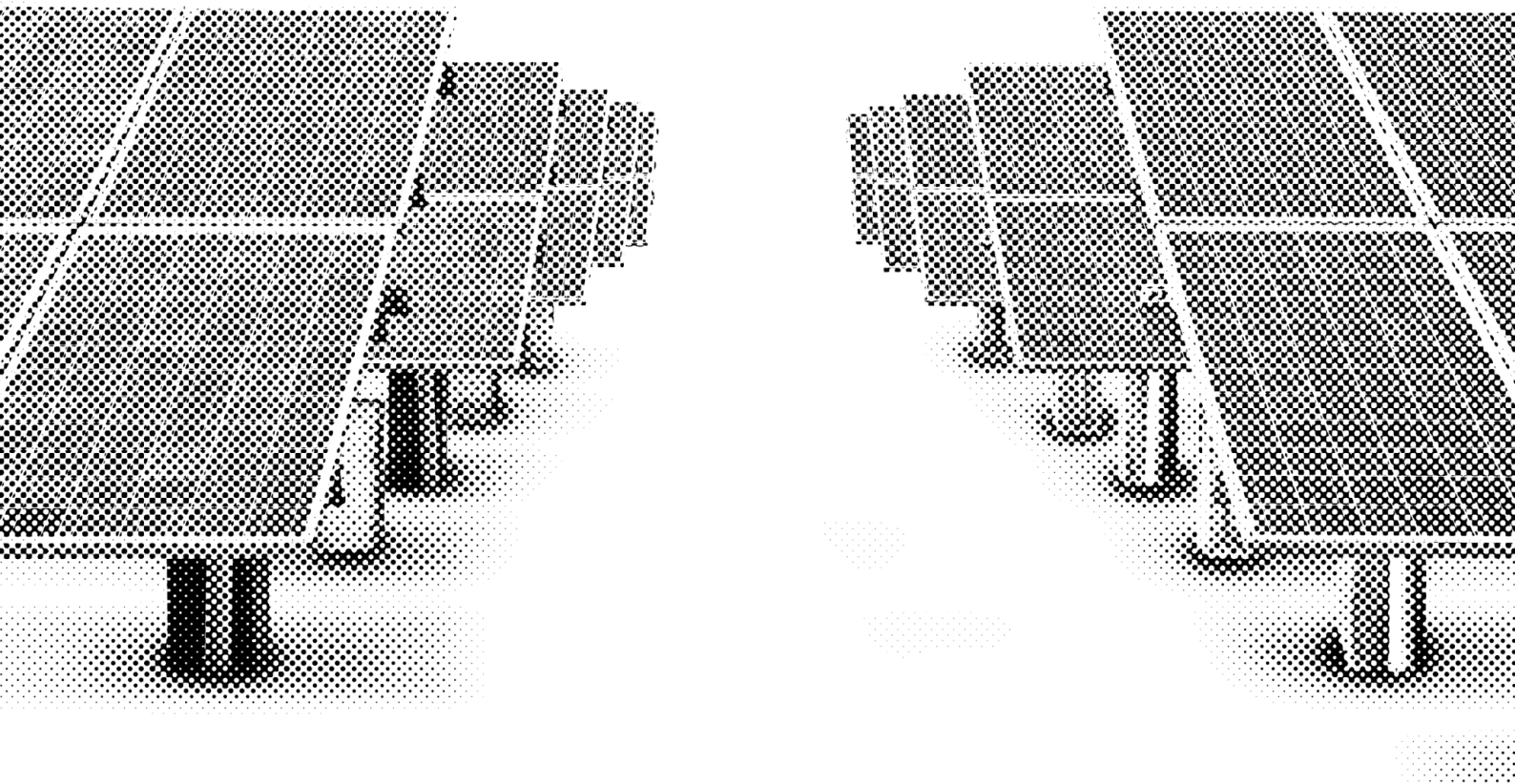


Annual Accounts 2020

Modity Energy Trading AB



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2020 was a challenging year

2020 was an extreme year and a test of our ability to adapt and find new solutions. The pandemic brought great uncertainty, especially in the spring, as we quickly adapted to uncertain markets and working from home without affecting our deliveries. The business was put under pressure, but we stood firm.

However, the most significant impact on the Nordic energy world in 2020 was not the COVID crisis, but the extreme rainfall and capacity shortages in the

electricity grids. The rainfall was "unprecedented", as Europe's largest hydropower producer put it. Nuclear power was plagued by major operational problems and the last time we had nuclear power production as low as it was in 2020 was in the 1980s. The South-West Link has still not come into operation and has been delayed more than 20 times. The fact that the oil-fired Karlshamn power plant had to be started up for electricity production

in the middle of summer, when electricity use is at its lowest, is typical of the energy market in 2020.

