

Prepaid expenses and accrued income/deferred income and accrued expenses

Prepaid expenses and accrued income/deferred income and accrued expenses comprise the asset and liability items resulting from the accrual and deferral of individual items of expense and income in accordance with the accrual and matching principle. The origination costs of interest-bearing liabilities are capitalised under prepaid expenses and accrued income. Accruals and deferrals for goods and services delivered or received but not yet invoiced are recognised in prepaid expenses and accrued income/deferred income and accrued expenses. Prepaid expenses and accrued income/deferred income and accrued expenses are recognised at nominal values.

Financial assets and shareholdings

Financial assets and shareholdings are recognised at cost taking account of necessary impairment. Minority interests (less than 20 per cent) are recognised as financial assets. Financial assets and shareholdings are measured on a unit of account basis.

Accounting standards/consistency

In the 2020 financial year no corrections were made versus the prior year, and there are no deviations in the consistency of the presentation of Repower AG's financial statements.

Tangible assets

Tangible assets are recognised at acquisition or production cost less accumulated depreciation and any impairment losses. Amortisation is done on a straight-line basis over the subsequent useful life.

Category	Useful life
Power plants and concession period	20 – 80 years depending on the type of facility
Grids	15 – 40 years
Land	Indefinite; any impairments are recognised immediately
Buildings	30 – 60 years
Plant and business equipment	3 – 20 years
Assets under construction	Reclassification to the corresponding category when available for use; any impairments are recognised immediately

Intangible assets

Intangible assets are amortised on a straight-line basis. If there are indications of overvaluation, necessary impairments are taken into account.

Current liabilities

Current liabilities are recognised at nominal value.

Non-current liabilities

Non-current liabilities comprise a) long-term, interest-bearing financial liabilities at nominal value and b) other non-interest-bearing long-term liabilities.

Provisions

A provision is a probable liability on the basis of a past event; the amount of the liability and/or the date on which it will fall due is uncertain but can be estimated. The amount of provisions is based on the management's assessment, and reflects the future outflows of funds that can be anticipated as of the balance sheet date.

Treasury shares

Treasury shares are recognised as a negative item in shareholders' equity on the date of acquisition, without any subsequent measurement. On resale the profit or loss is booked directly to free reserves from earnings under other reserves.

NOTES TO THE FINANCIAL STATEMENTS: C. NOTES

1 Net sales

CHF thousand	2020	2019
Net sales	599,330	654,674
Revenue from energy sales	578,704	628,815
Gain on held-for-trading positions	16,496	19,092
Revenue from long term contracts	4,130	6,767

“Revenue from energy sales” is recognised in the income statement when delivery of goods or services has been performed.

Long-term contracts are recognised in accordance with the percentage of completion method.

2 Other operating income and expenses

CHF thousand	2020	2019
Net	53,582	-13
Other operating income	73,796	21,618
Other operating expenses	-20,214	-21,631

Other operating income contains in particular revenues from services and other usual business activities, as well as gains on disposals of assets.

On 1 January 2020 Repower AG disposed of the Prättigau power generation assets, with a carrying value of CHF 42,008 thousand, for a consideration of CHF 91,184 thousand. The gain on the disposal of the assets comes to CHF 49,176 thousand. CHF 42,008 thousand of the consideration was rendered by Repartner Produktions AG by means of a partial netting of the loan liability vis-à-vis this owned company (see [Note 17](#)). Another CHF 49,176 thousand was rendered by the minority shareholders of Repartner Produktions AG by means of a partial assignment of their loan to Repartner Produktions AG to Repower AG. Immediately after this transaction, Repower AG and Repartner Produktions AG netted mutual loan receivables and liabilities amounting to CHF 42,729 thousand (see [Note 12](#) and [Note 17](#)). The transaction did not entail any cash flows, and the entire prepayment of CHF 133,913 thousand was reversed.

Other operating expenses include in particular IT, marketing, legal, advisory and additional administration expenses.

