

FINANCIAL REPORT

2022



COMMENTS ON THE FINANCIAL RESULTS

Repower defies difficult energy market and records solid EBIT of CHF 82 million.

The prior year Repower had experienced rising prices and a high level of energy market volatility. In 2022 there was again a significant year-on-year increase in the level of prices. This was reflected, for example, in the average German base electricity price on the EPEX Spot exchange, which increased from EUR 31 per MWh in 2020 to EUR 97 per MWh in 2021 and EUR 235 per MWh in 2022.

In the year under review, electricity prices increased dramatically, mainly owing to huge increases in gas prices. This price shock began in June 2022 and was triggered by the war in Ukraine and a shortage of gas. Prices moderated again towards the end of the year, but the situation on the energy market remains tense and volatile.

Repower's earnings before interest and taxes (EBIT) came in at CHF 82 million, the same as the prior year. This is a solid figure and shows that Repower is well positioned, operating sustainably and generating earnings. Group profit was more or less unchanged at CHF 46 million (prior year: CHF 47 million). Earnings per share came to CHF 5.52 (prior year: CHF 5.72). In 2022 Repower managed to some extent to reduce the high balance sheet total of the prior year, which had been the result of the development of the market. Total assets fell significantly from CHF 3,982 million to CHF 3,025 million. This was accompanied by a recovery in the equity ratio from 22 per cent at the end of 2021 to 29 per cent at the balance sheet date.

Repower's 2022 income statement contains a number of extraordinary items which impacted both gross energy margin and earnings before interest and taxes (EBIT).

Development in sales, and strong operating results

At CHF 4,718 million, Repower Group net sales from goods and services were up 47 per cent on the prior year level of CHF 3,211 million. The significant increase in net sales is related in particular to the rise in electricity and gas prices versus the prior year mentioned at the beginning of this section of the report.

Gross energy margin, which Repower defines as the difference between net revenue from energy business and energy procurement, increased by CHF 11 million from CHF 274 million to CHF 285 million at group level, although the trends in the two operational segments, Market Switzerland and Market Italy, went in opposite directions.

In the **Market Switzerland segment** gross energy margin, including a positive extraordinary item of CHF 18 million (prior year CHF 5 million) on the basis of an adjustment of provisions for onerous energy procurement contracts, increased by CHF 57 million from CHF 112 million to CHF 169 million.

Despite a decline in its own production versus the prior year, Repower was able to profit from the higher level of prices, thanks in particular to its trading activities within the Market Switzerland segment. The reasons for the reduction in own production included the scheduled shutdown of Robbia power plant for the purposes of total modernisation, a major shortfall in precipitation, and the fact that Repower retained volumes of water for the Swiss federal government's hydropower reserve

to keep energy production of 24 GWh on standby until May 2023. Even before extraordinary items, the increase amounted to an impressive CHF 44 million.

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.

EBIT for the Market Switzerland segment came to CHF 71 million, almost double the prior-year figure of CHF 37 million. EBIT adjusted for extraordinary items increased by CHF 46 million from CHF 7 million to CHF 53 million.

Sales of electricity from the Market Switzerland segment to the Market Italy segment saw a year-on-year increase of CHF 367 million from CHF 52 million to CHF 419 million.

In the **Market Italy segment** the gross energy margin declined by CHF 54 million, down from CHF 162 million to CHF 108 million. This was due to a decline in the margin on the provision of balancing energy produced by Teverola combined cycle gas turbine plant (down CHF 37 million) versus the prior year, as well as lower margins on the retail business (down CHF 16 million).

In 2022 Repower received CHF 12 million in insurance payments related to downtime at the Teverola plant in 2020 and recognised as other operating income. The share of CHF 5 million directly attributable to the minority shareholder – who has an interest in the power plant – is also recognised as other operating expenses in the Market Italy segment.

The Market Italy segment contains impairments of CHF 16 million (previous year CHF 5 million) on receivables recognised as other operating expenses, which relate to retail customers in the sales business. The increase is connected in particular to the high absolute values of open positions, due to higher prices.

The current year includes positive extraordinary items relating to a change in provisions for excise taxes and other contractual risks in the amount of CHF 3 million (prior year: expense of CHF 4 million) as well as a reversal of an impairment loss on a property in the amount of CHF 4 million.

EBIT in the Market Italy segment declined CHF 45 million from CHF 57 million to CHF 12 million. EBIT adjusted for extraordinary items even declined from CHF 61 million to CHF –2 million.

In 2022, the Market Italy segment increasingly relied on intra-group electricity procurement via the Market Switzerland segment.

EBIT in the **Other segments and activities segment** came to CHF –1 million (prior year: CHF –12 million).

The Other segments and activities segment includes a positive CHF 8 million effect from the consolidation of income and expense. This is an offsetting difference between the Market Switzerland and Market Italy segments resulting from currency translation.

This difference is due to the fact that the income statement of the Market Italy segment is translated at an average exchange rate that differs from the transaction or daily exchange rates that are used to record the corresponding income and expenses in the Market Switzerland segment. Energy sales invoiced in euros from the Market Switzerland segment to the Market Italy segment increased sharply in 2022 as the euro weakened. In Swiss francs, the procurement costs of the Market Italy segment, which are translated into Swiss francs at the average annual exchange rate, turned out to be higher than the net revenue of the Market Switzerland segment, which was translated into Swiss francs at the transaction or respective daily exchange rate. The expense overhang of CHF 8 million in the energy gross margin that arose when combining the expenses and income of the Market Switzerland and

Market Italy segments was reclassified in the Other segments and activities segment to the effect of currency translation recognised under changes in consolidated equity.

Without the difference of the elimination of expenses and income and their recognition as the effect of currency translation in changes in consolidated equity, the EBIT of the Other segments and activities segment amounts to CHF 9 million (prior year: CHF 12 million); the prior year was negatively impacted by the CHF 4 million negative earnings of the associated company EVUlation AG.

Similar to the prior year, the year under review also saw negative financial earnings of CHF 17 million, the result of the interaction of financial income and expenses. Once again Repower managed to counter development in the euro exchange rate with the help of hedging transactions, and to offset major currency losses.

Earnings before tax came in at CHF 65 million, in line with the prior year. Income taxes increased only slightly from CHF 18 million to CHF 19 million.

Asset situation

Compared with the prior year, total assets fell 24 per cent or CHF 957 million from CHF 3,982 million to CHF 3,025 million, owing in particular to a decline in current assets and current liabilities.

Repower's non-current assets declined by CHF 27 million from CHF 1,007 million to CHF 980 million. Significant changes were a reduction in fixed-term deposits to create additional liquidity (CHF 31 million), a decline in deferred tax assets (CHF –9 million) and the acquisition of the two associated companies Erreci S.r.l. and Erreci Impianti S.r.l. (CHF +7 million). These two companies are predominantly involved in developing solar installations, from procuring the requisite materials and services to building the installation itself, and in reselling energy.

Current assets declined 31 per cent or CHF 930 million from CHF 2,975 million to CHF 2,045 million. The main factors driving total assets were positive replacement values of held-for-trading positions amounting to CHF 990 million (prior year: CHF 1,775 million), but also negative replacement values of held-for-trading positions amounting to CHF 939 million (prior year: CHF 1,772 million). The appropriate selection of trading partners and the resulting option of netting positive and negative replacement values helped limit or reduce the amount of these positions. In net terms, replacement values of held-for-trading positions increased from CHF 3 million to CHF 51 million.

Despite negative translation differences of CHF –19 million and a dividend distribution of CHF –34 million, equity fell by only 1 per cent from CHF 883 million to CHF 876 million. This is due to the positive group profit of CHF 46 million. The equity ratio is 29 per cent (prior year: 22 per cent). Return on equity (group earnings divided by equity) was 5 per cent, in line with the prior year.

Liabilities came to CHF 2,149 million at 31 December 2022, down 31 per cent or CHF 949 million from CHF 3,098 million the prior year. Here too the main reason is the extraordinarily pronounced decline in the replacement values of held for trading positions. Negative replacement values of held for trading positions declined by CHF 833 million from CHF 1,772 million to CHF 939 million.

Cash flow from operating activities

Cash flow from operating activities in 2022 is largely characterised by the negative effects of a change in net working capital of CHF –232 million (prior year: CHF +18 million) and amounts to CHF –145 million (prior year: CHF +119 million). The current high level of energy prices and price volatility mean high liquidity requirements for Repower's trading activities. For example, the security deposit of CHF 84 million received and classified as a liability from direct trading in the previous year alone, which was provided by a trading partner, had to be repaid in 2022. In net terms, payment outflows related to margins in energy trading came to CHF –107 million. The share of unrealised gains and non-cash gains from trading activities recognised in the change in replacement values of held for trading positions in the cash flow statement is also CHF 54 million higher than the prior year and currently amounts to CHF –48 million.

Cash flow from investing activities was up CHF 86 million to CHF +49 million (prior year: CHF – 37 million). Direct investments in tangible and intangible assets, mainly related to power generation and grid assets, saw a year-on-year decline of CHF 15 million to CHF 89 million (prior year: CHF 104 million); the prior year figure includes an outgoing payment of CHF 24 million for reversion waiver compensation payments. Given the high levels of liquidity currently required for energy trading, there were net divestments of CHF 112 million (prior year CHF 44 million) of current and non-current financial assets. Furthermore, cash flow from investing activities was boosted in 2022 by the final payment of CHF 10 million for the sale of Repower Transportnetz AG to Swissgrid AG that took place back in 2013.

In 2022 cash flow from operating activities was less than cash flow from investing activities (having exceeded cash flow from investing activities the prior year), amounting to CHF –96 million (prior year: CHF 83 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 –101 million (versus CHF 73 million the prior year).