A number of individually unlikely events thus coincided in 2020 and, as a consequence, price differences between Sweden's electricity price areas also grew to historic highs since the introduction of the price areas. The negative effects of unexpectedly extreme price area differences for our management of our customers' price areas, and the limited possibilities to pass on this risk in the market, is the whole reason why we are now reporting our first loss. No customers have been affected, and the loss is being managed by returning last year's unrealised profit dividend to Modity. We are still meeting our return targets, which have a long-term perspective. Our owners fully support us and we continue to build for the future.

There are also many things that have gone very well for Modity in 2020. Together with our owners, we have developed new methods for optimising hydropower, which has significantly improved the profitability of the plants. Newly developed algorithms allow our trading robot Algot to work fully on behalf of our owners and customers. These are just a few examples of how Modity works at its best. We use our expertise and creativity to create or unlock value for our owners and customers. We have a great team, who are constantly delivering new solutions, often before our customers even realise they have a problem to solve.

Wind power in Sweden has enjoyed another record year, producing almost 28 TWh. Modity's wind power expansion has progressed at a good pace in 2020, and several new contracts were signed and our portfolio was nearly doubled. Modity is an actor that bolsters the development of renewable energy in Sweden. On the energy company side, we have

also grown during the year and we continue to deliver competitive solutions to new and existing customers.

Alongside the rapidly increasing share of wind power, we see several exciting developments in the energy market in the future: the strong electrification planned and required for the transport sector and industry to become fossil-free, batteries and how they can be used for both electricity storage and for system services, renewable hydrogen as an energy carrier, storage and possible buffer in the power system. The future of hydrogen in Sweden and the world was one of several topics at our well-attended 2020 digital customer event. We have also used the digital format in a series of webinars that we launched in spring 2020, through which our analyses reach a wider audience. In 2020, we have continued to strengthen our digital skills through skills development and recruitment, in order to continue to streamline, simplify and improve things for everyone we work with.

Now we are looking to the future! Last year we took our first steps towards a more ambitious and comprehensive sustainability approach. In 2021, we will work to take sustainability to a whole new level. Cooperation is the key. Modity is a relatively small company with limited impact on the environment and climate, but together with our partners we can do a lot to create a sustainable future. Together with our great team at Modity, I look to the future with confidence.

Klas Liljegren,
CEO, Modity

Wind power continues to grow, both in Sweden and at Modity

Wind power development in the Nordic region is indeed "caught in a gale" and the rate of increase experienced in recent years looks set to continue for many years to come. This is very encouraging, as wind is a renewable energy resource and a major resource in Sweden, with the potential to contribute to the energy transition in several sectors. Both transport and industry regard strong electrification as part of the path to zero emissions.

At Modity, we're seeing incredible interest from wind power stakeholders, and we signed several new deals in 2020 and nearly doubled our renewable portfolios. Customers appreciate that we are fast and flexible, and that we share our knowledge of the energy market.

Our people in the market draw conclusions based on fundamentals. To help us, we have our meteorologist, Kruno Kuljis, who guides us through the weather forecasts and their risks. We in the Nordic region have long known that weather is a

significant factor in the energy market, but the strong growth of renewables has also increased volatility and thus the associated risks.

Modity manages risk across all time horizons for wind power, and physical trading is the bridge between the long-term market and the actual delivery. Modity's additional and support services such as negative price alerts are increasingly in demand. The need for these support systems increases as we move towards higher resolution settlements and other changes that require faster processing of larger amounts of data and faster decisions in the market.

In addition to our fundamental strength, wind power owners also appreciate our stable ownership structure, based on Swedish municipalities with excellent credit ratings that ensure long-term sustainability. With long-standing agreements, mutual security is naturally important.

