

FINANCIAL REPORT

2021



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REPOWER

COMMENTS ON THE FINANCIAL RESULTS

Repower posted a solid group profit of CHF 47 million – having seen operating income increase for the sixth financial year running.

In 2021 the energy markets saw unprecedented price increases, price levels and volatility. The volumes of energy sold and procured increased 26% or 4.4 TWh year on year from 17.0 TWh to 21.4 TWh. Sales of gas doubled from 1.7 cubic kilometres to 3.4 cubic kilometres. All this has had a considerable impact on Repower's financial statements. Total assets, net sales from goods and services, and energy procurement doubled versus the prior year. Positive and negative replacement values for held-for-trading positions (energy derivatives) were up as much as 17-fold and 19-fold respectively.

In the highly volatile market environment that prevailed in 2021, Repower managed to post stable results and maintain its financial power – in particular a high level of net liquidity. It can thus look back on a successful year. Net debt (or net liquidity when written with a minus sign) improved by CHF 8 million, now totalling CHF –97 million (prior year: CHF –89 million). The group closed the 2021 financial year with earnings before interest and taxes (EBIT) of CHF 82 million (prior year: CHF 77 million). Earnings before tax (EBT) came to CHF 65 million, in line with the prior year. Group earnings improved from CHF 41 million to CHF 47 million. Earnings per registered share comes to CHF 5.72 (CHF 5.31 the year before). Despite the fact that equity increased further to CHF 883 million (prior year: CHF 869 million), because of a significant increase in total assets from CHF 1,982 million to CHF 3,982 million the equity ratio halved from 44 per cent at the end of 2020 to 22 per cent on the balance sheet date. As it was the previous year, the Market Switzerland segment was again affected by extraordinary items.

Development in sales, and strong operating results

At CHF 3,211 million, Repower Group net sales from goods and services were up 88 per cent on the prior year level of CHF 1,708 million. The considerable increase in net sales is connected in particular with year-on-year increases in trading volumes and prices of electricity and gas.

By contrast, gross energy margin, which Repower defines as the difference between net revenue from energy business and energy procurement, has stayed more or less unchanged, only up from CHF 273 million to CHF 274 million at group level.

In the **Market Switzerland segment** the gross energy margin, including a positive extraordinary item of CHF 5 million on the basis of an adjustment in provisions for onerous procurement contracts, came to CHF 112 million, as it had the previous year.

Owing to its hedging strategy, Repower was able to profit from the increase in price levels only sporadically. The prior year's lower hedging prices resulted in a CHF 9 million decline in gross energy margin in Trading. In the Generation and Grid divisions (adjusted for an extraordinary item, the recognition of a subsequent positive declaration), gross energy margin declined by CHF 8 million.

In 2021, provisions for onerous procurement contracts in the amount of CHF 5 million were used or reversed, reducing the costs of energy procurement. These provisions for onerous contracts were recognised the previous year and reduced the results by CHF 21 million. As part of a subsequent

positive declaration of operating and capital costs for a feeder line, the prior year CHF 7 million flowed to Repower, and was recognised as net sales.

In 2021 the purchase price adjustment made for the transfer of transmission grids and the receipt of a premium for large hydropower projects amounting to CHF 21 million and CHF 4 million respectively were recognised as extraordinary items under other operating income. The cost of materials and third-party services increased; for the Market Switzerland segment it came to CHF 27 million (prior year: CHF 18 million), of which (in particular) CHF 11 million fell to services for third parties (prior year: CHF 6 million), CHF 10 million to the preservation and maintenance of Repower's own grid and generation assets (prior year: CHF 9 million) and CHF 2 million to sales, in particular the solar power equipment and EV charging station business.

EBIT including extraordinary items for the Market Switzerland segment came to CHF 37 million, more than double the prior-year figure of CHF 16 million.

In the **Market Italy segment** the gross energy margin increased by CHF 1 million, up from CHF 162 million to CHF 163 million. A CHF 29 million year-on-year decline in the margin on the provision of balancing energy through the operation of the Teverola combined cycle gas turbine plant was offset by an increase in margins on the renewable energy business (Repower Renewable) and retail business, where demand had declined in the first wave of the Covid-19 pandemic but has now recovered again by comparison with the prior year.

The prior year there was an impairment gain of CHF 6 million on the investment in the associate Aerochetto S.r.l. This year's result was negatively impacted by a provision of CHF 4 million created for excise taxes and other contractual risks. The cost of materials and third-party services in the Market Italy segment increased CHF 4 million from CHF 27 million to CHF 31 million; this was in connection with stepped-up efforts to sell VAS-products, for example charging stations and cargo bikes, as well with higher project development costs at Repower Renewable. The prior year's depreciation for solar power installations acquired in the course of the year are now, in 2021, included for the entire year, increasing annual depreciation by comparison with the prior year.

EBIT in the Market Italy segment saw a year-on-year decline of CHF 15 million (21%) from CHF 72 million to CHF 57 million.

Negative EBIT, and thus costs in **other segments and activities**, came to CHF 12 million (prior year: CHF 11 million).

The net financial result (financial income and financial expenses) increased overall versus the prior year, representing net financial expenses of CHF 17 million (prior year: net financial expenses of CHF 12 million). The weakening in the euro was more pronounced than in 2020. One result of this was that in 2021, CHF 8 million (prior year: CHF 2 million) in currency translation losses had to be recognised. Forward exchange transactions were used to generate offsetting gains of CHF 5 million (prior year: CHF 2 million). Interest expense declined, down CHF 2 million from CHF 11 million to CHF 9 million. As part of a refinancing, a previously unrecognised interest rate swap in the amount of CHF 3 million was closed affecting expense.

Earnings before tax came in at CHF 65 million, in line with the prior year. Income taxes, by contrast, fell CHF 24 million to CHF 18 million, which translates into a decline in the group's effective tax rate of 37 per cent to 27 per cent. The main reason for this was the increase of results in Switzerland, subject to lower tax rate, and the decrease of results in Italy, subject to higher tax rate.

Asset situation

Total assets at 31 December 2021 were CHF 3,982 million, up 101 per cent or CHF 2,000 million from CHF 1,982 million the prior year. The increase in total assets and liabilities is due in particular to an increase in prices.

Repower's non-current assets grew CHF 10 million from CHF 997 million to CHF 1,007 million. Within non-current assets there was a CHF 27 million increase in intangible assets. In January 2021, Repower paid reversion waiver compensation of CHF 24 million to Canton Graubünden and the municipalities of Brusio and Poschiavo for the continued operation of the Campocologno I and II plants. This reversion waiver compensation was capitalised.

Investments in associates and joint ventures declined by CHF 3 million from CHF 6 million to CHF 3 million. The major part of this change was due to this year's sale of EL.IT.E. S.r.l.

Current assets tripled to CHF 2,975 million from CHF 985 million the previous year. The main driver of this development was the highly volatile market environment and the high level of prices reached by the end of the year. The carrying amount of positive replacement values for held-for-trading positions came to CHF 1,775 million (prior year: CHF 105 million), many times higher than the previous year's figure. Positive replacement values for held-for-trading positions came to 45 per cent of total assets (prior year: 5 per cent). As part of its strategy, Repower opens and closes trading positions with the help of forward transactions (derivatives). The balance sheet rules generally foresee recognition on a gross basis. Netting of items accumulated in this way is only possible in precisely defined circumstances. The high carrying amounts of the forward transactions on the balance sheet were due to the enormous increase in market prices and thus in forward prices for energy products. On a net basis, however, the value of positive and negative replacement values for held-for-trading positions declined by CHF 6 million versus the prior year.

Equity grew 2 per cent from CHF 869 million to CHF 883 million. A particular contributory factor was good group earnings of CHF 47 million. Owing to the effects described above, the equity ratio halved to 22 per cent from 44 per cent the prior year. Return on equity (group earnings divided by equity) was 5 per cent, in line with the prior year.

Liabilities came to CHF 3,098 million at 31 December 2021, up 178 per cent or CHF 1,985 million from CHF 1,113 million the prior year. Here too the main reason is the extraordinarily pronounced increase in the carrying amounts of forward transactions described above.

Lower cash flow from operating activities

Despite a CHF 6 million increase in group earnings, cash flow from operating activities declined by CHF 40 million from CHF 159 million to CHF 119 million. This was due in particular to the higher income taxes paid to the community which increased by CHF 26 million from CHF 7 million the previous year to CHF 33 million. Other financial cash outflow came to CHF 4 million (versus a financial cash inflow of CHF 6 million the prior year), representing a CHF 10 million decline on the prior year, primarily due to lower cash inflows from forward exchange transactions this year, which are recognised under other financial cash outflow and inflow.