Cash flow from financing activities came to CHF +10 million (prior year: CHF –4 million). Overall in 2022, financial liabilities of a net CHF 54 million were taken up (prior year: CHF 28 million). The Repower bond maturing in 2022 was repaid at its nominal value of CHF 96 million. In December 2022, a two-year bond with a nominal value of CHF 150 million was issued for CHF 150 million. In 2022 Repower paid dividends of around CHF 34 million to shareholders (prior year: CHF 23 million). Repower's cash and cash equivalents amount to CHF 283 million (prior year CHF 370 million).

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. The main factor with a negative impact on the 2022 figure for net debt was the repayment of deposits in connection with energy trading transactions. Compared with the prior year, in which there was net liquidity of CHF –97 million, in the year under review net debt came to CHF 152 million. Nevertheless, the net debt to EBITDA ratio remains low at 1.1 (–0.7 the prior year), giving Repower greater 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 17 May 2023 approve a dividend of CHF 5.00 per share.

Outlook

The prolonged conflict between Russia and Ukraine and the resulting economic sanctions imposed by Western countries are having a significant impact on the market environment and continue to influence developments. This is leading to persistently high volatility on the energy markets and is increasing the risk that trading partners will get into economic difficulties. Government intervention in the energy market, for example through electricity price regulation or the skimming of excess profits, is growing. On the other hand, society is increasingly demanding renewable energy and even new fields of business such as the stockpiling of hydropower reserves. Important trends continue to be the advancing digitalisation and automation of energy supply systems as well as the increasing electrification of road traffic, which requires the development of a corresponding charging infrastructure.

Repower is keeping a close eye on developments and is taking steps to seize opportunities and minimise risks on an ongoing basis. Considering the challenges it faces, the company has solid finances and is focused on sustainability to continue to be successful in the future.

Repower anticipates higher earnings before interest and taxes (EBIT) in 2023 than in the year under review. However, the market remains challenging. Negative developments such as the absence of rainfall or renewed market disruptions would be a major challenge.

CONSOLIDATED INCOME STATEMENT

CHF thousand	Note	2022	2021
Net sales from goods and services	1	4,718,264	3,211,499
Own costs capitalised	2	11,117	9,784
Change in inventory of sales orders	3	-532	425
Other operating income	4	16,240	33,147
Total operating revenue		4,745,089	3,254,855
Energy procurement	6	-4,402,556	-2,904,795
Concession fees	7	-15,926	-17,528
Personnel expenses	8	-74,788	-74,318
Materials and third party services	9	-52,341	-57,620
Other operating expenses	10	-67,037	-60,141
Share of earnings from associates and joint ventures	5	888	-3,498
Earnings before interest, taxes, depreciation and amortisation (EBITDA)		133,329	136,955
Depreciation and value adjustments of tangible assets	11	-46,785	-51,242
Amortisation and value adjustments of intangible assets	12	-4,362	-3,869
Earnings before interest and taxes (EBIT)		82,182	81,844
Financial income	13	10,335	7,355
Financial expenses	13	-27,189	-24,469
Earnings before taxes		65,328	64,730
Income taxes	14	-19,336	-17,637
Group earnings		45,992	47,093
Share of group earnings attributable to Repower shareholders		40,829	42,303
Share of group earnings attributable to minorities		5,163	4,790
Share of group earnings attributable to Repower shareholders per registered share (in CHF)*		5.52	5.72
Average number of registered shares in circulation		7,390,798	7,390,789

* 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	31.12.2022	31.12.2021
Assets			
Tangible assets	15	869,712	869,046
Intangible assets	16	41,584	38,973
Investments in associates and joint ventures	17	11,246	3,144
Financial assets	18	28,651	57,950
Deferred tax assets	19	28,437	37,592
Non-current assets		979,630	1,006,705
Inventories	20	50,805	44,246
Trade accounts receivable	21	152,965	80,902
Other receivables	22	134,285	107,205
Prepaid expenses and accrued income	23	400,700	476,840
Securities	24	34,227	120,500
Positive replacement values of held for trading positions	25	989,860	1,775,197
Cash and cash equivalents	26	282,537	370,181
Current assets		2,045,379	2,975,071
Total assets		3,025,009	3,981,776

CHF thousand	Note	31.12.2022	31.12.2021
Liabilities and shareholders' equity			
Share capital		7,391	7,391
Treasury shares		-24	-19
Capital reserves		124,428	157,680
Retained earnings (including group earnings)		683,924	643,117
Accumulated translation differences		-26,311	-10,367
Shareholders' equity excluding minorities		789,408	797,802
Minorities		86,382	85,524
Shareholders' equity		875,790	883,326
Non-current provisions	27	18,680	33,079
Deferred tax liabilities	28	23,878	24,566
Non-current financial liabilities	29	416,204	304,385
Other non-current liabilities	30	106,155	102,266
Non-current liabilities		564,917	464,296
Current financial liabilities	29	52,858	120,129
Negative replacement values of held for trading positions	25	938,633	1,771,778
Current provisions	27	496	6,719
Trade accounts payable	31	123,696	91,479
Other current liabilities	32	69,263	164,806
Deferred income and accrued expenses	33	399,356	479,243
Current liabilities		1,584,302	2,634,154
Liabilities		2,149,219	3,098,450
Total liabilities and shareholders' equity		3,025,009	3,981,776

CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

CHF thousand	Share capital	Treasury shares	Capital reserves	Retained earnings	Accumulated translation differences	Shareholders' equity excluding minorities	Minorities	Total shareholders' equity
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
Equity at 1 January 2022	7,391	-19	157,680	643,117	-10,367	797,802	85,524	883,326
Group earnings	-	-	-	40,829	-	40,829	5,163	45,992
Effect of currency translation	-	-	-	-	-15,906	-15,906	-2,882	-18,788
Dividends	-	-	-33,259	-	-	-33,259	-1,193	-34,452
Purchase/sale of treasury shares	-	-5	7	-	-	2	-	2
Purchase/sale of minorities	-	-	-	-22	-38	-60	-230	-290
Equity at 31 December 2022	7,391	-24	124,428	683,924	-26,311	789,408	86,382	875,790

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

CONSOLIDATED CASH FLOW STATEMENT

CHF thousand	Note	2022	2021
Group earnings		45,992	47,093
Income taxes	14	19,336	17,637
Share of earnings from associates and joint ventures	5	-888	3,498
Net financial income	13	16,854	17,114
Depreciation/amortisation, impairment and reversal of impairment of tangible and intangible assets	11/12	51,147	55,111
Gain/loss on the disposals of tangible and intangible assets		2,303	1,496
Result from sales of associates and joint ventures	4	-	-1,830
Change in non-current provisions (without interest)		-15,352	1,346
		-6,321	-
Other non-cash income and expenses		-11,808	-4,324
Dividends from associates and joint ventures	17	254	1,751
Income taxes paid		-21,049	-33,322
Other financial cash outflow and inflow		6,373	-4,175
Cash flow from operating activities before changes in net working capital		86,841	101,395
Changes			
Inventory		-8,324	-24,195
Trade accounts receivable		-77,241	-32,142
Other receivables (without income taxes)		-26,094	-71,352
Prepaid expenses and accrued income		62,493	-184,076
Replacement values of held for trading positions		-48,194	6,155
Current provisions		-6,223	-1,082
Trade accounts payable		37,375	13,261
Other current liabilities (without income taxes)		-98,919	129,805
Deferred income and accrued expenses		-66,595	181,415
Cash flow from operating activities		-144,881	119,184

CHF thousand	Note	2022	2021
Additions of tangible assets	15	-80,927	-74,147
Subsidies received for power plants	15	12,605	5,615
		6,321	-
Disposals of tangible assets		1,207	7,120
Additions of current and non-current financial assets	18/24	-3,850	-64,521
Disposals of current and non-current financial assets	18/24	115,803	108,998
Additions of intangible assets	16	-7,829	-29,734
Additions of group companies		-	11
Disposals of group companies (less cash and cash equivalents disposed of)		10,321	-
Payments for additions of investments in associates and joint ventures	17	-5,337	-
Payments received from disposals of investments in associates and joint ventures	17	-	9,733
Dividends received from third parties		399	262
Interest received		-19	12
Cash flow from investing activities		48,694	-36,651
Increase in financial liabilities		204,570	78,079
Repayment of financial liabilities		-150,362	-50,487
Dividend payments		-34,452	-22,779
Purchase/sale of treasury shares		2	9
Purchase of minorities		-290	-
Interest paid		-9,114	-8,374
Cash flow from financing activities		10,354	-3,552
Effect of currency translation		-1,811	-10,044
Change in cash and cash equivalents		-87,644	68,937
Cash and cash equivalents at 1 January		370,181	301,244
Cash and cash equivalents at 31 December	26	282,537	370,181

Other non-cash income and expenses include offsetting differences in the elimination of expenses and income in the amount of CHF -8,248 thousand (prior year: CHF -63 thousand). These are due to the fact that the income statements of foreign subsidiaries are translated at an average exchange rate that differs from the transaction rates or the daily exchange rates used in recognising the corresponding income and expenses of the company already reporting in the group currency.

The payment from disposals of fully consolidated companies (less cash and cash equivalents transferred) in the amount of CHF 10,321 thousand in the 2022 financial year relates to the purchase price adjustment received for the sale of Repower Transportnetz AG to Swissgrid AG, which took place back in 2013.

CHF 5,337 thousand was spent in cash for the purchase of the two associated companies Erreci S.r.l. and Erreci Impianti S.r.l. (see [Acquisition of associates section](#)).