3 Depreciation/amortisation and impairment

CHF thousand	2020	2019
Depreciation/amortisation and impairment	-20,245	-25,588
Depreciation of tangible assets	-14,579	-16,138
Amortisation of intangible assets	-2,590	-6,166
Impairment of financial assets and investments	-3,076	-3,284

4 Extraordinary, non-recurring or prior-period income

CHF thousand	2020	2019
Extraordinary, non-recurring or prior period income	2,422	3,685
Gains on disposals of assets	-	2,463
Other extraordinary, non-recurring or prior period income ¹⁾	2,422	1,222

- 1) In the reporting year, this item primarily includes the proceeds from the asset transfer to EVUlation AG (previous year: primarily insurance compensations for fire damage to the plant of Papierfabrik Landqart, storm damage caused by Burglind and damage reports as well as incidents due to high snow loads in the supply area).

5 Extraordinary, non-recurring or prior period expenses

CHF thousand	2020	2019
Extraordinary, non-recurring or prior period expenses	-	-1,274
Loss on disposals of assets under construction	-	-806
Loss on disposals of assets	-	-348
Other extraordinary, non-recurring or prior period expenses	-	-120

6 Cash and cash equivalents and current assets listed at the stock exchange

CHF thousand	31.12.2020	31.12.2019
Cash and cash equivalents and current assets listed at the stock exchange	333,187	368,861
Cash and cash equivalent	234,681	270,933
Energy trading	722	10,347
Positive replacement values of held for trading positions	97,784	87,581

7 Current securities and other financial instruments not listed at the stock exchange

CHF thousand	31.12.2020	31.12.2019
Current securities and other financial instruments not listed at the stock exchange	134,010	102,562
Fixed-term deposits (maturity within 12 months)	134,010	102,562

8 Trade accounts receivable

CHF thousand	31.12.2020	31.12.2019
Trade accounts receivable	58,281	53,993
Third parties	23,399	29,227
Participants and management bodies	283	336
Investments	34,599	24,430

The stated trade accounts receivable essentially consist of balances from trading and retail business.

Investments consist for the most part of balances from ongoing business with our subsidiaries in Italy.

Where necessary an individual adjustment was applied to the final balance, and the lump-sum adjustment accepted for tax purposes was applied to the other items.

9 Other receivables

CHF thousand	31.12.2020	31.12.2019
Other receivables	25,651	30,960
Third parties ¹⁾	21,215	15,147
Investments	406	15,813
Current financial receivables third parties ²⁾	4,030	-

- 1) This item contains accrued order revenues of TCHF 10,897 (previous year: TCHF 6,767) less advance payments received of TCHF 6,715 (previous year: TCHF 5,761).
- 2) The class «Current financial receivables third parties» contains a loan receivable for which a subordination of TCHF 4,030 was granted. In the previous year this item was included in financial assets.

10 Inventories and non-invoiced services

CHF thousand	31.12.2020	31.12.2019
Inventories and non-invoiced services	7,729	6,862
Inventories	2,757	2,012
Non-invoiced services	4,972	4,850

11 Prepaid expenses and accrued income

CHF thousand	31.12.2020	31.12.2019
Prepaid expenses and accrued income	326,017	350,893
Third parties	304,760	326,974
Participants and management bodies	19,452	20,561
Investments	1,805	3,358

The total for the year under review contains prepaid expenses and accrued income of CHF 322,524 thousand (prior year: CHF 347,789 thousand) from investments and for energy bills.

12 Financial assets

CHF thousand	31.12.2020	31.12.2019
Financial assets	96,383	132,867
Securities	16,096	18,501
Fixed-term deposits >12 months	35,000	10,000
Non-current receivables third parties ¹⁾	-	4,030
Loans to investments ²⁾	45,287	100,336

1) The loan in the amount of TCHF 4,030 represents a current financial receivable at the end of the financial year.

2) The «Loans to investments» class includes loan receivables for which subordination was granted in the amount of TCHF 871 (previous year: TCHF 4,348). By transferring the power plants in Prättigau, Repower AG and Repartner Produktions AG offset their existing loan receivables and liabilities in the amount of TCHF 42,729 (see commentary on the transfer of the Prättigau power plants disclosed in note 2).