Cash flow from investing activities declined CHF 130 million to CHF -37 million (prior year: CHF -167 million). Direct investments in tangible and intangible assets increased by CHF 52 million versus the prior year to CHF 104 million (prior year: CHF 52 million), and primarily relate to grids and power plants, in particular the modernisation of Robbia power plant and reversion waiver compensation payments of CHF 24 million. In 2021 the Zerne and S-chanf distribution grids were sold for CHF 5 million. Repower also divested a net CHF 44 million in current and non-current financial assets (prior year: invested CHF 81 million). CHF 10 million flowed to Repower from the sale of the associates EL.IT.E. S.r.l. and Aerochetto S.r.l. In 2020 Repower made CHF 40 million (less cash and cash equivalents acquired) in investments in group companies. This was connected with the acquisition of solar and wind power installations in Italy and Germany.

In 2021 cash flow from operating activities exceeded cash flow from investing activities (having come in below cash flow from investing activities the prior year), amounting to CHF 83 million (prior year: CHF -9 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 73 million (versus CHF 31 million the prior year).

Cash flow from financing activities came to CHF –4 million (prior year: CHF –56 million). The prior year item contains a CHF 3 million capital increase from minority shareholders. Overall in 2021, financial liabilities of a net CHF 28 million were taken up (prior year: CHF 30 million repaid). In 2021 Repower paid dividends of around CHF 23 million to shareholders (prior year: CHF 19 million).

Repower's cash and cash equivalents came to CHF 370 million (prior year: CHF 301 million), with a year-on-year improvement in net liquidity to CHF –97 million from CHF –89 million the prior year.

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

Net liquidity increased by CHF 8 million from CHF –89 million the prior year to CHF –97 million. Liabilities were lower than cash and cash equivalents. The net debt to EBITDA ratio was therefore also negative, unchanged at –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 18 May 2022 approve a dividend of CHF 4.50 per share.

Outlook

The impact of the war in Ukraine on the energy business cannot yet be fully foreseen, but it will have an influence and result in changes. The current high level of energy prices combined with a high degree of volatility are challenging, and represent both opportunities and risks. Connected with the high prices are more stringent liquidity requirements for trading activities. The high prices have also increased the risk that Repower's trading partners could get into economic difficulty. This could have unfavourable implications for Repower as well. Repower is monitoring developments closely and taking appropriate steps to mitigate the risks as far as possible. Repower has good financial power.

Demand for balancing energy, such as the Teverola combined cycle gas turbine plant supplies, is by its nature highly volatile. It is still too early to say for sure what the impact of the introduction of the capacity market for balancing energy in Italy will be.

With its own generation assets and operations at various stages of the value chain, Repower is generally well positioned. Thanks to higher prices, Repower anticipates increasing revenues from the sale of electricity. In the longer term, however, we must not be blinded by the short-term rise in electricity prices, as already in the medium term the market is assuming significantly lower prices.

Despite all the uncertainty, we expect successful business in 2022.

CONSOLIDATED INCOME STATEMENT

CHF thousand	Note	2021	2020
Net sales from goods and services	1	3,211,499	1,708,078
Own costs capitalised	2	9,784	9,233
Change in inventory of sales orders	3	425	122
Other operating income	4	33,147	5,239
Total operating revenue		3,254,855	1,722,672
Energy procurement	6	-2,904,795	-1,406,168
Concession fees	7	-17,528	-18,324
Personnel expenses	8	-74,318	-70,157
Materials and third party services	9	-57,620	-44,923
Other operating expenses	10	-60,141	-59,209
Share of earnings from associates and joint ventures	5	-3,498	4,798
Earnings before interest, taxes, depreciation and amortisation (EBITDA)		136,955	128,689
Depreciation and value adjustments of tangible assets	11	-51,242	-48,945
Amortisation and value adjustments of intangible assets	12	-3,869	-2,822
Earnings before interest and taxes (EBIT)		81,844	76,922
Financial income	13	7,355	7,145
Financial expenses	13	-24,469	-19,123
Earnings before taxes		64,730	64,944
Income taxes	14	-17,637	-23,717
Group earnings		47,093	41,227
Share of group earnings attributable to Repower shareholders		42,303	39,255
Share of group earnings attributable to minorities		4,790	1,972
Share of group earnings attributable to Repower shareholders per registered share (in CHF) *		5.72	5.31
Average number of registered shares in circulation		7,390,789	7,390,751

* 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	31.12.2021	31.12.2020
Assets			
Tangible assets	15	869,046	877,848
Intangible assets	16	38,973	12,198
Investments in associates and joint ventures	17	3,144	6,432
Financial assets	18	57,950	66,722
Deferred tax assets	19	37,592	33,859
Non-current assets		1,006,705	997,059
Inventories	20	44,246	21,604
Trade accounts receivable	21	80,902	49,304
Other receivables	22	107,205	43,866
Prepaid expenses and accrued income	23	476,840	306,345
Securities	24	120,500	158,471
Positive replacement values of held for trading positions	25	1,775,197	104,540
Cash and cash equivalents	26	370,181	301,244
Current assets		2,975,071	985,374
Total assets		3,981,776	1,982,433

CHF thousand	Note	31.12.2021	31.12.2020
Liabilities and shareholders' equity			
Share capital		7,391	7,391
Treasury shares		-19	-19
Capital reserves		157,680	179,843
Retained earnings (including group earnings)		643,117	600,780
Accumulated translation differences		-10,367	-2,627
Shareholders' equity excluding minorities		797,802	785,368
Minorities		85,524	83,914
Shareholders' equity		883,326	869,282
Non-current provisions	27	33,079	31,065
Deferred tax liabilities	28	24,566	24,411
Non-current financial liabilities	29	304,385	364,470
Other non-current liabilities	30	102,266	109,311
Non-current liabilities		464,296	529,257
Current financial liabilities	29	120,129	41,175
Negative replacement values of held for trading positions	25	1,771,778	94,788
Current provisions	27	6,719	7,809
Trade accounts payable	31	91,479	81,118
Other current liabilities	32	164,806	47,710
Deferred income and accrued expenses	33	479,243	311,294
Current liabilities		2,634,154	583,894
Liabilities		3,098,450	1,113,151
Total liabilities and shareholders' equity		3,981,776	1,982,433

CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

CHF thousand	Share capital	Treasury shares	Capital reserves	Retained earnings	Accumulated translation differences	Shareholders' equity excluding minorities	Minorities	Total shareholder's equity
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
Capital increase minorities						-	3,409	3,409
Equity at 31 December 2020	7,391	-19	179,843	600,780	-2,627	785,368	83,914	869,282
Equity at 1 January 2021	7,391	-19	179,843	600,780	-2,627	785,368	83,914	869,282
Group earnings				42,303		42,303	4,790	47,093
Effect of currency translation					-7,706	-7,706	-2,582	-10,288
Dividends			-22,172			-22,172	-607	-22,779
Purchase/sale of treasury shares			9			9		9
Changes in consolidation				34	-34	-	9	9
Equity at 31 December 2021	7,391	-19	157,680	643,117	-10,367	797,802	85,524	883,326

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	2021	2020
Group earnings		47,093	41,227
Income taxes	14	17,637	23,717
Share of earnings from associates and joint ventures	5	3,498	-4,798
Net financial income	13	17,114	11,978
Depreciation/amortisation, impairment and reversal of impairment of tangible and intangible assets	11/12	55,111	51,767
Gain/loss on the disposals of tangible and intangible assets		1,496	1,240
Result from sales of associates and joint ventures	4	-1,830	-
Change in non-current provisions (without interest)		1,346	18,198
Other non-cash income and expenses		-4,324	-1,837
Dividends from associates and joint ventures	17	1,751	426
Income taxes paid		-33,322	-6,795
Other financial cash outflow and inflow		-4,175	5,990
Cash flow from operating activities before changes in net working capital		101,395	141,113
Changes			
Inventory		-24,195	-4,889
Trade accounts receivable		-32,142	6,174
Other receivables (without income taxes)		-71,352	-5,575
Prepaid expenses and accrued income		-184,076	363
Replacement values of held for trading positions		6,155	12,924
Current provisions		-1,082	6,939
Trade accounts payable		13,261	782
Other current liabilities (without income taxes)		129,805	6,581
Deferred income and accrued expenses		181,415	-5,654
Cash flow from operating activities		119,184	158,758

CHF thousand	Note	2021	2020
Additions of tangible assets	15	-74,147	-48,019
Subsidies received for power plants	15	5,615	2,053
Disposals of tangible assets		7,120	325
Additions of current and non-current financial assets	18/24	-64,521	-98,693
Disposals of current and non-current financial assets	18/24	108,998	18,112
Additions of intangible assets	16	-29,734	-2,675
Additions of group companies		11	-39,567
Payments for additions of investments in associates and joint ventures	17	-	-428
Payments received from disposals of investments in associates and joint ventures	17	9,733	-
Dividends received from third parties		262	189
Interest received		12	1,337
Cash flow from investing activities		-36,651	-167,366
Capital increase		-	3,409
Increase in financial liabilities		78,079	10,816
Repayment of financial liabilities		-50,487	-40,882
Dividend payments		-22,779	-19,448
Purchase/sale of treasury shares		9	-3
Interest paid		-8,374	-9,840
Cash flow from financing activities		-3,552	-55,948
Effect of currency translation		-10,044	-1,331
Change in cash and cash equivalents		68,937	-65,887
Cash and cash equivalents at 1 January		301,244	367,131
Cash and cash equivalents at 31 December	26	370,181	301,244

The payment of CHF 9,733 thousand received from disposals of investments in associates and joint ventures comprises a consideration received by Repower for the sale of its investments in EL.IT.E. S.p.A. and Aerochetto S.r.l. (see the “[Disposal of other associates](#)” section).