The prior year 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 associates 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.

The 2022 consolidated financial statements of the Repower Group were authorised by the board of directors on 31 March 2023 and are still subject to the approval of the annual general meeting on 17 May 2023.

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. Associates and joint ventures are included in the financial statements in accordance with the equity method (share of equity).

Overview of subsidiaries, associates and joint ventures

Company	Head office	Currency	Issued capital in thousands	Holding 31.12.2022	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.	Rom	EUR	13	20.00%	F
REF S.r.l.	Rom	EUR	10	100.00%	F
Rebel S.r.l.	Rom	EUR	10	100.00%	F
Repower Renewable S.p.A.	Venice	EUR	71,936	65.00%	F
Impianto Eolico Pian dei Corsi S.r.l.	Venice	EUR	200	65.00%	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.a.r.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 31.12.2022	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
EVUlation AG	Poschiavo	CHF	2,692	36.13%	E
Erreci S.r.l.	Busto Arsizio	EUR	60	27.77%	E
Erreci Impianti S.r.l.	Busto Arsizio	EUR	30	29.52%	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 shareholding in ESE Nurra S.r.l., a company held by the subsidiary Repower Renewable S.p.A., comes to 67.0 per cent. ESE Nurra S.r.l. is fully consolidated.

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

Under the contractual arrangements governing the interests in Kraftwerk Morteratsch AG and Terra di Conte S.r.l., all relevant decisions on the companies must be made unanimously by the parties holding interests. None of the parties holding interests have the possibility of controlling the companies. Kraftwerk Morteratsch AG and Terra di Conte S.r.l. are therefore joint ventures recognised by Repower in accordance with the equity method.

Additions to the scope of consolidation

In 2022, Repower established REF S.r.l. and Rebel S.r.l. The Repower Group holds a 100 per cent interest in these fully consolidated companies.

In 2021, Repower Renewable established Repower Wind Offshore S.r.l. The Repower Group's interest in the fully consolidated company is 65 per cent.

On 4 November 2021 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	Note	2021
Intangible assets	16	1,585
Other receivables	22	349
Cash and cash equivalents	26	13
Trade accounts payable	31	-1,936
Minorities		-9
Total net assets		2
Cash consideration paid		2
Acquired cash and cash equivalents		-13
Cash outflow from acquisition		-11

Changes in the ownership interests without loss of control

In 2022, Repower Renewable S.p.A. acquired the remaining shares in Impianto Eolico Pian dei Corsi S.r.l. A net cash outflow of CHF 290 thousand is offset by non-controlling interests of CHF 230 thousand. The difference was allocated to the majority shareholder's capital. The group share now comes to 65.00 per cent.

Acquisition of associates

On 16 May 2022, Repower Italia S.p.A. acquired interests of 27.77 per cent and 29.52 per cent respectively in Erreci S.r.l. and Erreci Impianti S.r.l. These two companies are predominantly involved in developing solar installations, from procuring the requisite materials and services to building the installation itself, and in reselling energy. In addition to a cash component of CHF 5,337 thousand, the purchase price consists of deferred purchase price components in the amount of CHF 1,646 thousand disclosed under other current and non-current liabilities. Repower recognises the two acquired companies as associates according to the share of equity in the Market Italy segment. Goodwill of CHF 5,153 thousand arising from the transaction is shown as a component of the carrying amount of the investment. The goodwill is amortised on a straight-line basis and thus flows directly into the Repower Group's consolidated income statement via earnings from associates and joint ventures. The purchase price allocation is provisional.

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	
		31.12.2022	31.12.2021	2022	2021
EUR	1	0.98470	1.03310	1.00497	1.08153

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. Self-constructed tangible assets are to be capitalised if the expenses incurred can be individually recognised and measured. Own costs capitalised are measured on the basis of effective hourly records, which are multiplied by hourly rates calculated for the current financial year. 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

Intangible assets

Intangible assets are initially recognised at the lower of cost (acquisition or manufacturing cost). Provided the prerequisites for capitalisation under FER 10/4 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, in other words according to the share of equity. Any goodwill is a component of the interest in the entity. The goodwill is amortised on a straight-line basis and thus flows directly into the Repower Group's consolidated income statement via earnings from associates and joint ventures.

Financial assets

Financial assets comprise financial investments, loans receivable and fixed-term deposits as well as derivatives. Investments, loans receivable and fixed-term deposits are recognised at cost less any impairment. Derivatives are recognised at current values. Financial investments are investments that are not classified as an investment in subsidiaries, joint ventures or associates and that are intended to be held on a long-term basis. Assets recognised as financial assets that are realised within 12 months of the balance sheet date are recognised as securities on the balance sheet.

Deferred taxes

The annual accrual of deferred income taxes is based on a balance sheet view and basically takes into account all future income tax effects. Given that offsetting loss carryforwards against future earnings and offsetting interest carryforwards against future earnings for tax purposes involves uncertainty, deferred taxes are not capitalised.

Inventory

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

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

Trade accounts receivable

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

Other receivables

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

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

Prepaid expenses and accrued income/deferred income and accrued expenses

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

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

Securities

The balance sheet item securities comprises loans and fixed-term deposits, derivatives and other securities that are realised within 12 months of the balance sheet date or held for trading. Loans receivable and fixed-term deposits are recognised at cost less any impairment. Derivatives are recognised at current values. Other securities that are not intended to be held long term and that are recognised as securities are measured at current values if available. If no current value is available, they are recognised at no higher than their acquisition costs less any impairments.

Replacement values of held-for-trading positions

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

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

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

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

Cash and cash equivalents

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

Provisions

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

Financial liabilities

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

Other non-current liabilities

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

Trade accounts payable

Trade accounts payable 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 the same 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	2022	2021
Net sales from goods and services	4,718,264	3,211,499
Revenue from energy business	4,687,444	3,179,279
Revenues from services and other usual business activities	30,820	32,220

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.

In particular, significantly higher average energy prices during 2022 led to an increase in revenue from energy business. 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](#)).

Repower made a successful bid in the Swissgrid auction for the hydropower reserve and will retain a specific volume of water to keep energy production of 24 GWh on standby until May 2023. Repower will receive a retention fee for the period from December 2022 to May 2023. This retention fee is recognised proportionally to the time elapsed as revenue from energy business.

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 2,690 thousand (prior year: CHF 6,363 thousand) from long-term contracts in the Market Switzerland segment.

2 Own costs capitalised

CHF thousand	2022	2021
Own costs capitalised	11,117	9,784

As in the prior year, own costs capitalised result mainly from services in connection with the overall renovation of Robbia power plant and the Repower electricity grid.

3 Change in inventory of sales orders

CHF thousand	2022	2021
Change in inventory of sales orders	-532	425

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

4 Other operating income

CHF thousand	2022	2021
Other operating income	16,240	33,147
Profit from disposal of tangible assets	90	805
Revenue from other operating activities	16,150	32,342

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 in the Market Italy segment include insurance payments of CHF 12,371 thousand for the damage and failure suffered in 2020 by Teverola combined cycle gas turbine power plant, which was initially repaired temporarily and, as planned, fully repaired in 2022 in the course of a scheduled overhaul. Insurance payments of CHF 6,321 thousand for the damaged tangible assets are recognised in cash flow from investing activities, whereas the insurance payments for the operating loss are recognised in cash flow from operating activities in the amount of CHF 6,050 thousand.

The prior year figure comprises the following one-time items: CHF 24,811 falling 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); a CHF 875 thousand gain on disposal from the sale of Aerochetto S. r.l. falling to the Market Italy segment; and CHF 2,873 thousand falling 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.IT.E. S.p.A.).

5 Earnings from associates and joint ventures

CHF thousand	2022	2021
Share of earnings from associates and joint ventures	888	-3,498
Associated organisations	841	-3,621
Joint ventures	47	123

Prior-year earnings from associates and joint ventures consist in particular of a total of CHF -4,071 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.

6 Energy procurement

CHF thousand	2022	2021
Energy procurement	-4,402,556	-2,904,795

The higher prices of energy products meant higher energy procurement costs (see [Note 1](#)).

Energy procurement consists on a net basis of CHF 18,511 thousand in income from a change in the provision for long-term contracts (prior year: CHF 4,737 thousand); of this amount income of CHF 18,098 thousand (prior year: CHF 5,026 thousand) falls to the Market Switzerland segment and income of CHF 413 thousand (prior year: expense of CHF 289 thousand) falls to the Market Italy segment (see [Note 27](#)).

7 Concession fees

CHF thousand	2022	2021
Concession fees	-15,926	-17,528
Water rates/hydro plant taxes	-6,463	-10,040
Other concession-related charges	-9,463	-7,488

The decline in water rates/hydro plant taxes is in connection with a decline in own production in the Market Switzerland segment.

8 Personnel expenses

CHF thousand	2022	2021
Personnel expenses	-74,788	-74,318
Wages and salaries	-58,099	-58,041
Social security costs and other personnel costs	-16,689	-16,277

9 Materials and third-party services

CHF thousand	2022	2021
Materials and third party services	-52,341	-57,620
Materials	-9,280	-9,334
Third party services	-43,061	-48,286

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.

Expenses for materials and third-party services were lower than the prior year overall, partly owing to the Mendrisio project. In the previous year, significant costs were incurred for the construction of substations under this long-term contract, while in the year under review fewer costs were incurred, as the project was completed in 2022. (see [Note 22](#)).