13 Intangible assets

CHF thousand	31.12.2020	31.12.2019
Intangible assets	4,509	10,799
Concessions and reversion waiver compensation	1,218	6,516
Rights of use	1,485	1,782
Software	1,806	2,501

14 Trade accounts payable

CHF thousand	31.12.2020	31.12.2019
Trade accounts payable	18,760	18,683
Third parties	18,275	16,655
Participants and management bodies	428	887
Investments	57	1,141

Trade accounts payable primarily consist of liabilities from the energy business and procurements for operating activities. In the current financial year liabilities from the modernisation of Robbia power plant are likewise included.

15 Other current liabilities

CHF thousand	31.12.2020	31.12.2019
Other current liabilities	103,779	73,231
Third parties ¹⁾	90,725	63,018
Participants and management bodies	12,258	9,163
Investments	796	1,050
Other current liabilities	103,779	73,231
Negative replacement values of held for trading positions	87,436	61,660
Other current liabilities	16,343	11,571

- 1) In the previous year this position included an interest-free investment loan with a term from 2007 to 2020 that was fully repaid in the current year. For this purpose, mortgage were provided as collateral; see also the other note to the financial statement «Contingent liabilities, sureties, guarantee obligations and pledges in favour of third parties».

16 Deferred income and accrued expenses

CHF thousand	31.12.2020	31.12.2019
Deferred income and accrued expenses	351,058	372,281
Third parties	303,927	331,269
Participants and management bodies	19,119	24,021
Investments	28,012	16,991

The total for the year under review contains prepaid expenses and accrued income of CHF 335,429 thousand (prior year: CHF 354,174 thousand) from investments and for energy bills.

17 Non-current interest-bearing liabilities

CHF thousand			31.12.2020	31.12.2019
	Interest rate	Duration		
Non-current interest-bearing liabilities			233,156	367,342
Loans			134,010	134,270
Loan	2,500%	2010-2030	20,000	20,000
Private placement	3,625%	2008-2023	10,000	10,000
Bank loan	1.698%	2017-2024	27,005	27,135
Bank loan	1.922%	2017-2025	27,005	27,135
Bank loan	1.820%	2006-2026	50,000	50,000
Bonds			99,146	99,159
Bond	2.375%	2010-2022	96,445	96,445
Registered bond	3.400%	2014-2034	2,701	2,714
To investments ¹⁾			-	133,913

- 1) With the transfer of the power plants in Prättigau, the advance payment for the plant-based energy yield was canceled (see commentary on the transfer of the Prättigau plants disclosed in note 2).

18 Other non-current liabilities

CHF thousand	31.12.2020	31.12.2019
Other non-current liabilities	51,895	49,657
Connection fees and grid cost contributions	12,800	9,765
Connection fees and grid cost contributions	12,800	9,765
Other non-current liabilities	39,095	39,892
Investments ¹⁾	39,095	39,892

- 1) This item includes the non-interest-bearing advance payment by Repartner Produktions AG to Repower AG for the Taschinas power plant, which is annually repaid for TCHF 796.

19 Provisions

CHF thousand	Provisions for onerous contracts	Other risks	Total
Carrying value at 31 December 2019	-	16,071	16,071
thereof current	-	-	-
thereof long-term	-	16,071	16,071
Carrying value at 31 December 2020	20,929	1,812	22,741
thereof current	6,702	736	7,438
thereof long-term	14,227	1,076	15,303

Procurement contract risks

The decision on whether there is a threat of loss on a long-term sales or procurement contract and a provision is to be recognised essentially depends on the situation regarding the relevant contractual prices and expected procurement or sales prices.

In the 2020 financial year additions in provisions totalling CHF 21,002 thousand were recognised under energy procurement for identifiable losses on procurement contracts. Of this amount, CHF 16,469 thousand falls to procurement contracts for electricity and CHF 4,533 to guarantees of origin. The prior year the provision for procurement contracts existing on 1 January 2019 was fully reversed via energy procurement.

Other risks

The prior year, other risks had included a provision of CHF 13,228 thousand for negative replacements values of the interest rate swaps. In the year under review the interest rate swaps were closed and the provision was reversed in full via financial expenses.