The 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 Bestwig-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).

The payment of CHF 428 thousand for additions of 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).

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 31.12.2021	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.	Milan	EUR	10	100.00%	F
REV S.r.l.	Milan	EUR	10	100.00%	F
Roma Gas & Power S.r.l.	Rome	EUR	13	20.00%	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
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
Repower Wind Offshore S.r.l.	Venice	EUR	250	65.00%	F

1) Key: F Fully consolidated, E Equity Method

Company	Head office	Currency	Issued capital in thousands	Holding 31.12.2021	Method ¹⁾
Kraftwerk Morteratsch AG	Pontresina	CHF	500	10.00%	E
Grischelectra AG ²⁾	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
EVU lution AG	Poschiavo	CHF	1,000	42.75%	E

1) Key: F Fully consolidated, E Equity Method

2) 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.

Repower holds a 20 per cent interest in Roma Gas & Power S.r.l. However, given that the remaining shares have been assigned as security, Repower can exercise 100 per cent of the voting rights, as well as having the contractually assured majority in the company's board of directors. For this reason, Roma Gas & Power is fully consolidated.

The direct shareholdings in Impianto Eolico Pian dei Corsi S.r.l. and ESE Nurra S.r.l., come to 57.5 and 67.0 per cent respectively. These are subsidiaries.

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 4 November Repower Italia S.p.A. acquired Roma Gas & Power S.r.l., a company involved in the sale of electricity to retail consumers in the Market Italy segment.

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

CHF thousand		Market Italy	TOTAL
Intangible assets	16	1,585	1,585
Other receivables	22	349	349
Cash and cash equivalents	26	13	13
Trade accounts payable	31	-1,936	-1,936
Minorities		-9	-9
Total net assets		2	2
Cash consideration paid		2	2
Acquired cash and cash equivalents		-13	-13
Cash outflow from acquisition		-11	-11

On 7 December 2021, Repower Renewable established Repower Wind Offshore S.r.l. The Repower Group's interest in the fully consolidated company is 65%.

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 ENERGEIA 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, Repower acquired the company Windpark Bestwig-Berlar GmbH & Co. KG in North Rhine-Westphalia. 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 companies acquired in 2020.

CHF thousand		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 outflow from acquisition		33,168	6,399	39,567

Changes in the ownership interests without loss of control

With effect 1 January 2021, the companies ESE Castalguglielmo S.r.l., Energeia Codroipo S.r.l., Energeia Varmo S.r.l. and Energia Tre S.r.l. were merged into Solis S.r.l.

Disposal of associates

In the 2021 financial year all interests in the associates EL.IT.E. S.p.A. and Aerochetto S.r.l. were sold. The resulting profit of CHF 1,830 thousand and cash flow of CHF 9,733 thousand are recognised under other operating income and cash flow from investing activities respectively.

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	
		31.12.2021	31.12.2020	2021	2020
EUR	1	1.03310	1.08020	1.08153	1.07037

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 does not capitalise borrowing costs. 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 in the course of 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 payable are current liabilities with a remaining term of less than twelve months arising in particular from deliveries, work performances, services and lease agreements. They are recognised at nominal values.

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 for 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 are current liabilities with a remaining term of less than twelve months arising in particular from deliveries, work performances, services and lease agreements. 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	2021	2020
Net sales from goods and services	3,211,499	1,708,078
Revenue from energy business	3,179,279	1,679,581
Revenues from services and other usual business activities	32,220	28,497

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.

The large increase in net sales from goods and services is connected in particular with a year-on-year increase in trading volume, but also to an increase in the price of energy products. The volumes of electricity and gas sold increased by 26 per cent and 98 per cent respectively. A breakdown of net revenues by Repower business segment is presented in the note on segment reporting (see [Note 37](#)). The costs of energy procurement developed analogously (see [Note 6](#)).

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 6,363 thousand (prior year: CHF 4,130 thousand) from long-term contracts in the Market Switzerland segment.

2 Own costs capitalised

CHF thousand	2021	2020
Own costs capitalised	9,784	9,233

3 Change in inventory of sales orders

CHF thousand	2021	2020
Change in inventory of sales orders	425	122

The change in inventory of sales orders relates to work in progress in inventories.

4 Other operating income

CHF thousand	2021	2020
Other operating income	33,147	5,239
Profit from disposal of tangible assets	805	78
Revenue from other operating activities	32,342	5,161

The profits from the disposal of tangible assets in 2021 relate in particular to grid assets and land.

In the year under review, revenues from other operating activities comprise one-time items of CHF 28,559 thousand; of this amount, CHF 24,811 thousand falls to the Market Switzerland segment (a CHF 21,013 purchase price adjustment made for the transfer of transmission grids and a CHF 3,798 thousand market premium received for large hydropower projects); CHF 2,873 thousand falls to the other segments and activities segment (payments of CHF 1,918 thousand received on the basis of a legal dispute won and a CHF 955 thousand gain on the disposal of the associate EL.I.T.E. S.p.A.); and a CHF 875 thousand gain on the disposal of Aerochetto S.r.l. falls to the Market Italy segment.

5 Earnings from associates and joint ventures

CHF thousand	2021	2020
Share of earnings from associates and joint ventures	-3,498	4,798
Associated organisations	-3,621	4,751
Joint ventures	123	47

The share of earnings from associates and joint ventures consists in particular of a total of CHF -4,071 thousand (prior year: CHF -1,006 thousand) representing Repower's share in the accumulated losses and an impairment on existing loans, which are assigned to the other segments and activities segment.

In the prior year an impairment gain on the loan to the associate Aerochetto S.r.l. in the amount of CHF 5,780 thousand is recognised in the Market Italy segment (see [Note 17](#)).

6 Energy procurement

CHF thousand	2021	2020
Energy procurement	-2,904,795	-1,406,168

The increase in energy procurement is connected with increases in trading volumes and prices (see [Note 1](#)).

Energy procurement consists on a net basis of CHF 4,737 thousand in income from a change in the provision for long-term contracts (prior year: expense of CHF 23,901 thousand); of this amount income of CHF 5,026 thousand (prior year: expense of CHF 20,779 thousand) falls to the Market Switzerland segment and expense of CHF 289 thousand (prior year: expense of CHF 3,122 thousand) falls to the Market Italy segment (see [Note 27](#)).

7 Concession fees

CHF thousand	2021	2020
Concession fees	-17,528	-18,324
Water rates/hydro plant taxes	-10,040	-10,775
Other concession-related charges	-7,488	-7,549

8 Personnel expenses

CHF thousand	2021	2020
Personnel expenses	-74,318	-70,157
Wages and salaries	-58,041	-55,035
Social security costs and other personnel costs	-16,277	-15,122

9 Materials and third-party services

CHF thousand	2021	2020
Materials and third party services	-57,620	-44,923
Materials	-9,334	-6,813
Third party services	-48,286	-38,110

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	2021	2020
Other operating expenses	-60,141	-59,209
Cost of premises	-4,953	-6,224
Vehicle and transport costs	-1,348	-1,283
Administrative costs	-7,384	-7,011
IT costs	-11,182	-11,415
Marketing & communications	-12,799	-10,535
Allowances for doubtful accounts	-4,406	-7,960
Capital taxes, levies and fees	-4,588	-6,541
Other operating expenses	-13,481	-8,240

The decline in allowances for doubtful accounts relates in particular to the reversal of an allowance of CHF 1,981 thousand (prior year: recognition of an allowance of CHF 1,964 thousand) for doubtful accounts for a trading partner in the Market Italy segment. Other operating expenses in the year under review were higher than the previous year. This was due in particular to the recognition in the 2021 financial year of CHF 3,677 thousand in other provisions for excise taxes and other contractual risks (see [Note 27](#)) as well as losses on disposal of CHF 1,058 thousand from the replacement of components of existing solar power installations (revamping) in the Market Italy segment.

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	2021	2020
Depreciation and value adjustments of tangible assets	-51,242	-48,945

Neither impairment gains nor impairment losses were recognised in 2020 or 2021.

12 Amortisation and value adjustments of intangible assets

CHF thousand	2021	2020
Amortisation and value adjustments of intangible assets	-3,869	-2,822

Neither impairment gains nor impairment losses were recognised in 2020 or 2021.