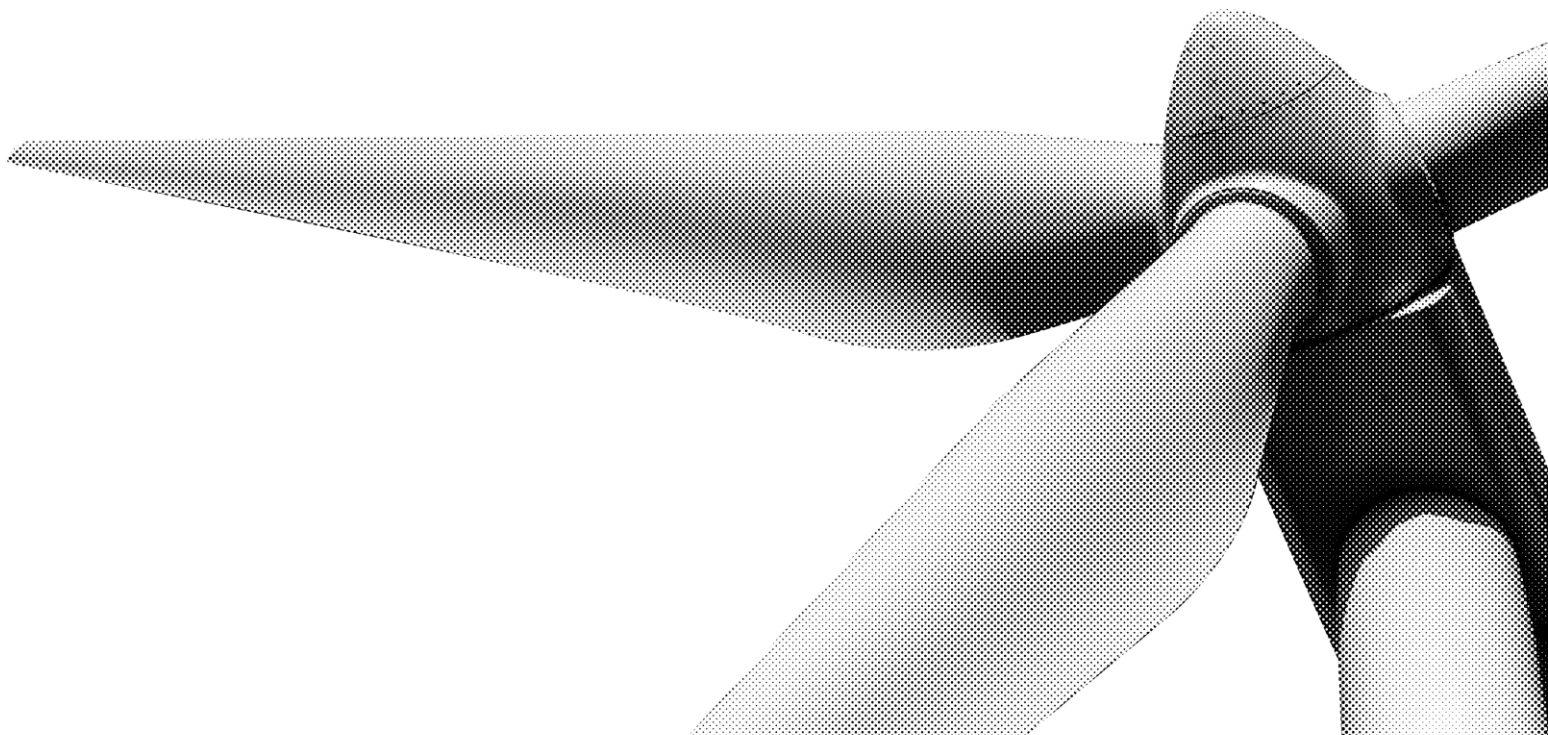


Analysis, experience and quick action give good results for the trading

2020 was a good year for Modity's trading business. We know the markets, we have some of the most experienced traders in the industry, and we are able to seize opportunities when we see them. One example of our success in recent years is our solid analysis of the electricity certificate market, where we saw opportunities early on, bringing benefits to both ourselves and our customers. Analysis, experience and the ability to act quickly are the key components.

In 2020 we helped to strengthen liquidity in the market by acting as a Market Maker on Nasdaq. This has been a major challenge that has required dedicated time, but we want to contribute to the traded market and protect it, so the effort has been worthwhile.

During the transition of the energy market, market opportunities will arise in the markets in which Modity operates. With fundamentals as our guiding light, aided by an extensive analytical focus and solid experience, Modity will be well placed to exploit the opportunities that arise. These are the markets in which we have good experience and in which we will continue to focus on being active. In this way, both Modity and our clients will benefit from our continued high level of engagement and our ability to highlight risks and opportunities at an early stage.



The offer is developed in collaboration with our partners

The energy industry is constantly changing, and right now it's moving fast, with increasing customer demands, regulatory changes, digitalisation and the transition away from fossil fuels. Our partners and customers expect us to offer them simple solutions so that they in turn can focus on their core business. We use our innovative and collaborative skills to develop the energy solutions of the future with our partners.