20 Equity

CHF thousand	31.12.2020	31.12.2019
Shareholders' equity	791,704	752,356
Share capital	7,391	7,391
Share capital 7,390,968 registered shares at a par value of CHF 1 per share	7,391	7,391
Reserves	706,272	709,748
Legal capital reserves		
Capital reserves	162,163	180,640
Legal reserve from retained earnings	17,123	17,123
Other reserves ¹⁾	526,986	511,985
Retained earnings	78,060	35,233
Retained earnings carried forward	20,233	20,278
Net income for the year	57,827	14,955
Treasury shares	-19	-16

1) The change in «Other reserves» is mainly due to the carryforward of the last year profit of TCHF 15,000. The transfer was approved by the general assembly on May 20, 2020.

Share capital

Significant shareholders as defined by the Swiss Code of Obligations (OR) 663c (share of capital and voting rights):

	31.12.2020	31.12.2019
Elektrizitätswerke des Kantons Zürich (EKZ)	33.96%	32.12%
Canton Graubünden	21.96%	21.96%
UBS Clean Energy Infrastructure KGK (UBS-CEIS)	18.88%	18.88%
Axpo Holding AG, Baden	12.69%	12.69%

Treasury shares

	2020		2019	
	Number of shares	Carrying value in CHF	Number of shares	Carrying value in CHF
Initial balance at 1 January	172	16,008	301	22,084
Purchases	350	32,250	351	30,227
Disposals	-310	-29,054	-480	-36,303
End balance at 31 December	212	19,204	172	16,008

In the year under review Repower AG bought 350 shares at an average price of CHF 92.14 and sold 310 shares at an average price of CHF 95.94.

The prior year Repower AG bought 351 shares at an average price of CHF 86.12 and sold 480 shares at an average price of CHF 90.29.

NOTES TO THE FINANCIAL STATEMENTS: D. FURTHER NOTES

Net release of hidden reserves

In the reporting year, hidden reserves of CHF 10,868 thousand were released (prior year: CHF 12,644 thousand).

Employee information

In the year under review and the previous year Repower AG had more than 250 full-time positions on annual average.

Direct and indirect participations

Direct participations

Company	Head office	Currency	Issued capital		Share of equity and votes in %	
			31.12.2020	31.12.2019	31.12.2020	31.12.2019
Ovra electrica Ferrera SA	Trun	CHF	3,000,000	3,000,000	49.00%	49.00%
esolva ag (vormals SWIBI AG) ¹⁾	Weinfelden	CHF	791,700	791,700	42.05%	42.05%
Alvezza SA in Liquidation	Disentis	CHF	500,000	500,000	62.00%	62.00%
Repartner Produktions AG	Poschiavo	CHF	20,000,000	20,000,000	51.00%	51.00%
Kraftwerk Morteratsch AG ²⁾	Pontresina	CHF	500,000	500,000	10.00%	10.00%
EVUlation AG ³⁾	Poschiavo	CHF	1,000,000	-	42.75%	0.00%
Repower Deutschland GmbH ⁴⁾	Olsberg	EUR	11,525,000	11,525,000	100.00%	100.00%
Repower Italia S.p.A.	Milan	EUR	2,000,000	2,000,000	100.00%	100.00%
MERA S.r.l.	Milan	EUR	100,000	100,000	100.00%	100.00%
EL.IT.E. S.p.A.	Milan	EUR	3,888,500	3,888,500	46.55%	46.55%

1) esolva ag results from the merger of SWIBI AG, EcoWatt AG and Sacin AG and is officially active until 1st December 2019.

2) Repower AG holds 10% of the share capital and 35,7% of the voting rights of Kraftwerk Morteratsch AG.

3) On January 30, 2020, Repower and other partners founded EVUlation AG with the aim of developing and selling innovative products and services.

4) Relocation of the registered office from Dortmund to Olsberg in the current financial year.