13 Net financial result

CHF thousand	2021	2020
Financial income	7,355	7,145
Interest income	820	1,252
Dividend income	261	189
Changes in the value of securities held for trading	4,983	1,992
Reversal of impairment financial investments	963	3,072
Gain on early repayment of liabilities	-	488
Other financial income	328	152
Financial expenses	-24,469	-19,123
Interest expense	-9,278	-10,629
Interest accumulated on provisions	-1,636	-226
Changes in securities held for trading	-314	-1,037
Currency translation	-7,815	-1,910
Impairments	-2	-2,813
Loss on premature repayment of liabilities	-2,699	-104
Other financial expenses	-2,725	-2,404
Net financial result	-17,114	-11,978

In 2021 the weakening of the euro against the Swiss franc gained momentum. There were higher currency translation losses than in the previous year. Offsetting this were gains from forward exchange transactions recognised under changes in the value of securities held for trading in financial income.

The reversal of CHF 963 thousand relates to the reversal of the impairment loss for the investment in tiko Energy Solutions AG (prior year: impairment loss of CHF 2,813 thousand recognised), which was sold at its carrying amount in 2021. In 2020 the impairment loss of CHF 3,072 thousand on ENAG Energiefinanzierungs AG was reversed.

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

The year's loss on premature repayment of liabilities consists in particular of the closing of a previously unrecognised interest rate swap of CHF 2,693 thousand held for hedging purposes that was released as part of a refinancing.

14 Income taxes

CHF thousand	2021	2020
Income taxes referred to in the income statement	-17,637	-23,717
Current income taxes	-22,549	-24,680
Deferred income taxes	4,912	963

The reconciliation between the actual tax burden and the expected tax burden for the financial years ending on 31 December 2021 and 2020 is as follows:

CHF thousand	2021	2020
Reconciliation		
Income before taxes	64,730	64,944
Income tax rate for parent company	14.8%	14.8%
Income taxes at expected income tax rate	-9,561	-9,592
Tax effect from income taxed at other tax rates	-4,312	-6,140
Tax effect from tax-free income/non-tax-deductible expenses	-64	-7,533
Tax losses in the current year for which no deferred tax assets were recognised	-223	-141
Tax loss carryforwards for which no deferred tax assets were recognised	2,211	9,192
Regional production tax in Italy - IRAP	-2,400	-2,771
Income taxes for previous years	-1,603	-6,692
Non-usable withholding tax	-1,823	-204
Other	138	164
Income taxes referred to in the income statement	-17,637	-23,717
Effective income tax rate	27.2%	36.5%

Unrecognised tax loss carryforwards

On the balance sheet date there were unrecognised tax loss carryforwards of CHF 36,179 thousand (prior year: CHF 45,068 thousand). The offsetability of loss carryforwards against future earnings involves uncertainty.

This results in unrecognised deferred tax assets of CHF 11,000 thousand (prior year: CHF 11,948 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 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
Gross values at 1 January 2021	1,058,113	795,064	44,440	72,956	57,507	2,028,080
Own costs capitalised	-	182	9,602	-	-	9,784
Additions	4,596	197	56,918	57	2,595	64,363
Subsidies received	-338	-	-7,644	-	-	-7,982
Disposals	-1,485	-20,690	-1,081	-766	-288	-24,310
Reclassifications between asset classes	25,346	21,824	-49,175	8	2,225	228
Effect of currency translation	-26,009	-	-503	-769	-1,182	-28,463
Gross values at 31 December 2021	1,060,223	796,577	52,557	71,486	60,857	2,041,700
Accumulated depreciation and value adjustments at 1 January 2021	-598,040	-467,522	-9,469	-34,723	-40,478	-1,150,232
Depreciation	-30,049	-16,991	-	-743	-3,459	-51,242
Disposals	455	13,201	-	262	249	14,167
Reclassifications between asset classes	-60	-	-	-	-	-60
Effect of currency translation	13,183	-	201	644	685	14,713
Accumulated depreciation and value adjustments at 31 December 2021	-614,511	-471,312	-9,268	-34,560	-43,003	-1,172,654
Net values at 31 December 2021	445,712	325,265	43,289	36,926	17,854	869,046
of which security pledged for debts						167,747

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

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

Leased power plants

The net carrying amount of the generation assets held as part of the finance leasing agreement totalled CHF 9,044 thousand (previous year: CHF 22,938 thousand) at the closing date.

Total lease liabilities come to CHF 6,902 thousand (prior year: CHF 16,363 thousand). A lease was terminated prematurely in the 2021 financial year.

16 Intangible assets

CHF thousand	Goodwill	Software	Concessions and rights of use, compen- sation of re- version waivers	Other	Total
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
Gross values at 1 January 2021	916	32,504	17,337	3,037	53,794
Additions	-	3,367	24,110	2,257	29,734
Additions from changes in consolidation	-	-	-	1,585	1,585
Reclassifications between asset classes	-	448	-8	-668	-228
Effect of currency translation	-40	-771	-43	-241	-1,095
Gross values at 31 December 2021	876	35,548	41,396	5,970	83,790
Accumulated amortisation and value adjustments at 1 January 2021	-366	-27,272	-13,627	-331	-41,596
Amortisation	-183	-2,862	-706	-118	-3,869
Reclassifications between asset classes	-	-	-	60	60
Effect of currency translation	24	547	-	17	588
Accumulated amortisation and value adjustments at 31 December 2021	-525	-29,587	-14,333	-372	-44,817
Net values at 31 December 2021	351	5,961	27,063	5,598	38,973

The addition of CHF 24,110 thousand relates to the reversion waiver compensation payments made by Repower in January 2021 to Canton Graubünden and the municipalities of Brusio and Poschiavo for the continued operation of the Campocologno I and II power plants.

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

17 Investments in associates and joint ventures

CHF thousand	2021	2020
Investments in associates and joint ventures	3,144	6,432
EL.IT.E. S.p.A.	-	3,591
esolva ag	2,568	2,363
Terra di Conte S.r.l.	426	324
Grischelectra AG	26	27
Kraftwerk Morteratsch AG	124	127
Carrying amounts at 1 January	6,432	6,450
Investments	-	428
Disposals	-2,087	-
Dividends	-1,751	-426
Effect of currency translation	-23	-19
Share of earnings	573	-1
Carrying amounts at 31 December	3,144	6,432
Decrease in loans receivable		
01.01.2022	-1,833	-6,713
Share of earnings	-1,238	4,799
Impairments	-2,833	-
Disposal Aerochetto S.r.l.	1,270	-
Effect of currency translation	-15	81
31 December	-4,649	-1,833

The disposals of carrying amounts of CHF 2,087 thousand relates to the investment in the associate EL.IT.E. S.p.A., which was sold in the second half of 2021 after the distribution of a dividend of CHF 1,494 thousand (see the section [Disposal of associates](#)). This resulted in a gain on disposal of CHF 955 thousand (see [Note 4](#)).

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.

Under decrease in loans receivable in 2021 there were further decreases and losses in the course of equity valuation.

The investment in Aerochetto S.r.l. and the existing loan, which was part of the net investment in the company, were disposed of in 2021 (see the section [Disposal of associates](#)). This resulted in a gain on disposal of CHF 875 thousand (see [Note 4](#)).

18 Financial assets

CHF thousand	31.12.2021	31.12.2020
Financial assets	57,950	66,722
AKEB Aktiengesellschaft für Kernenergiebeteiligungen	6,300	6,300
Kraftwerke Hinterrhein AG	6,500	6,500
Loans receivable	3,126	10,894
Non-current securities	8,931	5,132
Fixed term deposits	33,093	37,896

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.

The investment in tiko Energy Solutions AG, which was fully impaired as at 31 December 2020, was sold in the second half of 2021 (see [Note 13](#)).

The loans receivable relate to loans to associates and joint ventures amounting to CHF 437 thousand (prior year: CHF 8,623 thousand). Accumulated impairments of CHF 4,649 thousand (prior year: CHF 1,833 thousand) were recognised under this item (see [Note 17](#)).

19 Deferred tax assets

CHF thousand	2021	2020
Deferred tax assets	37,592	33,859

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	31.12.2021	31.12.2020
Inventories	44,246	21,604
Emission certificates	13,572	6,955
Gas	13,676	-
Work in progress	8,525	8,120
Inventories of materials	8,473	6,529

In the 2021 financial year, the reversal of CHF 235 thousand in impairments on inventories was recognised as costs of materials (prior year: CHF 51 thousand).

21 Trade accounts receivable

CHF thousand	31.12.2021	31.12.2020
Trade accounts receivable	80,902	49,304
Trade accounts receivable	95,376	62,734
Allowances for doubtful accounts	-14,474	-13,430
Development of allowances for doubtful accounts		
Carrying amount at 1 January	13,430	12,239
Additions	6,468	5,737
Utilisations	-2,190	-3,712
Reversals	-2,627	-803
Effect of currency translation	-607	-31
End balance at 31 December	14,474	13,430

The stated trade accounts receivable also include claims on associates and joint ventures amounting to CHF 285 thousand (prior year: CHF 662 thousand).

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

22 Other receivables

CHF thousand	31.12.2021	31.12.2020
Other receivables	107,205	43,866
Current income tax receivables	1,046	2,452
VAT receivables	8,421	5,081
Advance payments for inventories	11,033	5,641
Security deposits paid	66,874	16,763
Other receivables	19,831	13,929

Security deposits paid contains security deposits paid in connection with trading activities. Margin requirements were tightened, particularly because of the greater volatility and the price levels for energy products (see [Note 32](#)).