Modity's algorithmic trading robot, Algot, performs automated trading in the electricity market based on pre-determined inputs. During the year, we have developed Algot's operating range. Modity's customers and partners are now given the opportunity to easily adapt the trade that Algot carries out according to rapidly changing conditions in their own forecasts of consumption and production, as well as the current market situation. The development of Algot gives our customers greater flexibility in production and greater freedom of movement in a market characterised by increasing volatility and granularity.

Modity has also developed new optimisation models during the year in order to meet the power producers' needs for flexibility solutions. In 2020, Modity and one of our partners implemented a fully automated production optimisation for hydropower, which tailors production to when it is most profitable to produce electricity.

We also implemented new attractive products for the end-user market in 2020, enabling energy companies to offer a wider range of products while reducing their risk.

In addition to renewing contracts with long-standing customers, in 2020 we also started working with C4 Energi, an exciting company with high ambitions that we can help them meet. We look forward to continuing to develop the offering to give customers the tools they need to succeed in the electricity market of the future.

Sustainability in a new light

From being an issue for activists and enthusiasts, climate change is finally being taken for the critical business issue it actually is for most (or all?) industries, especially the energy sector. This involves reducing both emissions and other environmental impacts, and adapting to a changing climate. 2020 was another record-warm year, and not least a record wet one in the Nordic region, which had a big impact on electricity prices. Climate change affects us all, especially an energy trading company like Modity. We need to have a value chain perspective on sustainability and work with both our direct and indirect impact on sustainability issues.

Part of the value chain perspective is how Modity contributes to enabling wind power in Sweden. In some analyses, wind is expected to cover both the shutdown of nuclear power, and the increased electricity demand expected in the wake of increased electrification in industry and transport. By offering long-term and competitive terms, Modity can help make wind power investments happen. Our offerings in support services will also become increasingly important,

as more wind power is added to the system, helping to ensure that the expansion of renewables can continue to grow.

Several of our customers on the utility side have high sustainability ambitions and we are working with them to get the most sustainable products possible. We have renewed contracts with high-profile customers in 2020.

Modity trades in both biogas and fossil natural gas. In order to reduce emissions, we have helped several customers switch to biogas, and we'd like to help even more. But today there are no financial incentives for customers who use the gas as an input in industrial processes. Modity is helping to make the market work, by helping customers develop their biogas businesses and access new markets, and by broadening our scope and finding new products in renewable energy gases. But political assistance is needed – producing and using biogas must be economically sustainable. The share of biogas in our gas portfolio was around 15% in 2020, the same as in 2019.

Internally at Modity, we have also made changes in 2020. We work with our critical suppliers, such as IT and cleaning companies and with our landlords. In 2020 we updated our car policy so that only pure electric or fuel cell cars will be accepted going forward. We have also switched to organic fruit and coffee, reviewed the use of consumables and improved waste management and recycling. During the year, new offices were opened at our head office in Lund, equipped with energy-efficient lighting and mostly second-hand furniture. Of course, travel has fallen sharply in 2020 as a result of the pandemic, and flying has fallen significantly more than rail travel. This is not just because travelling abroad has been impossible, but we're also seeing employees opting for night trains instead of flights

for some longer trips, even before the pandemic reached Sweden. This is a welcome development.

The shift to digital customer meetings and events means that our analysis has reached more people, as the threshold for participation is lower for a digital event. In 2020, Modity continued the development of our digital customer portal, where we can easily meet customers and stakeholders and exchange information. The customer portal can eventually reduce the need for physical post and provide increased interaction without the need to increase travel.

At the end of 2020, we also started work on a more holistic approach to sustainability. We are not yet seeing the results of this work, but it is clear that our ambitions will be raised in the future.



Strong together in a challenging year

We have been challenged in 2020 in ways we did not expect, as the corona virus spread across the world and caused great suffering. But the pandemic also showed how quickly humanity can change when it really needs to. Modity performs vital activities as a balancing operator, and we have continued to deliver despite periods of great uncertainty and rapid transition to remote working.

For those who are passionate about health and safety at work, working at home presents both difficulties and opportunities. Many employees experience increased productivity but decreased creativity. Some people appreciate not having to commute, while others sometimes feel isolated. In this situation, we are helped by our systematic and continuous work on culture and work environment, and by a constant dialogue with each other. Part of this is to ensure a good physical working environment at home, and our staff have been able to borrow monitors and other equipment. Cultural work has continued through digital activities, outdoor meetings where possible, and the learning

groups initiative, where staff meet and share experiences.