10 Other operating expenses

CHF thousand	2022	2021
Other operating expenses	-67,037	-60,141
Cost of premises	-4,681	-4,953
Vehicle and transport costs	-1,596	-1,348
Administrative costs	-7,219	-7,384
IT costs	-10,215	-11,182
Marketing & communications	-9,090	-12,799
Allowances for doubtful accounts	-16,088	-4,406
Capital taxes, levies and fees	-5,478	-4,588
Other operating expenses	-12,670	-13,481

The increase in allowances for doubtful accounts relates in particular to an allowance of CHF 9,863 thousand (prior year: reversal of an allowance of CHF 1,981 thousand) for doubtful accounts relating to the sale of electricity and gas to retail consumers 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	2022	2021
Depreciation and value adjustments of tangible assets	-46,785	-51,242

As a project for the construction of a solar power plant on a previously impaired property was further concretised in 2022, an existing impairment of CHF 3,819 thousand was reversed. The reversal of the impairment is recognised in the Market Italy segment.

Valuations of land were adjusted as part of the winding up of Alvezza SA in Liquidation. Impairments of CHF 151 thousand were recognised in the Market Switzerland segment (see [Note 15](#)).

12 Amortisation and value adjustments of intangible assets

CHF thousand	2022	2021
Amortisation and value adjustments of intangible assets	-4,362	-3,869

Neither extraordinary impairment gains nor impairment losses were recognised in 2021 and 2022.

13 Net financial result

CHF thousand	2022	2021
Financial income	10,335	7,355
Interest income	322	820
Dividend income	399	261
Changes in the value of securities held for trading	9,192	4,983
Reversal of impairment financial investments	-	963
Other financial income	422	328
Financial expenses	-27,189	-24,469
Interest expense	-9,407	-9,278
Interest accumulated on provisions	-2,056	-1,636
Changes in securities held for trading	-	-314
Currency translation	-12,137	-7,815
Impairments	-	-2
Loss on premature repayment of liabilities	-	-2,699
Other financial expenses	-3,589	-2,725
Net financial result	-16,854	-17,114

Currency translation in the amount of CHF 12,137 thousand (prior year: CHF -7,815 thousand) stems primarily from Repower AG. The receivables and liabilities of this company exist to a large extent in the invoicing and payment currency euro and occur primarily in the energy business. Owing to fluctuations in the exchange rate between the euro and the Swiss franc, currency gains or losses may occur between the time the receivable or liability arises and the time it falls due. In 2022 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 transactions recognised under changes in the value of securities held for trading in financial income.

In 2021 a reversal of CHF 963 thousand of the impairment loss for the investment in tiko Energy Solutions AG, which was sold at its carrying amount in 2021, was recognised.

The prior-year 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	2022	2021
Income taxes referred to in the income statement	-19,336	-17,637
Current income taxes	-12,009	-22,549
Deferred income taxes	-7,327	4,912

The reconciliation between the actual tax burden and the expected tax burden for the financial years ending on 31 December 2022 and 2021 is as follows:

CHF thousand	2022	2021
Reconciliation		
Income before taxes	65,328	64,730
Income tax rate for parent company	14.8%	14.8%
Income taxes at expected income tax rate	-9,649	-9,561
Tax effect from income taxed at other tax rates	-976	-4,312
Tax effect from tax-free income/non-tax-deductible expenses	1,071	-64
Tax losses in the current year for which no deferred tax assets were recognised	-8,988	-223
Tax loss carryforwards for which no deferred tax assets were recognised	1,997	2,211
Regional production tax in Italy - IRAP	-2,160	-2,400
Income taxes for previous years	624	-1,603
Non-usable withholding tax	-	-1,823
Other	-1,255	138
Income taxes referred to in the income statement	-19,336	-17,637
Effective income tax rate	29.6%	27.2%

Unrecognised tax loss carryforwards

On the balance sheet date there were unrecognised tax loss carryforwards of CHF 65,855 thousand (prior year: CHF 36,179 thousand). The offsetability of loss carryforwards against future earnings involves uncertainty. This results in unrecognised deferred tax assets of CHF 17,851 thousand (prior year: CHF 11,000 thousand). Given the uncertainty involved in offsetting loss carryforwards against future earnings, deferred taxes are not capitalised (Swiss GAAP FER 11/23).

Unrecognised tax interest carryforwards

On the balance sheet date there were unrecognised tax interest carryforwards of CHF 9,926 thousand (prior year: CHF 11,783 thousand). The offsetability of interest carryforwards against future earnings for tax purposes involves uncertainty. This results in unrecognised deferred tax assets of CHF 2,382 thousand (prior year: CHF 2,828 thousand). Given the uncertainty involved in offsetting interest 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 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
Gross values at 1 January 2022	1,060,223	796,577	52,557	71,486	60,857	2,041,700
Own costs capitalised	-	228	10,889	-	-	11,117
Additions	725	220	62,404	2,753	3,870	69,972
Subsidies received	-	-	-15,514	-	-	-15,514
Disposals	-8,370	-10,026	-	-983	-839	-20,218
Reclassifications between asset classes	17,908	22,490	-38,602	-4,770	2,562	-412
Effect of currency translation	-26,802	-	-551	-815	-1,301	-29,469
Gross values at 31 December 2022	1,043,684	809,489	71,183	67,671	65,149	2,057,176
Accumulated depreciation and value adjustments at 1 January 2022	-614,511	-471,312	-9,268	-34,560	-43,003	-1,172,654
Depreciation	-29,526	-17,020	-	-684	-3,223	-50,453
Impairments	-	-	-	-151	-	-151
Reversal of impairment charges	-	-	-	3,819	-	3,819
Disposals	6,505	9,016	-	293	800	16,614
Reclassifications between asset classes	-2,349	-	-	2,349	-	-
Effect of currency translation	13,844	-	206	577	734	15,361
Accumulated depreciation and value adjustments at 31 December 2022	-626,037	-479,316	-9,062	-28,357	-44,692	-1,187,464
Net values at 31 December 2022	417,647	330,173	62,121	39,314	20,457	869,712
of which security pledged for debts						159,904

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

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, which are recognised in power plants, totalled CHF 8,043 thousand (prior year: CHF 9,044 thousand) at the closing date.

Total lease liabilities come to CHF 5,799 thousand (prior year: CHF 6,902 thousand).

16 Intangible assets

CHF thousand	Goodwill	Software	Concessions and rights of use, compen- sation of rever- sion waivers	Other	Total
Gross values at 1 January 2022	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 2022	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
Gross values at 1 January 2022	876	35,548	41,396	5,970	83,790
Additions	-	3,083	2,395	2,351	7,829
Disposals	-	-890	-	-	-890
Reclassifications between asset classes	-	3,648	-	-3,648	-
Effect of currency translation	-41	-922	-45	-254	-1,262
Gross values at 31 December 2022	835	40,467	43,746	4,419	89,467
Accumulated amortisation and value adjustments at 1 January 2022	-525	-29,587	-14,333	-372	-44,817
Amortisation	-170	-3,123	-706	-363	-4,362
Disposals	-	633	-	-	633
Effect of currency translation	28	610	-	25	663
Accumulated amortisation and value adjustments at 31 December 2022	-667	-31,467	-15,039	-710	-47,883
Net values at 31 December 2022	168	9,000	28,707	3,709	41,584

In 2021, Repower paid CHF 24,110 thousand in reversion waiver compensation, required for the continued operation of the Campocologno I and II plants. These payments are recognised under 2021 additions.

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

17 Investments in associates and joint ventures

CHF thousand	2022	2021
Investments in associates and joint ventures	11,246	3,144
esolva ag	3,110	2,568
EVUlation AG	1,061	-
Erreci S.r.l.	3,688	-
Erreci Impianti S.r.l.	2,786	-
Terra di Conte S.r.l.	463	426
Grischelectra AG	26	26
Kraftwerk Morteratsch AG	112	124
Carrying amounts at 1 January	3,144	6,432
Additions from changes in consolidation	6,983	-
Reclassification of active loans	1,061	-
Disposals	-	-2,087
Dividends	-254	-1,751
Effect of currency translation	-576	-23
Share of earnings	888	573
Carrying amounts at 31 December	11,246	3,144
Decrease in loans receivable		
01.01.2023	-4,649	-1,833
Share of earnings	-	-1,238
Impairments	-	-2,833
Reclassification of active loans	4,649	-
Disposal Aerochetto S.r.l.	-	1,270
Effect of currency translation	-	-15
31 December	-	-4,649

In 2022, Repower Italia S.p.A. acquired interests of 27.77 per cent and 29.52 per cent respectively in the two companies Erreci S.r.l. and Erreci Impianti S.r.l. The acquisition values are recognised as additions to the scope of consolidation (see [Acquisition of associates](#) section).

The prior-year disposals of CHF 2,087 thousand relate 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 recognised as other operating income (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 (Loss carryforward for loan receivable).

With ewz joining as a new shareholder of EVUlation AG, Repower's shareholding fell from 42.8 per cent to 36.1 per cent. In the process, loan receivables of Repower vis-a-vis the associate in the amount of CHF 1,061 thousand (comprising the nominal value of the loan receivable in the amount of CHF 5,710 thousand and the recognised impairment in the amount of CHF 4,649 thousand) were converted into equity.

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	31.12.2022	31.12.2021
Financial assets	28,651	57,950
AKEB Aktiengesellschaft für Kernenergiebeteiligungen	6,300	6,300
Kraftwerke Hinterrhein AG	6,500	6,500
Loans receivable	5,200	3,126
Other participations	8,574	8,931
Fixed term deposits	2,077	33,093

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 active loans relate to loans to associates and joint ventures amounting to CHF 1,849 thousand (prior year: CHF 437 thousand). Accumulated impairments of CHF 0 thousand (prior year: CHF 4,649 thousand) were recognised under this item (see [Note 17](#)).