Other receivables include accrued revenues from long-term contracts amounting to CHF 17,260 (prior year: CHF 10,897 thousand) less advance payments of CHF 13,461 thousand (prior year: CHF 6,715 thousand) received and balances from excise tax of CHF 340 thousand (prior year: CHF 4,695 thousand).

In 2021 other receivables continues to include CHF 10,321 in receivables from the purchase price adjustment for transmission grids (see [Note 4](#)).

23 Prepaid expenses and accrued income

CHF thousand	31.12.2021	31.12.2020
Prepaid expenses and accrued income	476,840	306,345
Trade accounts receivable invoices not issued yet	472,372	300,951
Power trades from participations	-	889
Other prepaid expenses and accrued income	4,468	4,505

Trade accounts receivable invoices not invoiced yet represent goods and services that have been delivered but not yet invoiced.

The increase in trade accounts receivable invoices not invoiced yet is connected in particular with a year-on-year increase in volumes and prices of energy products, which likewise had an impact on trade accounts payable to be received under deferred income and accrued expenses (see [Note 33](#)).

24 Securities

CHF thousand	31.12.2021	31.12.2020
Securities	120,500	158,471
Fixed term deposits (up to 12 months)	115,000	154,010
Loans receivable	-	4,030
Forward foreign currency contracts	5,363	305
Other securities	137	126

The loans receivable of CHF 4,030 thousand recognised the previous year relate to a loan to tiko Energy Solutions AG, which was sold at its carrying amount in 2021. The investment in the company was also sold (see [Note 13](#)).

25 Replacement values of held-for-trading positions

CHF thousand	31.12.2021	31.12.2020
Net replacement values	3,419	9,752
Positive replacement values	1,775,197	104,540
Negative replacement values	-1,771,778	-94,788

The positive and negative values of held-for-trading positions which are recognised on the assets and liabilities side of the balance sheet increased in particular in connection with the sharp increase in prices. In net terms the replacement values come to CHF 3,419 thousand (prior year: CHF 9,752 thousand).

26 Cash and cash equivalents

CHF thousand	31.12.2021	31.12.2020
Cash and cash equivalents	370,181	301,244
Sight deposits	369,148	285,041
Cash invested for less than 90 days	1,033	16,203

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

CHF thousand	31.12.2021	31.12.2020
Credit lines	109,072	126,532
Unused general credit lines	26,296	25,241
Additional unused credit lines for the purpose of issuing guarantees	82,776	101,291

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 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
Carrying value at 1 January 2021	950	6,343	24,080	4,135	3,366	38,874
Additions	-	1,219	735	692	4,220	6,866
Utilisations	-	-356	-1,658	-250	-475	-2,739
Reversals	-	-	-3,814	-	-49	-3,863
Interest	-	26	1,610	-	-	1,636
Effect of currency translation	-41	-306	-161	-200	-268	-976
Carrying value at 31 December 2021	909	6,926	20,792	4,377	6,794	39,798
Non-current Provisions						
Carrying value at 31 December 2020	950	6,030	17,378	4,135	2,572	31,065
Carrying value at 31 December 2021	909	6,656	14,379	4,377	6,758	33,079
Current provisions						
Carrying value at 31 December 2020	-	313	6,702	-	794	7,809
Carrying value at 31 December 2021	-	270	6,413	-	36	6,719

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.

Provisions for onerous contracts for energy, certificates of origin and transport capacity totalling CHF 4,737 thousand were adjusted via energy procurement and recognised as income (prior year: CHF 23,901 thousand recognised as expense). In 2021, income of CHF 5,026 thousand (prior year: expense of CHF 20,779 thousand) falls to the Market Switzerland segment and expense of CHF 289 thousand (prior year: expense of CHF 3,122 thousand) to the Market Italy segment.

The provisions were calculated on the basis of risk-adjusted interest rates of between 8.8 and 15.0 per cent (prior year: 6.8 and 14.2 per cent).

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 2021 were recognised under tangible assets.

Other provisions

In 2021 provisions of CHF 2,812 thousand for excise taxes were recognised in the Market Italy segment. Other provisions still include severance pay paid to sales agents in Italy amounting to CHF 1,501 thousand (prior year: CHF 1,348 thousand).

28 Deferred tax liabilities

CHF thousand	2021	2020
Deferred tax liabilities	24,566	24,411

The tax rates used to calculate deferred tax liabilities 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 31.12.2021			120,129	198,835	105,550	304,385
Bonds	CHF	2.4%	96,328	-	-	-
Loans ¹⁾	CHF	1.2% - 3.6%	75	60,000	20,280	80,280
Loans ²⁾	EUR	variable	17,979	66,724	51,918	118,642
Loans ³⁾	EUR	1.7% - 2.6%	384	53,190	767	53,957
Liabilities for finance leasing	EUR	1.1% - 1.4%	817	3,471	2,614	6,085
Loan from minorities	CHF	no interest	390	1,560	17,161	18,721
Loan from minorities	CHF	0.3%	-	-	7,067	7,067
Loan from minorities	EUR	no interest	-21	-85	1,304	1,219
Loan from minorities	EUR	3.9%	3,175	14,001	1,907	15,908
Registered bond	EUR	3.4%	-7	-26	2,532	2,506
Other financial liabilities	CHF	no interest	613	-	-	-
Other financial liabilities	EUR	no interest	73	-	-	-
Forward foreign currency contracts	CHF		323	-	-	-
Financial liabilities are carried in the follow- ing currencies:						
Swiss francs			97,729	61,560	44,508	106,068
Euro (translated)			22,400	137,275	61,042	198,317

- 1) This item includes a mortgage loan of TCHF 355, 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 120,876 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 2,686 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 31.12.2020			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].

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

30 Other non-current liabilities

CHF thousand	2021	2020
Other non-current liabilities	102,266	109,311
Connection fees and grid cost contributions	55,137	61,419
Advance payments on energy deliveries	46,941	47,686
Other non-current liabilities	188	206

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 are recognised every year as income of CHF 745 thousand in the profit and loss item net sales from goods and services in the Market Switzerland segment.

31 Trade accounts payable

CHF thousand	31.12.2021	31.12.2020
Trade accounts payable	91,479	81,118

The stated trade accounts payable also include liabilities vis-à-vis associates and joint ventures amounting to CHF 1,558 thousand (prior year: CHF 3,370 thousand)

32 Other current liabilities

CHF thousand	31.12.2021	31.12.2020
Other current liabilities	164,806	47,710
Excise taxes	12,370	5,533
Connection fees and grid cost contributions	6,922	3,476
Customer prepayments	1,749	1,059
VAT liabilities	18,194	754
Current income tax liabilities	4,275	16,584
Security deposits received	84,094	-
Other current liabilities	37,202	20,304

The customer prepayments item contains prepayments of CHF 1,032 thousand (prior year: CHF 1,032 thousand) for services for third parties.

The increased level of prices resulted in tighter margin payments on both the asset and liability side (see [Note 22](#)). Security deposits received relate to security deposits in connection with exchange trading. Other current liabilities include in particular margin payments of CHF 31,966 thousand (prior year: CHF 11,211 thousand) in connection with exchange trading.

33 Deferred income and accrued expenses

CHF thousand	31.12.2021	31.12.2020
Deferred income and accrued expenses	479,243	311,294
Trade accounts payable invoices to be received	459,811	286,515
Deferred income for capital and other taxes, charges and levies	3,344	5,976
Accrued annual leave and overtime	5,192	4,837
Accrued other personnel expenses	7,048	6,890
Accrued power trades from participations	858	4,020
Accrued interest	2,541	2,565
Other accrued expenses	449	491

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

The increase in trade accounts payable invoices to be received is connected in particular with a year-on-year increase in volumes and prices of energy products, which likewise had an impact on trade accounts receivable invoices not issued yet under prepaid expenses and accrued income (see [Note 23](#)).

34 Pension schemes

Economic benefit/economic liability and pension benefit expenses

CHF thousand	Overfund- ing (unaudit- ed)	Organisation's share of economic liability		Change on prior year	Contribu- tions con- cerning the business period	Pension benefit expenses within personnel expenses	
	31.12.2021	31.12.2021	31.12.2020	2021	2021	2021	2020
Pension plans with overfunding	9,774	-	-	-	3,494	3,494	3,229
Pension institutions with unfunded obligations	-	-4,377	-4,135	-242	318	1,010	880
Total	9,774	-4,377	-4,135	-242	3,812	4,504	4,109

The pension fund for employees of Repower AG is organised as a joint pension scheme of the PKE Vorsorgestiftung foundation. Subject to the approval of the pension foundation's financial statements by the board of trustees, the share of Repower's non-committed funds is CHF 9,774 thousand.

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 692 thousand at the average exchange rate.