It is important to keep having fun together, even when circumstances change. In 2020, Modity employees started an internal sports club, which included an outdoor sports day with activities suitable for everyone.

The working environment concerns everyone at Modity and all managers in the company are trained or further trained in health and safety. Thanks to the holistic approach of our systematic work environment management, we have renewed our ISO 45 001 work environment certification in 2020.

We have continued to strengthen the team in 2020, especially on the development side. It's thanks to our great people that we succeed. We support and help each other. We learn from each other and facilitate each other's development. Together, we continue to make Modity stronger.



The Board of Directors of Modity Energy Trading AB submits the following annual report for the financial year 2020.

The annual financial statement has been prepared in Swedish kronor (SEK). Unless specifically indicated otherwise, all amounts are reported in thousands of kronor (TSEK).

Management Report

General information about the business and significant events during the financial year

Modity Energy Trading AB is equally owned by Krafringen Energi AB (publ) (556100-9852, Lund) and Öresundskraft AB (556089-7851, Helsingborg). Krafringen Energi AB (publ) is owned by the holding company Krafringen AB (556527-9758, Lund), which in turn is owned by the municipalities of Lund (82.4%), Eslöv (12.0%), Hörby (3.5%) and Lomma. (2.1%). Öresundskraft AB is owned by the City of Helsingborg (100%) through Helsingborgs Stads Förvaltning AB (556007-4634, Helsingborg).

The company conducts trade in energy and related commodities, as well as related activities such as portfolio management and balance responsibility for electricity and gas. We are also very active in the markets for environmental instruments. The head office is located in Lund and a smaller office is located in Gothenburg.

On behalf of the company, the owners have entered into a guarantee amounting to SEK 1.7 billion, which guarantees Modity's financing. The owners also undertake, through capital investment, payment commitment or waiver of claims, to be responsible for the company's equity. In order to ensure that the company's equity is maintained, there is a capital guarantee of SEK 60 million in favour of the company.

2020 has been an extreme year in many ways. After a mild and rainy winter, the dams and reservoirs were already well-filled at the beginning of 2020. A cable break in the Oslofjord in February limited transmission from Norway, causing a large difference between the electricity price in the southern price areas and the system price. Wet and mild weather persisted and Ringhals 1 was shut down in April due to lack of profitability, according to its owner. In order to maintain grid stability in the south, Svenska Kraftnät consequently limited transmission capacity from northern to southern Sweden, which resulted in very large price area differences during the spring. The rest of the year continued in much the same vein, with record wet and mild weather, revisions and operational problems with nuclear power, and limited transmission capacity and extended revisions of the grid. The South-West Link was delayed several more times and did not come into operation in 2020.

The extreme rainfall in the north, combined with low levels of generation in the south and a lack of transmission capacity, resulted in record low system prices and record high price area differences, several times larger than at any time since the introduction of the electricity price areas. An illustration of how unusual 2020 was is that the oil-fired Karlshamn power plant was

started up in the middle of the summer to ensure electricity demand and grid stability in SE4.

This development has led to significant losses in the electricity business, causing the company as a whole to make a loss in 2020 for the first time since its formation in 2010. The effects of the results are recognised directly in the reported result, as Modity applies the accounting regulation K3, chapter 12, which means that all financial positions are reported at current value, whether realised or not. To put the trading losses in relation to the company's activities, the cumulative result of the total trading activities is, with the 2020 losses, back to the profit level we had until the summer of 2018.

Other activities, i.e. the gas business and trading, are continuing to do well. Our deliveries are stable and several new customer contracts have been signed during the year, both in the gas business and with wind power operators and energy companies. The development of the company has continued during the year, with new products and expanded support to owners and customers, continued high ambitions in sustainability work, and the development of new and existing digital interfaces. The overall competence of the company has continued to be strengthened through both

recruitment and skills development.

Turnover is mainly driven by weather-related parameters such as prices and volume, which means that it is lower than in 2019, even though the company has seen underlying growth.

Expectations concerning future developments

Modity expects to deliver a positive result in 2021. We have signed a large number of important customer contracts and we are continuing to develop the business. Investments in digitalisation and sustainability are continuing, in order to strengthen the company for the future.

The company's business involves exposure to market risks and Modity has policies and control structures in place to ensure that risk levels are kept within given mandates and guidelines.