Indirect participations

Company	Head office	Currency	Issued capital		Share of equity and votes in %	
			31.12.2020	31.12.2019	31.12.2020	31.12.2019
Repartner Wind GmbH ⁴⁾	Olsberg	EUR	25,000	25,000	51.00%	51.00%
Repower Vendita Italia S.p.A.	Milan	EUR	4,000,000	4,000,000	100.00%	100.00%
SET S.p.A.	Milan	EUR	120,000	120,000	61.00%	61.00%
Energia Sud S.r.l.	Milan	EUR	1,500,000	1,500,000	100.00%	100.00%
SEA S.p.A.	Milan	EUR	120,000	120,000	65.00%	65.00%
REC S.r.l.	Milan	EUR	10,000	10,000	65.00%	65.00%
RESOL 1 S.r.l. ⁵⁾	Milan	EUR	10,000	10,000	100.00%	100.00%
REV S.r.l.	Milan	EUR	10,000	10,000	100.00%	100.00%
Aerochetto S.r.l.	Catania	EUR	2,000,000	2,000,000	39.00%	39.00%
Repower Renewable S.p.A. ⁶⁾	Venice	EUR	71,935,660	66,735,660	65.00%	65.00%
Impianto Eolico Pian dei Corsi S.r.l.	Venice	EUR	200,000	200,000	37.38%	37.38%
ESE Cerignola S.r.l.	Venice	EUR	100,000	100,000	65.00%	65.00%
RES S.r.l.	Venice	EUR	150,000	150,000	65.00%	65.00%
Cramet Energie S.r.l.	Venice	EUR	19,600	19,600	65.00%	65.00%
ESE Terlizzi S.r.l.	Venice	EUR	19,600	19,600	65.00%	65.00%
ESE Salento S.r.l.	Venice	EUR	10,000	10,000	65.00%	65.00%
Elettrosud Rinnovabili S.r.l.	Venice	EUR	10,000	10,000	65.00%	65.00%
Quinta Energia S.r.l.	Erice	EUR	50,000	50,000	65.00%	65.00%
ESE Armo S.r.l.	Venice	EUR	30,000	30,000	65.00%	65.00%
ESE Nurra S.r.l.	Venice	EUR	200,000	200,000	43.55%	43.55%
ESE Castalguglielmo S.r.l.	Venice	EUR	30,000	30,000	65.00%	65.00%
Compagnia Energie Rinnovabili S.r.l.	Venice	EUR	100,000	100,000	65.00%	65.00%
Parco Eolico Buseto S.p.A.	Erice	EUR	500,000	500,000	65.00%	65.00%
ERA S.c.r.l.	Venice	EUR	30,006	30,006	64.99%	64.99%
ESE Apricena S.r.l.	Venice	EUR	30,000	30,000	65.00%	65.00%
SOLIS S.r.l. ⁶⁾	Venice	EUR	10,000	-	65.00%	0.00%
Energeia Codroipo S.r.l. ⁶⁾	Milan	EUR	10,000	-	65.00%	0.00%
Energeia Varmo S.r.l. ⁶⁾	Milan	EUR	10,000	-	65.00%	0.00%
Energia Tre S.r.l. ⁶⁾	Milan	EUR	1,426,484	-	65.00%	0.00%
Terra di Conte S.r.l.	Lucera	EUR	10,000	10,000	32.50%	32.50%

4) Relocation of the registered office from Dortmund to Olsberg in the current financial year.

5) Formerly Immobiliare Saline S.r.l., name changed in the current year.

6) In 2020 Repower Renewable increased its share capital. In the first half of 2020, the company acquired further twelve photovoltaic plants with a total installed capacity of 14 MW by establishing SOLIS S.R.L. on 6 March 2020, which then purchased ENERGEIA CODROIPO S.R.L. and ENERGEIA VARMO S.R.L. on 30 April 2020 and ENERGIA TRE S.R.L. on 18 June with its existing power plants in Italy.

Contingent liabilities, sureties, guarantee obligations and pledges in favour of third parties

Joint liability for VAT group taxation Repartner Produktions AG and Ovra elettrica Ferrera SA

To the benefit of group companies, letters of intent and financing agreements amounting to EUR 84 million (equivalent to CHF 91 million) were concluded (prior year: EUR 84 million, equivalent to CHF 91 million).

Guarantees in favour of third parties amounting to CHF 5.4 million and EUR 9.8 million (equivalent to CHF 10.6 million) were provided (prior year: CHF 5.9 million and EUR 6.8 million (equivalent to CHF 7.3 million)).

Total assets ceded or pledged to secure own liabilities

The mortgage assignment amounting to CHF 2.55 million which was provided as collateral for an interest-free investment assistance loan was cancelled after being fully repaid.