35 Derivative financial instruments

CHF thousand	Replacement values		Replacement values	
	positive	negative	positive	negative
	31.12.2021		31.12.2020	
On-balance-sheet derivatives				
Held for trading				
Currency derivatives	5,363	323	305	1,894
Energy derivatives	10,673,875	10,670,456	697,945	688,193
Total on-balance-sheet derivatives	10,679,238	10,670,779	698,250	690,087
Netting	-8,898,678	-8,898,678	-593,405	-593,405
Net value on balance sheet	1,780,560	1,772,101	104,845	96,682
Off-balance-sheet derivatives				
Held for cash flow hedges				
Interest derivatives	-	1,662	-	5,614
Energy derivatives	940,626	1,325,558	63,163	75,753
Total off-balance-sheet derivatives	940,626	1,327,220	63,163	81,367
Total derivative financial instruments	2,721,186	3,099,321	168,008	178,049

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.

The high values of energy derivatives are connected with the sharp increase in the prices of energy products.

36 Transactions with related parties

The assets 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 their fully consolidated companies, associates, partner works and joint ventures of Repower AG.

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

CHF thousand	31.12.2021	31.12.2020
Income statement item		
Net Sales from goods and services	132,973	2,542
Energy procurement	-71,572	-60,356
Financial and other operating income	1,859	427
Financial and other operating expenses	-10,797	-6,336
Balance sheet item		
Assets		
Financial assets	1,437	9,623
Trade accounts receivable	1,194	960
Prepaid expenses and accrued income	12,326	2,932
Positive replacement values of held for trading positions	3,536	499
Liabilities		
Non-current financial liabilities	3,418	3,471
Negative replacement values of held for trading positions	55,406	15,837
Trade accounts payable	3,670	3,775
Deferred income and accrued expenses	2,580	6,854
Off-balance-sheet energy derivatives		
Held for cash flow hedges		
Positive replacement values	8,570	-
Negative replacement values	49,081	3,875

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 function 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 income 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
2021				
Net sales from goods and services	954,429	2,335,680	-78,610	3,211,499
Net sales from goods and services	902,657	2,308,410	432	3,211,499
Net sales from goods and services between segments	51,772	27,270	-79,042	-
Earnings before interest and taxes (EBIT)	36,837	56,958	-11,951	81,844
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

38 Treasury shares

	2021		2020	
	Number of shares	Carrying amount in CHF	Number of shares	Carrying amount in CHF
Initial balance at 1 January	212	19,204	172	16,008
Purchases	500	59,475	350	32,250
Disposals	-562	-59,529	-310	-29,054
Ending balance at 31 December	150	19,150	212	19,204

Purchases/disposals of treasury shares relate to Repower AG registered shares. In the year under review Repower AG bought 500 shares (prior year 350) at CHF118.95 (prior year CHF 92.14) and sold 562 shares (prior year 310) at an average price of CHF 121.80 (prior year CHF 95.94).

39 Off-balance-sheet liabilities

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 189,903 thousand (prior year: CHF 129,142 thousand). Given the high level of prices and elevated volatility of energy products, the requirements for security deposits in the form of guarantees in connection with Repower's trading activities have increased.

There is a service agreement for the Teverola power plant ending in 2038. This resulted in an irrevocable payment obligation of CHF 23,927 thousand at 31 December 2021 (prior year: CHF 26,542 thousand). Furthermore, at 31 December 2021 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 13,139 thousand (prior year: CHF 11,259 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 are litigations under way where Repower is asserting its rights, which, if it is successful, could result in inflowing payments.

CHF thousand	31.12.2021	31.12.2020
Off-balance-sheet liabilities		
Operating lease (nominal value)	9,535	11,334
Due within 1 year	1,829	2,072
Due in 1-5 years	3,772	4,684
Due in more than 5 years	3,934	4,578
Procurement contracts	514,343	628,600
Due within 1 year	103,215	107,657
Due in 1-5 years	272,468	330,632
Due in more than 5 years	138,660	190,311

At the reporting date of the financial year under review, the outstanding minimum lease payments consisted of CHF 8,920 thousand for property and buildings (prior year: CHF 10,607 thousand) and CHF 615 thousand for motor vehicles (prior year CHF 727 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

The difficult-to-predict market and price situation, which already existed at the end of the year and has been further exacerbated by the military escalation of the crisis in Ukraine, combined with the rapid rise in gas and energy prices, are increasing the counterparty risk for Repower. It could happen that gas and energy suppliers can no longer meet their obligations, meaning that Repower has to procure these commodities on the market at high prices. Even though Repower does not pursue

business activities in Russia or Ukraine, the solvency of individual contractual partners could be impaired, which in turn could have consequences in terms of its asset, financial and earnings situation in 2022.

The financial statements were approved for publication by the board of directors on 30 March 2022. They are subject to the approval of the annual general meeting, which will take place on 18 May 2022.

REPORT OF THE STATUTORY AUDITOR



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Zurich, 30 March 2022

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 2021.



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 2021 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, 25 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 98.4% of equity in the consolidated balance sheet. These comprise primarily power plants, grids and other non-current assets of the Group. In the financial year 2021, 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.</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

Willy Hofstetter
Accredited auditing expert (Lead auditor)

Ina Braun
Accredited auditing expert

INCOME STATEMENT

CHF thousand	Note	2021	2020
Net sales	1	921,671	599,330
Change in inventories for work in progress		649	122
Own costs capitalised		9,784	9,233
Other operating income	2	52,808	73,796
Total operating revenue		984,912	682,481
Energy procurement		-821,926	-498,272
Materials and third party services		-25,499	-19,114
Concession fees		-12,912	-13,487
Personnel expenses		-54,447	-51,864
Other operating expenses	2	-20,166	-20,214
Depreciation/amortisation and impairment	3	-19,853	-20,245
Operating expenses		-954,803	-623,196
Operating earnings before interest, extraordinary items and taxes		30,109	59,285
Financial income ¹⁾		10,718	11,882
Financial expenses ¹⁾		-16,492	-12,148
Operating earnings before taxes		24,335	59,019
Non-operating income		466	505
Extraordinary, non-recurring or prior period income	4	-	2,422
Earnings before taxes		24,801	61,946
Taxes		-4,374	-4,119
Net earnings for the year		20,427	57,827

- 1) As of 31 December 2021, the presentation of the income statement was adjusted in such a way that the foreign currency effects contained in the items "Financial expenses" and "Financial income" are presented on a net basis, as in the consolidated financial statements. The figures for the previous year have been adjusted accordingly too. "Financial income" and "Financial expenses" for the previous year were both reduced by CHF 30,699 thousand each.

BALANCE SHEET

CHF thousand	Note	31.12.2021	31.12.2020
Assets			
Cash ¹⁾	5	227,629	235,403
Positive replacement values of held for trading positions ¹⁾	6	1,698,953	97,784
Current securities and other financial instruments		120,363	134,010
Trade accounts receivable	7	65,388	58,281
Other receivables	8	80,687	25,651
Inventories	9	8,463	7,729
Prepaid expenses and accrued income	10	508,654	326,017
Current assets		2,710,137	884,875
Financial assets	11	92,926	96,383
Shareholdings		229,424	232,766
Tangible assets	12	375,981	354,560
Intangible assets	13	27,226	4,509
Non-current assets		725,557	688,218
Total assets		3,435,694	1,573,093

- 1) As of 31 December 2021, the presentation of the balance sheet was adjusted so that the item "Positive replacement values held for trading positions" is reported separately, as in the consolidated financial statements. The breakdown of the previous year was adjusted accordingly and the item "Positive replacement values held for trading positions" in the amount of CHF 97,784 thousand was also presented separately. Accordingly, the "Cash and cash equivalents" of the previous year were reduced by this amount.

CHF thousand	Note	31.12.2021	31.12.2020
Liabilities and shareholders' equity			
Trade accounts payable	14	14,069	18,760
Current interest-bearing liabilities	15	96,445	-
Other current liabilities ¹⁾	16	99,699	16,343
Negative replacement values of held for trading positions ¹⁾	6	1,696,025	87,436
Deferred income and accrued expenses	17	531,656	351,058
Current provisions	18	7,940	7,438
Current liabilities		2,445,834	481,035
Non-current interest-bearing liabilities	19	134,239	233,156
Other non-current liabilities	20	52,434	51,895
Non-current provisions	18	13,219	15,303
Non-current liabilities		199,892	300,354
Liabilities		2,645,726	781,389
Share capital		7,391	7,391
Legal reserve from capital		139,991	162,163
Legal reserve from retained earnings		17,123	17,123
Free reserves from earnings			
Other reserves		526,995	526,986
Retained earnings		98,487	78,060
Treasury shares		-19	-19
Shareholders' equity	21	789,968	791,704
Total liabilities and shareholder's equity		3,435,694	1,573,093

- 1) As of 31 December 2021, the presentation of the balance sheet was adjusted so that the item "Negative replacement values held for trading positions" is reported separately, as in the consolidated financial statements. The breakdown of the previous year was adjusted accordingly and the item "Negative replacement values held for trading positions" in the amount of CHF 87,436 thousand was also shown separately. Accordingly, the item "Other current liabilities" from the previous year was reduced by this amount.

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

1. 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).

2. 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.

Receivables from goods and services

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.