Sustainability report

The Sustainability Report for the period 01/01/2020 - 31/12/2020 has been prepared as a separate document and will be published on the company's website.

Financial overview

Amounts in TSEK	2020	2019	2018	2017	2016
Net sales	4,378,890	6,070,731	4,919,461	2,927,416	2,483,613
Profit before tax	-113,186	75,861	63,808	22,791	612
Balance sheet total	1,216,107	1,449,312	1,362,315	755,517	684,506
Return on capital employed	-5 %	15 %	24 %	9 %	2 %
Return on equity	-81 %	49 %	63 %	33 %	1 %
Return on equity, rolling 5 years	13 %	35 %	28 %	19 %	22 %
Equity-To-Asset ratio	8 %	13 %	9 %	10%	9 %

Changes in equity

Amounts in TSEK	Share capital	Restricted reserves	Retained earnings	Profit for the year	Total
Amount at start of year	20,000	20	103,890	60,487	184,396
Disposal as decided by the AGM:			60,487	-60,487	0
Dividends			-60,487		-60,487
Shareholder contributions received			60,487		60,487
Profit for the year				-89,069	-89,069
Amount at year-end	20,000	20	164,376	-89,069	95,328

Conditional shareholder contributions represent 60,487 of total retained earnings of 164,376

Proposed disposition regarding the company's profit or loss

The Board of Directors proposes available unrestricted equity of SEK 75,307,618 shall be disposed of as follows:

To be carried forward (SEK)	75,307,618
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Income statement

Amounts in TSEK	Note	01/01/2020 - 31/12/2020	01/01/2019 - 31/12/2019
<i>Operating revenue</i>			
Net sales	2	4,378,890	6,070,731
Other operating income	3	12,276	10,191
		4,391,166	6,080,922
<i>Operating costs</i>			
Goods for resale		-4,375,423	-5,878,383
Other external costs	4, 5	-54,334	-62,687
Personnel costs	6	-58,917	-50,463
Depreciations of tangible and intangible fixed assets	7	-322	-1,371
Other operating expenses		-11,376	-12,287
Operating profit		-109,206	75,731
<i>Profit from financial items</i>			
Interest income and similar items	8	25,813	20,044
Interest expenses and similar items	9	-29,793	-19,914
Profit after financial items		-113,186	75,861
Profit before tax		-113,186	75,861
Tax on the profit for the year	10	24,117	-15,374
Profit for the year		-89,069	60,487

Balance sheet

Amounts in TSEK	Note	31/12/2020	31/12/2019
Assets			
Fixed assets			
<i>Intangible fixed assets</i>			
Capitalized expenditure for software and similar work	11	0	204
		0	204
<i>Tangible fixed assets</i>			
Improvement on others' property	12	3,518	0
Furniture & Equipment	13	1,064	0
		4,582	0
<i>Financial non-current assets</i>			
Deferred tax receivables	10	24,117	0
		24,117	0
Total fixed assets		28,699	204
Current assets			
<i>Inventories etc.</i>			
Goods for resale		2,974	1,883
		2,974	1,883
<i>Current receivables</i>			
Accounts receivables		275,540	526,475
Tax receivables		10,514	0
Financial instruments held for trading	14, 15	406,505	373,289
Other receivables		116,064	116,447
Prepaid expenses and accrued income	16	348,774	384,078
		1,157,397	1,400,289
<i>Cash and bank balances</i>	17	27,037	46,936
Total current assets		1,187,408	1,449,108
Total assets		1,216,107	1,449,312

Balance sheet

Amounts in TSEK	Note	31/12/2020	31/12/2019
Equity and liabilities			
Equity			
<i>Restricted equity</i>			
Share capital	18	20,000	20,000
Statutory reserve		20	20
		20,020	20,020
<i>Non-restricted equity</i>			
Share premiums		19,000	19,000
Retained earnings		145,377	84,890
Profit for the year		-89,069	60,487
		75,308	164,377
Total equity		95,328	184,397
Current liabilities			
Overdraft facility	19	512,844	674,547
Accounts payables		103,259	101,079
Financial instruments held for trading	14, 15	260,087	135,567
Current tax liabilities		0	17,607
Other liabilities		65,997	149,833
Accruals and deferred income	20	178,592	186,282
		1,120,779	1,264,915
Total equity and liabilities		1,216,107	1,449,312