Lease liabilities

The maturities of lease liabilities that do not mature or cannot be terminated within 12 months break down as follows:

CHF thousand	31.12.2020	31.12.2019
Lease liabilities	6,140	7,132
Within 1 year	1,088	1,197
2-5 years	3,649	3,154
Over 5 years	1,403	2,781

Pension fund liability

On the balance sheet date there is a liability to the pension fund of CHF 411 thousand (previous year: CHF 413 thousand).

Related parties

Receivables and liabilities vis-à-vis direct or indirect participants and management bodies and vis-à-vis undertakings in which there is a direct or indirect participation are shown separately in the notes to the financial statements. Management bodies and participants are the members of the board of directors and shareholders (Note 20) of Repower AG and the auditors.

Events occurring after the balance sheet date

In January 2021, Repower AG paid out reversion waiver compensation amounting to CHF 24 million (Canton Graubünden and the municipalities of Brusio and Poschiavo) for the continued operation of the Campocologno I and II (lower stage) power plants. This investment has been recognised under intangible assets and will be amortised on a straight-line basis to 2089 under depreciation/ amortisation and impairment in the income statement.

The financial statements were approved for publication by the board of directors on 1 April 2021. They are subject to the approval of the annual general meeting, which will take place on 19 May 2021.

Disclosures in accordance with Art. 663c of the Swiss Code of Obligations at 31 December of the financial year:

Board of directors	Shares in 2020	Shares in 2019
Dr Urs Rengel	400	400
Peter Eugster	600	1,400

Executive board	Shares in 2020	Shares in 2019
Kurt Bobst, CEO (until 15.09.2019)	-	1
Samuel Bontadelli	101	101

There are no other items which require disclosure.

APPROPRIATION OF RETAINED EARNINGS

The board of directors proposes the following appropriation of retained earnings to the annual general meeting:

Net earnings for the year 2020	CHF	57,826,692
Retained earnings carried forward	CHF	20,233,245
Retained earnings	CHF	78,059,937
Amount carried to other reserves	CHF	-
Balance carried forward	CHF	78,059,937

The board of directors further moves that the annual general meeting approve a dividend of CHF 3.00 per registered share, to be paid from capital reserves:

Capital reserves carried forward	CHF	162,163,111
Dividend on share capital of 7.4 million CHF ¹⁾	CHF	22,172,904
Capital reserves carried forward on the next year	CHF	139,990,207

- 1) Qualifies as tax-neutral repayment of capital in accordance with Art. 20 of the Federal Law on Direct Federal Tax, and Art. 5 of the Federal Law on Withholding Tax.

No payment will be made on registered shares held by Repower AG on the due date. This may reduce the actual distribution accordingly.

Provided the annual general meeting passes this motion, the dividend paid from capital reserves will be due on 26 May 2021.

Poschiavo, 1 April 2021

For the Board of Directors:



Dr Monika Krüsi
Chair of the Board of Directors

REPORT OF THE STATUTORY AUDITOR



Ernst & Young Ltd
Maagplatz 1
P.O. Box
CH-8010 Zurich

Phone: +41 58 286 31 11
Fax: +41 58 286 30 04
www.ey.com/ch

Zurich, 1 April 2021

To the General Meeting of Repower AG, Brusio

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the accompanying financial statements of Repower AG, which comprise the **balance sheet**, **income statement** and **notes**, for the year ended 31 December 2020.



Board of the Directors' Responsibility

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.



Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements 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 entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the financial statements for the year ended 31 December 2020 comply with Swiss law and the company's articles of incorporation.



Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

Valuation of participations and loans to group companies

Risk	<p>Participations and loans to group companies represent 17.7% of total assets and are therefore a material item in the balance sheet. Due to significance of the positions and the potential uncertainty around the profitability of participations in the respective markets they operate, the assessment of the recoverability of participations and loans to group companies was a focus area of our audit.</p> <p>The Company assesses the recoverability of its participations and loans to group companies annually, considering future earnings, statutory equity and business prospects. This approach requires estimates and assumptions by the Company, such as forecast earnings and cash flows on an individual basis. Changes in estimates and assumptions including future business prospects have an impact on the recoverability of the positions.</p>
Our audit response	<p>We reviewed the Company's approach to assess the recoverability of its participations and loans to group companies. We evaluated how the Company determined profitability and equity and other relevant forecast information. We considered the internal controls framework around defining estimates and assumptions. We assessed the recoverability of each participation individually to corroborate our understanding about its business prospects and anticipated future developments with the Company.</p> <p>Our audit did not give rise to any objections with regard to the procedure and valuation of the investments and loans to group companies.</p>

Classification, valuation and presentation of energy derivatives

Risk	<p>The accounting treatment of energy derivatives is a result of its classification as "held-for-trading" or "Cashflow-Hedges". Classification requires judgment and has a material impact on both balance sheet presentation and net income.</p> <p>The valuation of these "held-for-trading" instruments is derived from observable market data on active markets. The positive and negative replacement values are presented net when legally enforceable netting agreements are in place.</p> <p>The Company defines policies and procedures to account for energy contracts. They include the definition of segregation of duties and controls.</p> <p>Due to the materiality of these transactions, significant judgments and the potential impact on the financial statements, the accounting of energy derivatives was a focus area of our audit. Refer to notes 1, 6 and 15 of the financial statements for further information.</p>
Our audit response	<p>We evaluated the Company's policies and procedures around classification, valuation and netting of open positions including the established segregation of duties and discussed these with the Company. We assessed internal controls over the Company's accounting for such trading activity.</p> <p>For a sample of energy derivatives, we tested the observable inputs into valuation models by reference to externally available market data.</p> <p>Our audit did not give rise to any objections with regard to the recognition and measurement of the energy derivatives.</p>

Valuation of tangible assets and energy procurement contracts

Risk	<p>Tangible assets are a material balance sheet item amounting to 22.5% of total assets in the balance sheet. These comprise primarily power plants, grids and other non-current assets of the Group. In the financial year 2020, no extraordinary value adjustments were made. In addition, there are long-term purchase commitments which could significantly affect the amount of contractual commitments and thus the potential need for provisions.</p> <p>The valuation of tangible assets and energy procurement contracts by Repower depends on various valuation parameters and has a material impact on net income. The testing for potential value adjustments involves the use of estimates and assumptions, such as the forecast production volume, the forecast long-term energy price curve, foreign</p>
------	---

	exchange rates impacting future earnings and cash flows. In addition, discount rates are relevant in obtaining a value in use as of the date of the valuation.
Our audit response	<p>We assessed the Group's valuation approach related to its tangible assets and energy procurement contracts. We further assessed the process to derive the underlying assumptions and estimates around forecast production volumes, the forecast long-term energy price curve and foreign exchange rates. We evaluated the internal controls related to the budgeting and forecasting process as well as the process to derive assumptions and estimates. We evaluated the mathematical correctness of the impairment testing model and involved valuation specialists to evaluate the methodology.</p> <p>We assessed the cash flows derived for each tested tangible asset and how the discount rate including applicable input variables was determined. We corroborated the input variables to the discount rate based on sources provided by the Group and tested them against observable market data.</p> <p>Our audit did not give rise to any objections with regard to the process used to derive the assumptions and valuation of the tangible assets and energy procurement contracts.</p>



Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a para. 1 item 3 CO and Swiss Auditing Standard 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.

Ernst & Young Ltd

INVESTOR AGENDA

The next dates in Repower's financial calendar:

19 May 2021

Annual general meeting in Landquart

26 August 2021

Information on the first six months of 2021

25 October 2021

Analyst and investor conference

5 April 2022

Annual media conference

18 May 2022

Annual general meeting in Klosters

PUBLISHING INFORMATION

Publisher

Repower, Poschiavo, Switzerland

Design

Repower, Poschiavo, Switzerland

Editing

Repower, Poschiavo, Switzerland

Photos

Repower, Poschiavo, Switzerland

Icons

Icons made by Freepik are licensed by CC 3.0 BY (Coins/Jumping man) and nightwolfdezines (Safety Traffic Cones)

Publishing system

Multimedia Solutions AG, Zurich, Switzerland

The annual report is published in German, Italian and English. In the event of differing interpretations, the German text is definitive.

April 2021