19 Deferred tax assets

CHF thousand	31.12.2022	31.12.2021
Deferred tax assets	28,437	37,592

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

Given that offsetting loss and interest carryforwards against future earnings for tax purposes involve uncertainty, deferred taxes on offsettable loss and interest carryforwards are not capitalised (see [Note 14](#)).

20 Inventories

CHF thousand	31.12.2022	31.12.2021
Inventories	50,805	44,246
Emission certificates	16,905	13,572
Gas	17,756	13,676
Work in progress	7,857	8,525
Inventories of materials	8,287	8,473

In the 2022 financial year, CHF 33 thousand in impairments on inventories was recognised as costs of materials (prior year: reversal of CHF 235 thousand).

21 Trade accounts receivable

CHF thousand	31.12.2022	31.12.2021
Trade accounts receivable	152,965	80,902
Trade accounts receivable	177,651	95,376
Allowances for doubtful accounts	-24,686	-14,474
Development of allowances for doubtful accounts		
Carrying amount at 1 January	-14,474	-13,430
Additions	-14,486	-6,468
Utilisations	1,947	2,190
Reversals	1,458	2,627
Effect of currency translation	869	607
End balance at 31 December	-24,686	-14,474

The increase in trade accounts receivable stems mainly from the Market Italy segment's sales business.

The stated trade accounts receivable also include claims on associates and joint ventures amounting to CHF 81 thousand (prior year: CHF 285 thousand).

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

22 Other receivables

CHF thousand	31.12.2022	31.12.2021
Other receivables	134,285	107,205
Current income tax receivables	18,042	1,046
VAT receivables	15,895	8,421
Advance payments for inventories	14,234	11,033
Security deposits paid	74,322	66,874
Other receivables	11,792	19,831

In the Market Italy segment there was an increase in income tax receivables compared with the previous year owing to the use of a company's existing loss carryforwards in 2022. The prepayments made in 2022 exceed the tax accrual for the year under review.

Security deposits paid contains security deposits paid in connection with trading activities.

Other receivables include accrued revenues from long-term contracts amounting to CHF 0 (prior year: CHF 17,260 thousand) less advance payments of CHF 0 thousand (prior year: CHF 13,461 thousand) received, balances from excise tax of CHF 2,690 thousand (prior year: CHF 340 thousand) and CHF 5,276 thousand (prior year: CHF 2,367 thousand) in receivables from subsidies in connection with the total modernisation of Robbia hydropower plant.

The receivables of CHF 10,321 thousand from the purchase price adjustment for transmission grids recognised the prior year as other receivables were paid in 2022 (see [Note 4](#) and the [Consolidated cash flow statement](#)).

23 Prepaid expenses and accrued income

CHF thousand	31.12.2022	31.12.2021
Prepaid expenses and accrued income	400,700	476,840
Trade accounts receivable invoices not issued yet	389,037	472,372
Power trades from participations	5,697	-
Other prepaid expenses and accrued income	5,966	4,468

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

24 Securities

CHF thousand	31.12.2022	31.12.2021
Securities	34,227	120,500
Fixed term deposits (up to 12 months)	29,541	115,000
Forward foreign currency contracts	4,542	5,363
Other securities	144	137

25 Replacement values of held-for-trading positions

CHF thousand	31.12.2022	31.12.2021
Net replacement values	51,227	3,419
Positive replacement values	989,860	1,775,197
Negative replacement values	-938,633	-1,771,778

In 2022 there were considerable year-on-year declines in the positive replacement values of trading positions (CHF 989,860 thousand versus CHF 1,775,197 thousand the prior year) and the negative replacement values of trading positions (CHF -938,633 thousand versus CHF -1,771,778 thousand the prior year). However, net replacement values increased from CHF 3,419 thousand to CHF 51,227 thousand (see [Note 35](#)).

26 Cash and cash equivalents

CHF thousand	31.12.2022	31.12.2021
Cash and cash equivalents	282,537	370,181
Sight deposits	236,552	369,148
Time deposit for less than 90 days	45,985	1,033

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

CHF thousand	31.12.2022	31.12.2021
Credit lines	173,520	109,072
Unused general credit lines	127,629	26,296
Additional unused credit lines for the purpose of issuing guarantees	45,891	82,776

27 Provisions

CHF thousand	Litigation and court proceedings	Dismantling provisions	Provisions for onerous con- tracts	Severance pay	Other provi- sions	Total
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
Carrying value at 1 January 2022	909	6,926	20,792	4,377	6,794	39,798
Additions	-	162	-	842	327	1,331
Utilisations	-	-150	-628	-357	-884	-2,019
Reversals	-884	-352	-17,883	-	-1,936	-21,055
Interest	-	45	2,011	-	-	2,056
Effect of currency translation	-25	-309	-166	-215	-220	-935
Carrying value at 31 December 2022	-	6,322	4,126	4,647	4,081	19,176
Non-current Provisions						
Carrying value at 31 December 2021	909	6,656	14,379	4,377	6,758	33,079
Carrying value at 31 December 2022	-	6,202	3,750	4,647	4,081	18,680
Current provisions						
Carrying value at 31 December 2021	-	270	6,413	-	36	6,719
Carrying value at 31 December 2022	-	120	376	-	-	496

Provisions for onerous contracts

Provisions of CHF 4,126 thousand (prior year: CHF 20,792 thousand) for onerous contracts comprise CHF 0 thousand for onerous energy contracts (prior year: 15,567), CHF 690 for guarantees of origin (prior year: CHF 1,721 thousand) and CHF 3,436 thousand for transport capacity (prior year: CHF 3,504 thousand).

Provisions are reviewed and adjusted on the balance sheet date. 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 future procurement or sales prices.

The adjustment to the provision for onerous energy contracts has a particular impact on Repower's income. The expected future prices of energy have increased. As a result, this provision was written back in full via energy procurement in the amount of CHF 16,841 thousand after interest had been paid.

The adjustment of provisions for onerous contracts has the effect of reducing energy procurement by a total of CHF 18,511 thousand (prior year CHF 4,737 thousand) (see Note 6).

The provisions were calculated on the basis of risk-adjusted interest rates of between 7.0 and 18.5 per cent (prior year: 8.8 and 15.0 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 were recognised under tangible assets.

Other provisions

CHF 1,546 thousand in provisions for contractual penalties that are no longer expected were written back in in the Market Italy segment in the 2022 financial year, whereas provisions for excise taxes and other contractual risks, in the amount of CHF 2,812 thousand and CHF 865 thousand respectively, were recognised in the Market Switzerland segment the prior year.

28 Deferred tax liabilities

CHF thousand	31.12.2022	31.12.2021
Deferred tax liabilities	23,878	24,566

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 Current
Financial liabilities 31 December 2022			52,858	328,786	87,418	416,204
Bonds	CHF	2.6%	-115	149,892	-	149,892
Loans	CHF	1.2% - 3.6%	10,000	50,000	20,000	70,000
Loans ¹⁾	EUR	variable	20,257	62,819	38,263	101,082
Loans ²⁾	EUR	1.7% - 2.6%	16,965	49,235	-	49,235
Liabilities for finance leasing	EUR	1.0% - 1.2%	797	3,368	1,634	5,002
Loan from minorities	CHF	no interest	446	1,560	16,771	18,331
Loan from minorities	CHF	0.3%	-	-	7,067	7,067
Loan from minorities	EUR	no interest	-20	-81	1,263	1,182
Loan from minorities	EUR	3.9%	3,145	12,018	-	12,018
Registered bond	EUR	3.4%	-6	-25	2,420	2,395
Other financial liabilities	CHF	no interest	612	-	-	-
Other financial liabilities	EUR	no interest	55	-	-	-
Forward foreign currency contracts	CHF		722	-	-	-
Financial liabilities are carried in the following currencies:						
Swiss francs			11,665	201,452	43,838	245,290
Euro (translated)			41,193	127,334	43,580	170,914

- 1) This item includes bank loans in the amount of TCHF 103,375 for which mortgage assignments were pledged as security for the investment. The tangible assets pledged in this connection are disclosed in [note 15].
- 2) This item includes bank loans totalling TCHF 2,194 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 Current
Financial liabilities 31 December 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 following 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].

In July 2022, the Repower bond that was recognised as a current financial liability the prior year was repaid on schedule for the amount of CHF 96,445 thousand. In December of the same year, a new two-year bond was issued at a nominal value of CHF 150,000. The cash inflow (see [Consolidated cash flow statement](#)) and the carrying value of the bond at the end of the year is CHF 149,770.

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

30 Other non-current liabilities

CHF thousand	31.12.2022	31.12.2021
Other non-current liabilities	106,155	102,266
Connection fees and grid cost contributions	58,511	55,137
Advance payments on energy deliveries	46,196	46,941
Other non-current liabilities	1,448	188

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	31.12.2022	31.12.2021
Trade accounts payable	123,696	91,479

The increase in trade accounts payable stems mainly from the Market Italy segment's sales business.

The stated trade accounts payable also include liabilities vis-à-vis associates and joint ventures amounting to CHF 1,574 thousand (prior year: CHF 1,558 thousand).

32 Other current liabilities

CHF thousand	31.12.2022	31.12.2021
Other current liabilities	69,263	164,806
Excise taxes	7,015	12,370
Connection fees and grid cost contributions	3,454	6,922
Customer prepayments	7,210	1,749
VAT liabilities	17,620	18,194
Current income tax liabilities	12,415	4,275
Security deposits received	-	84,094
Other current liabilities	21,549	37,202

Owing to good results from companies in the Market Switzerland segment there was a year-on-year increase in income tax liabilities.