Cash-flow analysis

Amounts in TSEK	Note	01/01/2020 - 31/12/2020	01/01/2019 - 31/12/2019
Current operations			
Profit after financial items		-113,185	75,861
Adjustments for items not included in cash flow:	21	322	1,371
Market valuation financial instruments		91,303	32,222
Tax paid		-28,121	-7,393
Cash flow from operating activities before change in working capital		-49,681	102,061
<i>Cash flow from changes in working capital</i>			
Increase(-)/Decrease(+) in inventories		-1,090	-1,883
Increase(-)/Decrease(+) in receivables		286,623	-117,731
Increase(+)/Decrease(-) in current liabilities		-89,347	-350,453
Cash flow from operating activities		146,505	-368,006
Investment activities			
Investment in tangible assets		-4,701	0
Cash flow from investing activities		-4,701	0
Financing activities			
Change in overdraft facility		-161,703	379,767
Dividends paid		-60,487	0
Shareholder contributions received		60,487	0
Cash flow from financing activities		-161,703	379,767
Net cash flow		-19,899	11,761
Liquid assets at start of the year		46,936	35,175
Cash and cash equivalents at the end of the period		27,037	46,936

Notes with accounting principles and notes on accounts

Amounts in TSEK unless otherwise stated

Note 1

Reporting and valuation principles

General information

The annual accounts have been prepared in accordance with the Annual Accounts Act and the general recommendations of the Swedish Accounting Standards Board BFNAR 2012:1 Annual Report and consolidated accounts (K3).

Valuation principles etc.

Assets, provisions and liabilities are valued at acquisition value unless otherwise stated below.

Revenue recognition

Revenue is recognized at fair value of what has been received or will be received and recognized to the extent that it is likely that the economic benefits will be allocated to the company and the income can be calculated reliably.

Tangible assets

Tangible fixed assets are recognised at acquisition value minus accumulated

depreciation and amortisation. In addition to the purchase price, the acquisition value also includes expenses that are directly attributable to the acquisition.

Intangible assets

Other intangible assets acquired by the company are recognized at acquisition value less accumulated depreciation and write-downs. Internally generated intangible assets follow the cost model and are recognized as expenses when incurred.

Depreciations of intangible and tangible fixed assets

Depreciation occurs on a straight-line basis over the asset's estimated useful life, as it reflects the expected consumption of the asset's future economic benefits. Depreciation is recognized as an expense in the income statement.

The following depreciation periods have been applied:	Useful life
Machinery and other technical facilities	5 years
Equipment, tools and installations	3-10 years
Computer software	5 years
Improvement costs on others' property	3 years

Leasing

All lease agreements are reported as operating lease agreements. Leasing fees under operating leases, including increased first-time rent but excluding expenses for services such as insurance and maintenance, are recognized as expenses on a straight-line basis over the leasing period.

Receivables

Receivables are recognized at acquisition value less any impairment losses.

Inventories

Inventories are recognized at whichever is lowest, the acquisition value or the net realizable value. Risk of obsolescence has thus been taken into account. The acquisition value is calculated according to the first-in first-out principle. In addition to the cost of purchasing, the acquisition value also includes expenses to bring the goods to their current location and condition.

Financial assets and liabilities

Financial assets and liabilities are recognized in accordance with Chapter 12 (Financial instruments valued in accordance with Chapter 4, §14a – 14e of the Annual Accounts Act) in BFNAR 2012:1.

Recognition and derecognition from the balance sheet

A financial asset or financial liability is recognized in the balance sheet when the company becomes a party to the instrument's contractual terms. A financial asset is removed from the balance sheet when the contractual right to the cash flow from the asset has expired or been settled. The same applies when the risks and benefits associated with the holding are essentially transferred to another party and the company no longer has control of the financial asset. A financial liability is removed from the balance sheet when the contractual obligation is fulfilled or terminated. Spot purchases and sales of financial assets are reported on the transaction date.

Classification and valuation

Financial assets and liabilities have been classified into different valuation categories in accordance with Chapter 12 of BFNAR 2012:1. The classification into different valuation categories forms the basis for how the financial instruments are to be valued and how changes in value are to be reported. The fair value of financial instruments listed on an active market is determined on the basis of the asset's quoted purchase price on the balance sheet date, without any additions for transaction costs (such as brokerage) at the time of acquisition. A financial instrument is considered to be quoted on an active market if quoted prices are readily available on a stock exchange, at a trader, broker, industry organization or regulatory authority, and these prices represent actual and regularly occurring market transactions on commercial terms. Derivatives are valued at fair value in the income statement. If the market for financial instruments is not active, the company finds the fair value by using a valuation technique. The valuation techniques are based as much as possible on market data and company-specific data is used as little as possible. The company uses different methods and the assumptions are based on existing market conditions on the balance sheet date in question.