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: NOTES

1 Net sales

CHF thousand	2021	2020
Net sales	921,671	599,330
Revenue from energy sales ¹⁾	915,308	595,200
Revenue from long term contracts	6,363	4,130

- 1) As of 31 December 2021, the presentation of the note on net sales was adjusted so that the item "Result from held for trading positions" is no longer reported separately, as in the consolidated financial statements. It is now included in the item "Revenue from energy sales". The breakdown of the previous year was adjusted accordingly and the item "Revenue from energy sales" was increased by CHF 16,496 thousand.

Revenue from energy sales is recognised in the income statement when delivery of goods or services has been performed. Sales revenue increased significantly versus the prior year because of year-on-year increases in energy trading volumes and energy prices.

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

2 Other operating income and expenses

CHF thousand	2021	2020
Net	32,642	53,582
Other operating income	52,808	73,796
Other operating expenses	-20,166	-20,214

Other operating income contains in particular revenues from services and other usual business activities, as well as gains on disposals of assets. The year under review includes a purchase price adjustment made for the transfer of transmission grids (CHF 21,013 thousand) as well as payments on the basis of a legal dispute won by Repower (CHF 1,918 thousand).

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 assets the prior year comes to CHF 49,176 thousand.

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

3 Depreciation/amortisation and impairment

CHF thousand	2021	2020
Depreciation/amortisation and impairment	-19,853	-20,245
Depreciation of tangible assets	-14,344	-14,579
Amortisation of intangible assets	-1,393	-2,590
Impairment of financial assets and investments	-4,116	-3,076

Amortisation of intangible assets includes CHF 352 thousand for the reversion waiver compensation paid and capitalised in January 2021 in the amount of CHF 24,110 thousand (paid to Canton Graubünden, the municipality of Brusio and the municipality of Poschiavo) for the continued operation of the Campocologno I and II power plants (see [Note 13](#)).

4 Extraordinary, non-recurring or prior-period income

CHF thousand	2021	2020
Extraordinary, non-recurring or prior period income	-	2,422
Other extraordinary, non-recurring or prior period income	-	2,422

The prior year primarily consisted of the proceeds from the transfer in kind to EVUlation AG.

5 Cash and cash equivalents

CHF thousand	31.12.2021	31.12.2020
Cash ¹⁾	227,629	235,403

- 1) As of 31 December 2021, the presentation of the note "Cash and cash equivalents" was adjusted so that the item "Energy trading", as in the consolidated financial statements, is no longer shown separately, as this also basically represents sight deposits. This sight deposit is now included in the "Cash and cash equivalents" item. The breakdown of the previous year was adjusted accordingly and the item "Cash and cash equivalents" increased by CHF 722 thousand.

6 Replacement values of held-for-trading positions

CHF thousand	31.12.2021	31.12.2020
Net replacement values	2,928	10,348
Positive replacement values	1,698,953	97,784
Third parties	1,691,896	97,285
Participants and management bodies ¹⁾	3,575	499
Investments	3,482	-
Negative replacement values	-1,696,025	-87,436
Third parties	-1,646,797	-75,178
Participants and management bodies ¹⁾	-49,228	-12,258

1) The definition of "Participants and management bodies" can be found in the section further notes in paragraph "Related parties".

Positive and negative replacement values of held for trading positions stated on the assets and liabilities side of the balance sheet increased, mainly in connection with the sharp rise in energy prices. On a net basis, replacement values come to CHF 2,928 thousand (prior year: CHF 10,348 thousand).

7 Trade accounts receivable

CHF thousand	31.12.2021	31.12.2020
Trade accounts receivable	65,388	58,281
Third parties	21,358	23,399
Participants and management bodies	863	283
Investments	43,167	34,599

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 Repower's subsidiaries.

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.

8 Other receivables

CHF thousand	31.12.2021	31.12.2020
Other receivables	80,687	25,651
Third parties	80,281	21,215
Investments	406	406
Current financial receivables third parties	-	4,030

Third parties includes accrued contractual revenues of CHF 17,260 (prior year: CHF 10,897 thousand) less received advance payments of CHF 13,461 thousand (prior year: CHF 6,715 thousand) and receivables from security deposits paid of CHF 63,949 thousand (prior year: CHF 13,773 thousand). Security deposits paid contains security deposits paid in connection with trading activities. Margin requirements were tightened, particularly because of the greater volatility and the price levels for energy products.

The item “current financial receivables third parties” contains CHF 4,030 thousand for the loan to tiko Energy Solutions AG, which was settled in the year under review.

9 Inventories

CHF thousand	31.12.2021	31.12.2020
Inventories	8,463	7,729
Inventories of materials	2,830	2,213
Emission certificates	12	544
Non-invoiced services	5,621	4,972

In the year under review, impairments of CHF 74 thousand on inventories of materials were recognised as costs of materials (prior year: CHF 51 thousand).

10 Prepaid expenses and accrued income

CHF thousand	31.12.2021	31.12.2020
Prepaid expenses and accrued income	508,654	326,017
Third parties	484,691	304,760
Participants and management bodies	20,652	19,452
Investments	3,311	1,805

The total for the year under review contains prepaid expenses and accrued income of CHF 492,968 thousand (prior year: CHF 322,524 thousand) from investments and for energy bills not yet invoiced. The higher revenues (the result of increases in trading volumes and energy prices) lead to a significant year-on-year increase in prepaid expenses and accrued income.

11 Financial assets

CHF thousand	31.12.2021	31.12.2020
Financial assets	92,926	96,383
Securities	19,937	16,096
Fixed-term deposits >12 months	30,993	35,000
Loans to investments	41,996	45,287

Loans to investments include loans for which a subordination of CHF 2,092 thousand has been granted (prior year: CHF 871 thousand). The loans connected with the subordination were fully impaired in the year under review (see. [Note 3](#)).

12 Tangible assets

CHF thousand	31.12.2021	31.12.2020
Tangible assets	375,981	354,560
Power plants	82,733	86,713
Grids	226,369	217,639
Assets under construction	36,039	19,274
Land and buildings	23,829	24,307
Other	7,011	6,627

In the year under review there is an increase in tangible assets under construction owing to the total modernisation of Robbia power plant. Assets under construction also include investments in the grid.

13 Intangible assets

CHF thousand	31.12.2021	31.12.2020
Intangible assets	27,226	4,509
Concessions and reversion waiver compensation	24,920	1,218
Rights of use	1,188	1,485
Software	1,118	1,806

In the year under review, Repower AG capitalised reversion waiver compensation, paid out in January 2021, amounting to CHF 24,110 thousand (Canton Graubünden and the municipalities of Brusio and Poschiavo) for the continued operation of the Campocologno I and II power plants (see [Note 3](#)).

14 Trade accounts payable

CHF thousand	31.12.2021	31.12.2020
Trade accounts payable	14,069	18,760
Third parties	10,807	18,275
Participants and management bodies	2,128	428
Investments	1,134	57

Trade accounts payable primarily consist of liabilities from the energy business, procurements for operating activities, and investments.

15 Current interest-bearing liabilities

CHF thousand			31.12.2021	31.12.2020
	Interest rate	Duration		
Non-current interest-bearing liabilities			96,445	-
Bonds			96,445	-
Bond	2.375%	2010-2022	96,445	-

On the basis of its maturity compared with the prior year, the bond is recognised under current interest-bearing liabilities (see [Note 19](#)).

16 Other current liabilities

CHF thousand	31.12.2021	31.12.2020
Other current liabilities	99,699	16,343
Third parties	98,903	15,547
Investments ¹⁾	796	796

- 1) The annual repayment in the amount of CHF 796 thousand for the non-interest-bearing advance payment from Repartner Produktions AG to Repower AG for the Taschinas power plant is reported under "Other current liabilities" ([note 20]).

In the year under review, the item "third parties" primarily consists of liabilities of CHF 84,094 thousand (prior year: CHF 0 thousand) from security deposits received in connection with exchange trading activities. Margin requirements were tightened, particularly because of the greater volatility and the price levels for energy products.

17 Deferred income and accrued expenses

CHF thousand	31.12.2021	31.12.2020
Deferred income and accrued expenses	531,656	351,058
Third parties	482,325	303,927
Participants and management bodies	14,512	19,119
Investments	34,819	28,012

The total for the year under review contains prepaid expenses and accrued income of CHF 500,154 thousand (prior year: CHF 335,429 thousand) from investments and for energy bills not yet invoiced. The increase in procurement costs due to an increase in trading volumes and energy prices has led to a significant year-on-year increase in deferred income and accrued expenses.

18 Provisions

CHF thousand	Provisions for onerous contracts	Other risks	Total
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
Carrying value at 31 December 2021	17,288	3,871	21,159
thereof current	6,413	1,527	7,940
thereof long-term	10,875	2,344	13,219

Procurement contract risks

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.

At the end of the year under review, provisions for identifiable losses on procurement contracts for energy and guarantees of origin came to a total of CHF 17,288 thousand. Of this amount, CHF 15,567 thousand falls to procurement contracts for electricity and CHF 1,721 thousand to guarantees of origin. Provisions for onerous contracts for energy and guarantees of origin were adjusted via energy procurement and recognised as income.