The customer prepayments item contains prepayments of CHF 6,491 thousand (prior year: CHF 1,032) from customers for future deliveries of inventory.

Other current liabilities include in particular margin payments of CHF 16,917 thousand (prior year: CHF 31,966 thousand) in connection with exchange trading.

The prior year a security deposit of CHF 84,094 thousand for over-the-counter (direct) trading was received via energy and recognised as a liability. The deposit was paid back in 2022.

33 Deferred income and accrued expenses

CHF thousand	31.12.2022	31.12.2021
Deferred income and accrued expenses	399,356	479,243
Trade accounts payable invoices to be received	382,531	459,811
Deferred income for capital and other taxes, charges and levies	2,872	3,344
Accrued annual leave and overtime	5,193	5,192
Accrued other personnel expenses	5,305	7,048
Accrued power trades from participations	499	858
Accrued interest	1,443	2,541
Other accrued expenses	1,513	449

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

34 Pension schemes

Economic benefit/economic liability and pension benefit expenses

CHF thousand	Overfund- ing/ underfund- ing	Organisation's share of economic liability		Change on prior year	Contribu- tions con- cerning the business period	Pension benefit expenses within personnel expenses	
	31.12.2022	31.12.2022	31.12.2021	2022	2022	2022	2021
Pension plans without overfunding un- derfunding	-	-	-	-	3,734	3,734	3,494
Pension institutions with unfunded obligations	-	-4,647	-4,377	-270	343	1,185	1,010
Total	-	-4,647	-4,377	-270	4,077	4,919	4,504

The item "Pension institutions without own assets" 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 842 thousand at the average exchange rate.

35 Derivative financial instruments

CHF thousand	Replacement values		Replacement values	
	positive	negative	positive	negative
	31.12.2022		31.12.2021	
On-balance-sheet derivatives				
Held for trading				
Currency derivatives	4,542	722	5,363	323
Energy derivatives	4,090,236	4,039,009	10,673,875	10,670,456
Total on-balance-sheet derivatives	4,094,778	4,039,731	10,679,238	10,670,779
Netting	-3,100,376	-3,100,376	-8,898,678	-8,898,678
Net value on balance sheet	994,402	939,355	1,780,560	1,772,101
Off-balance-sheet derivatives				
Held for cash flow hedges				
Interest derivatives	8,559	-	-	1,662
Energy derivatives	226,236	441,829	940,626	1,325,558
Total off-balance-sheet derivatives	234,795	441,829	940,626	1,327,220
Total derivative financial instruments	1,229,197	1,381,184	2,721,186	3,099,321

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

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

36 Transactions with related parties

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

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

CHF thousand	31.12.2022	31.12.2021
Income statement item		
Net Sales from goods and services	99,371	132,973
Energy procurement	-60,483	-71,572
Financial and other operating income	45	1,859
Financial and other operating expenses	-6,750	-10,797
Balance sheet item		
Assets		
Financial assets	1,849	1,437
Trade accounts receivable	235	1,194
Prepaid expenses and accrued income	6,503	12,326
Positive replacement values of held for trading positions	-	3,536
Liabilities		
Non-current financial liabilities	3,279	3,418
Negative replacement values of held for trading positions	14,838	55,406
Trade accounts payable	3,276	3,670
Deferred income and accrued expenses	2,269	2,580
Off-balance-sheet energy derivatives		
Held for cash flow hedges		
Positive replacement values	-	8,570
Negative replacement values	-	49,081

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

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

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

37 Segment reporting

Segment reporting is done by geographic market and reflects internal management and reporting structures. The information provided is that used by management for steering and assessing the business performance and development of the individual segments. For each business segment, internal steering, performance measurement and capital allocation are carried out on the basis of the segment's income before interest and 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
2022				
Net sales from goods and services	1,968,400	3,265,718	-515,854	4,718,264
Net sales from goods and services	1,549,548	3,168,640	76	4,718,264
Net sales from goods and services between segments	418,852	97,078	-515,930	-
Earnings before interest and taxes (EBIT)	70,597	12,196	-611	82,182
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

38 Treasury shares

	2022		2021	
	Number of shares	Carrying amount in CHF	Number of shares	Carrying amount in CHF
Initial balance at 1 January	150	19,150	212	19,204
Purchases	603	82,600	500	59,475
Disposals	-590	-77,290	-562	-59,529
Ending balance at 31 December	163	24,460	150	19,150

Purchases/disposals of treasury shares relate to Repower AG registered shares. In the year under review Repower AG bought 603 shares (prior year 500) at CHF 136.98 (prior year CHF 118.95) and sold 590 shares (prior year 562) at an average price of CHF 143.69 (prior year CHF 121.80).

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 220,206 thousand (prior year: CHF 189,903 thousand).

There is a service agreement for the Teverola power plant ending in 2038. This resulted in an irrevocable payment obligation of CHF 21,417 thousand at 31 December 2022 (prior year: CHF 23,927 thousand). Furthermore, at 31 December 2022 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 17,320 thousand (prior year: CHF 13,139 thousand).

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

CHF thousand	31.12.2022	31.12.2021
Other off-balance-sheet liabilities		
Operating lease (nominal value)	7,309	9,535
Due within 1 year	1,826	1,829
Due in 1-5 years	2,773	3,772
Due in more than 5 years	2,710	3,934
Procurement contracts	386,528	514,343
Due within 1 year	75,425	103,215
Due in 1-5 years	222,097	272,468
Due in more than 5 years	89,006	138,660

At the reporting date of the financial year under review, the outstanding minimum lease payments consisted of CHF 6,806 thousand for property and buildings (prior year: CHF 8,920 thousand) and CHF 503 thousand for motor vehicles (prior year CHF 615 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

Since 31 December 2022 there have been no other events which require disclosure.

The financial statements were approved for publication by the board of directors on 31 March 2023. They are subject to the approval of the annual general meeting, which will take place on 17 May 2023.

REPORT OF THE STATUTORY AUDITOR



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

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

Zurich, 31. March 2023

To the General Meeting of **Repower AG, Brusio**

Report of the statutory auditor

Report on the audit of the consolidated financial statements



Opinion

We have audited the consolidated financial statements of Repower AG and its subsidiaries (the Group), which comprise the **consolidated statement of financial position** as at 31.12.2022, the **consolidated statement of income**, the **consolidated statement of changes in equity** and the **consolidated statement of cash flows** for the year then ended, and **notes to the consolidated financial statements**, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements (pages 76 to 113) give a true and fair view of the consolidated financial position of the Group as at 31.12.2022 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Swiss GAAP FER and comply with Swiss law.



Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report. We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Key audit matters

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 responsibilities for the audit of the consolidated financial statements” 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 “cash flow hedges”. Classification requires judgment and has a material impact on both the 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.</p> <p>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 3 Valuation principles, 25 Replacement values of held-for-trading positions and 35 Derivative financial instruments 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>



Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Board of Directors' responsibilities for the consolidated financial statements

The Board of Directors is responsible for the preparation of the consolidated financial statements, which give a true and fair view in accordance with Swiss GAAP FER and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.



Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located on EXPERTsuisse's website at: <https://www.expertsuisse.ch/en/audit-report>. This description forms an integral part of our report.



Report on other legal and regulatory requirements

In accordance with Art. 728a para. 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of the 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 Ltd

Reto Hofer
Licensed audit expert
(Auditor in charge)

Silvan Rügsegger
Licensed audit expert

INCOME STATEMENT

CHF thousand	Note	2022	2021
Net sales	1	1,933,455	921,671
Change in inventories for work in progress		-532	649
Own costs capitalised	2	11,048	9,784
Other operating income	3	31,123	52,808
Total operating revenue		1,975,094	984,912
Energy procurement	4	-1,784,653	-821,926
Materials and third party services		-22,630	-25,499
Concession fees	5	-11,518	-12,912
Personnel expenses		-56,621	-54,447
Other operating expenses	6	-21,760	-20,166
Depreciation/amortisation and impairment	7	-17,434	-19,853
Operating expenses		-1,914,616	-954,803
Operating earnings before interest, extraordinary items and taxes		60,478	30,109
Financial income	8	12,855	10,718
Financial expenses	8	-17,799	-16,492
Operating earnings before taxes		55,534	24,335
Non-operating income		521	466
Earnings before taxes		56,055	24,801
Taxes		-11,316	-4,374
Net earnings for the year		44,739	20,427

BALANCE SHEET

CHF thousand	Note	31.12.2022	31.12.2021
Assets			
Cash	9	202,577	227,629
Positive replacement values of held for trading positions	10	928,082	1,698,953
Current securities and other financial instruments		34,083	120,363
Trade accounts receivable	11	100,885	65,388
Other receivables	12	79,846	80,687
Inventories	13	8,111	8,463
Prepaid expenses and accrued income	14	591,486	508,654
Current assets		1,945,070	2,710,137
Financial assets	15	69,271	92,926
Shareholdings		230,484	229,424
Tangible assets	16	403,649	375,981
Intangible assets	17	28,053	27,226
Non-current assets		731,457	725,557
Total assets		2,676,527	3,435,694

CHF thousand	Note	31.12.2022	31.12.2021
Liabilities and shareholders' equity			
Trade accounts payable	18	21,704	14,069
Current interest-bearing liabilities	19	10,000	96,445
Other current liabilities	20	16,848	99,699
Negative replacement values of held for trading positions	10	880,440	1,696,025
Deferred income and accrued expenses	21	615,481	531,656
Current provisions	22	496	7,940
Current liabilities		1,544,969	2,445,834
Non-current interest-bearing liabilities	23	271,697	134,239
Other non-current liabilities	24	54,543	52,434
Non-current provisions	22	3,867	13,219
Non-current liabilities		330,107	199,892
Liabilities		1,875,076	2,645,726
Share capital		7,391	7,391
Legal reserve from capital		106,732	139,991
Legal reserve from retained earnings		17,123	17,123
Free reserves from earnings			
Other reserves		527,003	526,995
Retained earnings		143,226	98,487
Treasury shares		-24	-19
Shareholders' equity	25	801,451	789,968
Total liabilities and shareholder's equity		2,676,527	3,435,694

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.

Trade accounts receivable

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

Other receivables

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

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

Inventories and non-invoiced services

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

Prepaid expenses and accrued income/deferred income and accrued expenses

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

Financial assets and shareholdings

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

Tangible assets

Tangible assets are recognised at acquisition or production cost less accumulated depreciation and any impairment losses. Self-constructed tangible assets are to be capitalised if the expenses incurred can be individually recognised and measured. Internally produced and capitalised assets are measured on the basis of effective hourly records, which are multiplied by hourly rates calculated for the current financial year. 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
Buildings	30 – 60 years
Plant and business equipment	3 – 20 years
Assets under construction	Reclassification to the corresponding category when available for use

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. 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	2022	2021
Net sales	1,933,455	921,671
Revenue from energy sales	1,930,765	915,308
Revenue from long term contracts	2,690	6,363

Revenue from energy sales is recognised in the income statement when delivery of goods or services has been performed. In particular, significantly higher average energy prices during 2022 led to an increase in revenue from energy sales. The costs of energy procurement developed analogously (see [Note 4](#)).

Repower made a successful bid in the Swissgrid auction for the hydropower reserve and will retain a specific volume of water to keep energy production of 24 GWh on standby until May 2023. Repower is receiving a retention fee for the period from December 2022 to May 2023. This retention fee is recognised proportionally to the time elapsed as revenue from energy business.

Long-term contracts are recognised in accordance with the percentage of completion method. In the year under review, revenue from long-term contracts came to CHF 2,690 thousand (prior year: CHF 6,363 thousand).

2 Own costs capitalised

CHF thousand	2022	2021
Own costs capitalised	11,048	9,784

As in the prior year, the capitalisation of own costs resulted primarily from costs in connection with the total modernisation of Robbia power plant and with Repower's electricity grids.

3 Other operating income

CHF thousand	2022	2021
Other operating income	31,123	52,808
Profit from disposal of tangible assets	81	840
Revenue from other operating activities	31,042	51,968

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

Revenue from other operating activities contains in particular revenues from services and other usual business activities. The prior year includes one-time items amounting to CHF 26,729 thousand (a CHF 21,013 thousand purchase price adjustment made for the transfer of transmission grids, a CHF 3,798 thousand market premium received for large hydropower projects and a payment of CHF 1,918 thousand received on the basis of a legal dispute won).

4 Energy procurement

CHF thousand	2022	2021
Energy procurement	-1,784,653	-821,926

The higher prices of energy products meant higher energy procurement costs (see [Note 1](#)).

Energy procurement consists on a net basis of CHF 16,841 thousand in income from a change in the provision for long-term contracts (see [Note 22](#)) (prior year: CHF 2,015 thousand).

5 Concession fees

CHF thousand	2022	2021
Concession fees	-11,518	-12,912
Water rates/hydro plant taxes	-2,838	-6,177
Other concession-related charges	-8,680	-6,735

The decline in water rates/hydro plant taxes is in connection with a decline in own production.

6 Other operating expenses

CHF thousand	2022	2021
Other operating expenses	-21,760	-20,166
Cost of premises	-2,027	-1,733
Vehicle and transport costs	-1,136	-963
Administrative costs	-3,038	-2,732
IT costs	-7,992	-7,848
Marketing & communications	-2,216	-1,888
Levies and fees	-404	-564
Other operating expenses	-4,166	-3,745
Loss on disposal of property, plant and equipment and intangible assets	-781	-693

7 Depreciation/amortisation and impairment

CHF thousand	2022	2021
Depreciation/amortisation and impairment	-17,434	-19,853
Depreciation of tangible assets	-16,123	-14,344
Amortisation of intangible assets	-1,311	-1,393
Impairment of financial assets and investments	-	-4,116

Because of a one-time impairment of a net CHF 4,116 thousand of financial assets and investments the prior year, depreciation/amortisation and impairment came out lower overall.

8 Net financial income

CHF thousand	2022	2021
Financial income	12,855	10,718
Interest income	714	1,254
Dividend income	1,029	772
Changes in the value of securities held for trading	9,192	5,039
Other financial income	1,920	3,653
Financial expenses	-17,799	-16,492
Interest expense	-5,048	-5,713
Interest accumulated on provisions	-1,500	-1,385
Changes in securities held for trading	-	-370
Currency translation	-10,609	-8,580
Other financial expenses	-642	-444
Net financial result	-4,944	-5,774

The receivables and liabilities of this company exist to a large extent in the invoicing and payment currency euro and occur primarily in the energy business. Owing to fluctuations in the exchange rate between the euro and the Swiss franc, currency gains or losses may occur between the time the receivable or liability arises and the time it falls due. In 2022 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 transactions recognised under changes in the value of securities held for trading in financial income.

9 Cash and cash equivalents

CHF thousand	31.12.2022	31.12.2021
Cash	202,577	227,629
Sight deposits	156,592	226,596
Time deposit for less than 90 days	45,985	1,033

10 Replacement values of held-for-trading positions

CHF thousand	31.12.2022	31.12.2021
Net replacement values	47,642	2,928
Positive replacement values	928,082	1,698,953
Third parties	918,145	1,691,896
Participants and management bodies ¹⁾	-	3,575
Investments	9,937	3,482
Negative replacement values	-880,440	-1,696,025
Third parties	-865,602	-1,646,797
Participants and management bodies ¹⁾	-14,838	-49,228

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

The positive and negative values of held-for-trading positions which are recognised on the assets and liabilities side of the balance sheet, which the prior year had increased on both sides, declined sharply. In net terms the replacement values come to CHF 47,642 thousand (prior year: CHF 2,928 thousand).

11 Trade accounts receivable

CHF thousand	31.12.2022	31.12.2021
Trade accounts receivable	100,885	65,388
Third parties	41,171	21,358
Participants and management bodies	4	863
Investments	59,710	43,167

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 subsidiaries.

Trade accounts receivable are measured by applying individual and lump-sum adjustments. Positions not impaired individually are impaired on the basis of the lump sums accepted for tax purposes.

12 Other receivables

CHF thousand	31.12.2022	31.12.2021
Other receivables	79,846	80,687
Third parties	79,145	80,281
Participants and management bodies	701	406

Third parties includes accrued contractual revenues of CHF 5,276 (prior year: CHF 17,260 thousand less advance payments received of CHF 13,461 thousand) and receivables from security deposits paid of CHF 72,949 thousand (prior year: CHF 63,949 thousand). These security deposits are in connection with trading activities.

13 Inventories

CHF thousand	31.12.2022	31.12.2021
Inventories	8,111	8,463
Emission certificates	11	12
Non-invoiced services	5,090	5,621
Inventories of materials	3,010	2,830

In the year under review, impairments of CHF 122 thousand on inventories of materials were recognised as costs of materials (prior year: CHF 74 thousand).

14 Prepaid expenses and accrued income

CHF thousand	31.12.2022	31.12.2021
Prepaid expenses and accrued income	591,486	508,654
Third parties	485,793	484,691
Participants and management bodies	2,065	20,652
Investments	103,628	3,311

The current year item includes prepaid expenses and accrued income of CHF 558,533 thousand (prior year: CHF 492,968 thousand) from investments and for energy bills not yet invoiced.

15 Financial assets

CHF thousand	31.12.2022	31.12.2021
Financial assets	69,271	92,926
AKEB Aktiengesellschaft für Kernenergiebeteiligungen	6,300	6,300
Kraftwerke Hinterrhein AG	6,500	6,500
Other participations	6,656	6,650
Fixed term deposits	-	30,993
Other	495	487
Loans to participations	49,320	41,996

Loans to investments include loans for which a subordination of CHF 270 thousand has been granted (prior year: CHF 2,092 thousand).

16 Tangible assets

CHF thousand	31.12.2022	31.12.2021
Tangible assets	403,649	375,981
Power plants	81,372	82,733
Grids	238,476	226,369
Assets under construction	54,462	36,039
Land and buildings	22,074	23,829
Other	7,265	7,011

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.

17 Intangible assets

CHF thousand	31.12.2022	31.12.2021
Intangible assets	28,053	27,226
Concessions and reversion waiver compensation	26,908	24,920
Rights of use	890	1,188
Software	255	1,118

In December 2022 and January 2023, CHF 2,395 thousand was paid and capitalised respectively for the approval of the amendments to the concessions for Robbia and Campocologno I power plants (Canton Graubünden, municipality of Brusio, municipality of Poschiavo).

In the prior year, Repower AG had 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 Campocologno I and II (lower stage) power plants.