Other risks

In the year under review other risks includes a provision for unrealised foreign exchange gains amounting to CHF 3,413 thousand (previous year: CHF 424 thousand).

19 Non-current interest-bearing liabilities

CHF thousand			31.12.2021	31.12.2020
	Interest rate	Duration		
Non-current interest-bearing liabilities			134,239	233,156
Loans			131,656	134,010
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	25,828	27,005
Bank loan	1.922%	2017-2025	25,828	27,005
Bank loan	1.820%	2006-2026	50,000	50,000
Bonds			2,583	99,146
Bond	2.375%	2010-2022	-	96,445
Registered bond	3.400%	2014-2034	2,583	2,701

On the basis of its maturity compared with the prior year, the bond is recognised under current interest-bearing liabilities (see [Note 15](#)).

20 Other non-current liabilities

CHF thousand			31.12.2021	31.12.2020
Other non-current liabilities			52,434	51,895
Connection fees and grid cost contributions			14,137	12,800
Connection fees and grid cost contributions			14,137	12,800
Other non-current liabilities			38,297	39,095
Investments ¹⁾			38,297	39,095

- 1) This item includes the non-interest-bearing advance payment from Repartner Produktions AG to Repower AG for the Taschinas power plant, which is annually repaid in the amount of CHF 796 thousand (note 16).

21 Equity

CHF thousand	31.12.2021	31.12.2020
Shareholders' equity	789,968	791,704
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	684,109	706,272
Legal capital reserves		
Capital reserves	139,991	162,163
Legal reserve from retained earnings	17,123	17,123
Other reserves	526,995	526,986
Retained earnings	98,487	78,060
Retained earnings carried forward	78,060	20,233
Net income for the year	20,427	57,827
Treasury shares	-19	-19

Share capital

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

	31.12.2021	31.12.2020
Elektrizitätswerke des Kantons Zürich (EKZ)	34.04%	33.96%
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

	2021		2020	
	Number of shares	Carrying value in CHF	Number of shares	Carrying value in CHF
Initial balance at 1 January	212	19,204	172	16,008
Purchases	500	59,475	350	32,250
Disposals	-562	-59,529	-310	-29,054
End balance at 31 December	150	19,150	212	19,204

In the year under review Repower AG bought 500 shares at an average price of CHF 118.95 and sold 562 shares at an average price of CHF 121.80.

The previous year 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.

NOTES TO THE FINANCIAL STATEMENTS: FURTHER NOTES

Net release of hidden reserves

In the reporting year, hidden reserves of CHF 11,850 thousand were released (prior year: CHF 10,868 thousand).

Employee information

In the year under review Repower AG had 388 full-time positions on annual average (prior year: 373).

Direct and indirect shareholdings

Direct participations

Company	Head office	Currency	Issued capital		Share of equity and votes in %	
			31.12.2021	31.12.2020	31.12.2021	31.12.2020
Ovra elettrica Ferrera SA	Trun	CHF	3,000,000	3,000,000	49.00%	49.00%
esolva ag	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 ¹⁾	Pontresina	CHF	500,000	500,000	10.00%	10.00%
EVUlation AG	Poschiavo	CHF	1,000,000	1,000,000	42.75%	42.75%
Repower Deutschland GmbH	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%
NERA S.r.l.	Milan	EUR	100,000	100,000	100.00%	100.00%
EL.IT.E. S.p.A. ²⁾	Milan	EUR	-	3,888,500	0.00%	46.55%
Grischelectra AG	Chur	CHF	1,000,000	1,000,000	11.00%	11.00%

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

2) Repower AG sold the investment in 2021.

Indirect participations

Company	Head office	Currency	Issued capital		Share of equity and votes in %	
			31.12.2021	31.12.2020	31.12.2021	31.12.2020
Repartner Wind GmbH	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.	Milan	EUR	10,000	10,000	100.00%	100.00%
REV S.r.l.	Milan	EUR	10,000	10,000	100.00%	100.00%
Roma Gas & Power S.r.l. ¹⁾	Rom	EUR	12,500	-	20.00%	0.00%
Aerochetto S.r.l. ²⁾	Catania	EUR	-	2,000,000	0.00%	39.00%
Repower Renewable S.p.A.	Venice	EUR	71,935,660	71,935,660	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 Castelguglielmo S.r.l. ³⁾	Venice	EUR	-	30,000	0.00%	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.	Venice	EUR	10,000	10,000	65.00%	65.00%
Energeia Codroipo S.r.l. ³⁾	Milan	EUR	-	10,000	0.00%	65.00%
Energeia Varmo S.r.l. ³⁾	Milan	EUR	-	10,000	0.00%	65.00%
Energia Tre S.r.l. ³⁾	Milan	EUR	-	1,426,484	0.00%	65.00%
Repower Wind Offshore S.r.l. ⁴⁾	Venice	EUR	250,000	-	65.00%	0.00%
Terra di Conte S.r.l.	Lucera	EUR	10,000	10,000	32.50%	32.50%

1) Repower Italia S.p.A. acquired the investment in the company Roma Gas & Power S.r.l. in 2021.

2) Repower Italia S.p.A. sold the investment in the associate Aerochetto S.r.l. in 2021.

3) In 2021 the companies ESE Castelguglielmo S.r.l., Energeia Codroipo S.r.l., Energeia Varmo S.r.l. and Energia Tre S.r.l. were merged in the SOLIS S.r.l.

4) The company was established in 2021 by Repower Renewable S.p.A.

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

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

To the benefit of group companies, letters of intent and financing agreements amounting to EUR 84.5 million (equivalent to CHF 87.3 million) were concluded (prior year: EUR 83.9 million, equivalent to CHF 90.6 million).

Guarantees in favour of third parties amounting to CHF 2.2 million and EUR 7.9 million (equivalent to CHF 8.1 million) were provided (prior year: CHF 5.4 million and EUR 9.8 million (equivalent to CHF 10.6 million).

Lease liabilities

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

CHF thousand	31.12.2021	31.12.2020
Lease liabilities	5,061	6,140
Within 1 year	940	1,088
2-5 years	2,820	3,649
Over 5 years	1,301	1,403

Pension fund liability

On the balance sheet date there was a liability to the pension fund of CHF 442 thousand (previous year: CHF 411 thousand).

Related parties

Receivables and liabilities vis-à-vis direct or indirect participants and management bodies and vis-à-vis companies in which there is a direct or indirect participation are shown separately in the notes to the financial statements. Participants and management bodies are the shareholders and members of the board of directors (see [Note 21](#)) and the auditors of Repower AG.

Events occurring after the balance sheet date

The difficult-to-predict market and price situation, which already existed at the end of the year and has been further exacerbated by the military escalation of the crisis in Ukraine, combined with the rapid rise in gas and energy prices, are increasing the counterparty risk for Repower. It could happen that gas and energy suppliers can no longer meet their obligations, meaning that Repower has to procure these commodities on the market at high prices. Even though Repower does not pursue business activities in Russia or Ukraine, the solvency of individual contractual partners could be impaired, which in turn could have consequences in terms of its asset, financial and earnings situation in 2022.

The financial statements were approved for publication by the board of directors on 30 March 2022. They are subject to the approval of the annual general meeting, which will take place on 18 May 2022.

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

Board of directors	Shares in 2021	Shares in 2020
Dr Urs Rengel	400	400
Peter Eugster	200	600

Executive board	Shares in 2021	Shares in 2020
Roland Leuenberger	4,200	-
Samuel Bontadelli (until 29.10.2021)	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 2021	CHF	20,426,676
Retained earnings carried forward	CHF	78,059,937
Retained earnings	CHF	98,486,613
Amount carried to other reserves	CHF	-
Balance carried forward	CHF	98,486,613

The board of directors further moves that the annual general meeting approve a dividend of CHF 4.50 per registered share, to be paid from capital reserves:

Capital reserves carried forward	CHF	139,990,657
Dividend on share capital of 7.4 million CHF ¹⁾	CHF	33,259,356
Capital reserves carried forward on the next year	CHF	106,731,301

- 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 24 May 2022.

Poschiavo, 30 March 2022

For the Board of Directors:



Dr Monika Krüsi
Chair of the board of directors

REPORT OF THE STATUTORY AUDITOR



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Zurich, 30 March 2022

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 2021.



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 2021 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 34.4% of equity 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 and 6 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 47.6% of equity in the balance sheet. These comprise primarily power plants, grids and other non-current assets of the Group. In the financial year 2021, 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.</p>
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Our audit response

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.

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.

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.



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 AG

Willy Hofstetter
Accredited auditing expert (Leading auditor)

Ina Braun
Accredited auditing expert

INVESTOR AGENDA

The next dates in Repower's financial calendar:

18 May 2022

Annual general meeting in Klosters

30 August 2022

Information on the first six months of 2022

5 April 2023

Analyst and investor conference

17 May 2023

Annual general meeting in Poschiavo

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April 2022