18 Trade accounts payable

CHF thousand	31.12.2022	31.12.2021
Trade accounts payable	21,704	14,069
Third parties	19,985	10,807
Participants and management bodies	352	2,128
Investments	1,367	1,134

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

19 Current interest-bearing liabilities

CHF thousand			31.12.2022	31.12.2021
	Interest rate	Duration		
Current interest-bearing liabilities			10,000	96,445
Loans			10,000	-
Private placement	3.625%	2008-2023	10,000	-
Bonds			-	96,445
Bond	2.375%	2010-2022	-	96,445

On the basis of its maturity compared with the prior year, the private placement is recognised under current interest-bearing liabilities. In July 2022, the Repower bond that was recognised as a current financial liability the prior year was repaid on schedule for the amount of CHF 96,445 thousand (see [Note 23](#))

20 Other current liabilities

CHF thousand	31.12.2022	31.12.2021
Other current liabilities	16,848	99,699
Third parties	16,052	98,903
Investments	796	796

In both the year under review and the prior year, the item “third parties” primarily consists of liabilities from variation margins received and the VAT return for the fourth quarter. The CHF 84,094 thousand deposit received in connection with direct trading and recognised as a liability the prior year was repaid.

Investments include the annual repayment of CHF 796 thousand of the advance payment made by Repartner Produktions AG to Repower AG for Taschinas power plant.

21 Deferred income and accrued expenses

CHF thousand	31.12.2022	31.12.2021
Deferred income and accrued expenses	615,481	531,656
Third parties	553,835	482,325
Participants and management bodies	1,569	14,512
Investments	60,077	34,819

The total for the year under review contains prepaid expenses and accrued income of CHF 575,385 thousand (prior year: CHF 500,154 thousand) from investments and for energy bills not yet invoiced.

22 Provisions

CHF thousand	Provisions for onerous contracts	Other risks	Total
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
Carrying value at 31 December 2022	689	3,674	4,363
thereof current	376	120	496
thereof long-term	313	3,554	3,867

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.

The adjustment to the provision for onerous energy contracts has a particular impact on Repower AG's income. The expected future prices of energy have increased. As a result, this provision was written back in full via energy procurement in the amount of CHF 16,841 thousand (prior year: CHF 2,015 thousand) after interest had been paid. At the end of the year under review, provisions for identifiable losses on procurement contracts for energy and guarantees of origin thus came to a total of CHF 689 thousand. The entire remaining provision relates to procurement contracts for guarantees of origin.

Other risks

In the year under review other risks includes a provision for unrealised foreign exchange gains amounting to CHF 2,541 thousand (previous year: CHF 3,413 thousand).

23 Non-current interest-bearing liabilities

CHF thousand			31.12.2022	31.12.2021
	Interest rate	Duration		
Non-current interest-bearing liabilities			271,697	134,239
Loans			119,236	131,656
Loan	2.500%	2010-2030	20,000	20,000
Private placement	3.625%	2008-2023	-	10,000
Bank loan	1.698%	2017-2024	24,618	25,828
Bank loan	1.922%	2017-2025	24,618	25,828
Bank loan	2.070%	2006-2026	50,000	50,000
Bonds			152,461	2,583
Registered bond	3.400%	2014-2034	2,461	2,583
Bond	2.550%	2022-2024	150,000	-

On the basis of its maturity compared with the prior year, the private placement is recognised under current interest-bearing liabilities (see [Note 19](#)). In December 2022, a new two-year bond was issued at a nominal value of CHF 150,000.

24 Other non-current liabilities

CHF thousand		31.12.2022	31.12.2021
Other non-current liabilities		54,543	52,434
Connection fees and grid cost contributions		17,043	14,137
Connection fees and grid cost contributions		17,043	14,137
Other non-current liabilities		37,500	38,297
Investments ¹⁾		37,500	38,297

1) This item includes the 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 20).

25 Equity

CHF thousand	31.12.2022	31.12.2021
Shareholders' equity	801,451	789,968
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	650,858	684,109
Legal capital reserves		
Capital reserves	106,732	139,991
Legal reserve from retained earnings	17,123	17,123
Other reserves	527,003	526,995
Retained earnings	143,226	98,487
Retained earnings carried forward	98,487	78,060
Net income for the year	44,739	20,427
Treasury shares	-24	-19

Share capital

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

	31.12.2022	31.12.2021
Elektrizitätswerke des Kantons Zürich (EKZ)	38.49%	34.04%
Canton Graubünden	27.00%	21.96%
UBS Clean Energy Infrastructure KGK (UBS-CEIS/UBS-CEIS2)	22.66%	18.88%
Axpo Holding AG, Baden	0.00%	12.69%

Treasury shares

	2022		2021	
	Number of shares	Carrying amount in CHF	Number of shares	Carrying amount in CHF
Initial balance at 1 January	150	19,150	212	19,204
Purchases	603	82,600	500	59,475
Disposals	-590	-77,290	-562	-59,529
Ending balance at 31 December	163	24,460	150	19,150

In the year under review Repower AG bought 603 shares at an average price of CHF 136.98 and sold 590 shares at an average price of CHF 143.69.

The previous year 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.

NOTES TO THE FINANCIAL STATEMENTS: FURTHER NOTES

Net release of hidden reserves

In the reporting year, hidden reserves of CHF 6,675 thousand were released (prior year: CHF 11,850 thousand).

Employee information

In the year under review the number of full-time positions at Repower AG averaged 404 over the year (prior year: 388).

Direct and indirect shareholdings

Direct participations

Company	Head office	Currency	Issued capital		Share of equity and votes in %	
			31.12.2022	31.12.2021	31.12.2022	31.12.2021
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	2,692,308	1,000,000	36.13%	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%
MERA S.r.l.	Milan	EUR	100,000	100,000	100.00%	100.00%
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.

Indirect participations

Company	Head office	Currency	Issued capital		Share of equity and votes in %	
			31.12.2022	31.12.2021	31.12.2022	31.12.2021
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.	Rom	EUR	12,500	12,500	20.00%	20.00%
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	65.00%	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%
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%
Repower Wind Offshore S.r.l.	Venice	EUR	250,000	250,000	65.00%	65.00%
Terra di Conte S.r.l.	Lucera	EUR	10,000	10,000	32.50%	32.50%
REF S.r.l.	Milan	EUR	10,000	-	100.00%	0.00%
Rebel S.r.l.	Milan	EUR	10,000	-	100.00%	0.00%
Erreci S.r.l.	Busto Arsizio	EUR	60,000	-	27.77%	0.00%
Erreci Impianti S.r.l.	Busto Arsizio	EUR	30,000	-	29.52%	0.00%

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 127.5 million (equivalent to CHF 125.5 million) were concluded (prior year: EUR 84.5 million, equivalent to CHF 87.3 million).

Guarantees in favour of third parties amounting to CHF 9.9 million and EUR 11 million (equivalent to CHF 10.8 million) were provided (prior year: CHF 2.2 million and EUR 7.9 million (equivalent to CHF 8.1 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	31.12.2022	31.12.2021
Lease liabilities	2,966	5,061
Within 1 year	1,052	940
2-5 years	1,914	2,820
Over 5 years	-	1,301

Pension fund liability

On the balance sheet date there was a liability to the pension fund of CHF 483 thousand (previous year: CHF 442 thousand).

Related parties

Receivables and liabilities vis-à-vis direct or indirect participants and management bodies and vis-à-vis undertakings in which there is a direct or indirect participation are shown separately in the notes to the financial statements. Participants and management bodies are the shareholders and members of the board of directors (see [Note 25](#)) and the auditors of Repower AG.

Events occurring after the balance sheet date

Since 31 December 2022 there have been no other events which require disclosure.

The financial statements were approved for publication by the board of directors on 31 March 2023. They are subject to the approval of the annual general meeting, which will take place on 17 May 2023.

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

	2022	2021
Board of directors	Shares	Shares
Dr Urs Rengel	400	400
Peter Eugster	400	200

	2022	2021
Executive board	Shares	Shares
Roland Leuenberger	4,200	4,200
Samuel Bontadelli (until 29.10.2021)	-	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 2022	CHF	44,738,799
Retained earnings carried forward	CHF	98,486,613
Retained earnings	CHF	143,225,412
Amount carried to other reserves	CHF	-
Balance carried forward	CHF	143,225,412

The board of directors further moves that the annual general meeting approve a dividend of CHF 5.00 per registered share, to be paid from capital reserves:

Capital reserves carried forward	CHF	106,732,021
Dividend on share capital of 7.4 million CHF ¹⁾	CHF	36,954,840
Capital reserves carried forward on the next year	CHF	69,777,181


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 23 May 2023.

Poschiavo, 31 March 2023

For the Board of Directors:



Dr Monika Krüsi
Chair of the board of directors

REPORT OF THE STATUTORY AUDITOR



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

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

Zurich, 31 March 2023

To the General Meeting of **Repower AG, Brusio**

Report of the statutory auditor

Report on the audit of the financial statements



Opinion

We have audited the financial statements of Repower AG (the Company), which comprise the **statement of financial position** as at 31.12.2022, the **statement of income** for the year then ended, and **notes to the financial statements**, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 118 to 140) comply with Swiss law and the Company's articles of incorporation.



Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Key audit matters

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 for the audit of the financial statements” 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 34.9% 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 2 Accounting and valuation principles and 10 Replacement values of held-for-trading positions 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>



Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements and our auditor’s reports thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Board of Directors’ responsibilities for the financial statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the Company’s articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless the Board of

Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.



Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on EXPERTsuisse's website at: <https://www.expertsuisse.ch/en/audit-report>. This description forms an integral part of our report.



Report on other legal and regulatory requirements

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

Furthermore, we confirm that the proposed appropriation of available earnings (page 141) complies with Swiss law and the Company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

Ernst & Young Ltd

Reto Hofer
Licensed audit expert
(Auditor in charge)

Silvan Rügsegger
Licensed audit expert

INVESTOR AGENDA

The next dates in Repower's financial calendar:

17 May 2023

Annual general meeting in Poschiavo

31 August 2023

Half-year results

9 April 2024

Press conference on annual results

15 May 2024

Annual general meeting

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April 2023