(i) Financial assets held for trading

Financial assets in this category are measured at fair value and changes in value are recognized in the income statement. This category includes derivatives with a positive fair value, except for derivatives that are an identified and effective hedging instrument.

(ii) Investments held to maturity

Investments held to maturity are financial assets that include interest-bearing securities with fixed or determinable payments and a fixed term that the company has an explicit intention and ability to hold to maturity. Assets in this category are valued at amortized cost.

(iii) Loans outstanding and accounts receivable

Loan receivables and accounts receivable are financial assets having fixed or fixable payments that are not derivatives. These assets are valued at amortized cost. Amortized cost is determined on the basis of the effective interest rate calculated at the time of acquisition. Accounts receivable are recognized at net realizable value, i.e. after deductions for bad debts.

(iv) Financial assets available for sale

The category of financial assets available for sale includes financial assets that are not classified in any other category or financial assets that the company initially chose to classify in this category. Holdings of shares and portions that are not reported as subsidiaries, associated companies or jointly controlled companies are recognized here. The company has chosen to recognize the period's change in fair value in the income statement.

(v) Financial liabilities held for trading

Financial liabilities in this category are measured continuously at fair value and changes in value are recognized in the income statement. This category includes derivatives with a negative fair value, except for derivatives that are an identified and effective hedging instrument.

(vi) Other financial liabilities

Loans and other financial liabilities, e.g. accounts payable, are included in this category. The liabilities are valued at amortized cost.

Remuneration to employees

Plans for compensation after termination of employment are classified as defined contribution.

In defined-contribution plans, fixed contributions are paid to another company, normally an insurance company, and there is no longer an obligation to the employee when the contribution is paid. The size of the employee's compensation after termination of employment depends on the contributions paid and the return on capital provided by the contributions. The contributions for defined-contribution plans are recognized as expenses. Unpaid contributions are recognized as liabilities.

Tax

Tax on profit for the year in the income statement consists of current tax and deferred tax. Current tax is income tax for the current accounting year, which relates to the taxable profit for the year and the portion of previous years' income tax which has not yet been reported. Deferred tax is income tax for taxable earnings relating to future financial years as a result of previous transactions or events. Deferred tax liability is recognized for all taxable temporary differences. Deferred tax assets are reported for deductible temporary differences and for the possibility of using tax loss carryforwards in the future. The valuation is based on how the recognized value of the corresponding asset or liability is expected to be recovered or adjusted.

The amounts are based on the tax rates and tax rules that were decided before the balance sheet date and have not been calculated at present value.

Accounting of revenue

As revenue, the company recognizes the fair value of what has been received or will be received. The company therefore recognizes income at nominal value (invoice amount) if the company receives compensation in cash directly upon delivery. Deductions are made for discounts granted.

Income from the company's sale of goods is recognized as revenue when the following conditions are met: the significant risks and benefits associated with the ownership of the goods have been transferred to the buyer, The company has no involvement in the ongoing administration and has no actual control of the goods to be sold, the revenue can be calculated in a reliable manner, it is likely that the financial benefits that the company will receive from the transaction will accrue to the company, and the expenses incurred or which are expected to arise as a result of the transaction can be reliably calculated.

Conversion of entries in foreign currencies

Receivables and liabilities in foreign currencies have been valued using the exchange rate on the balance sheet date. Currency exchange profits and losses on operating receivables and liabilities are recognised in operating result, while exchange currency exchange profits and losses on financial assets and liabilities are recognised as financial items.

Notes

Note 2 Net sales per business segment and geographical market

	2020	2019
<i>Net sales per business segment</i>		
Electricity trade	3,595,266	5,286,471
Gas trade	783,624	784,260
	4,378,890	6,070,731
<i>Net sales per geographical market</i>		
Sweden	4,364,922	6,046,053
Denmark	0	0
Finland	13,968	24,678
	4,378,890	6,070,731

The information above does not include excise duty. This amounts to 52,219 TSEK (50,552 TSEK) for the company.

Note 3 Other operating income

	2020	2019
Exchange rate gains on receivables/liabilities of an operating nature	12,276	10,191
	12,276	10,191

Note 4 Fees and reimbursement to auditors

	2020	2019
<i>E&Y</i>		
Audit assignments	935	646
Audit activities in addition to the audit assignments	0	-16
	935	630

Audit assignments refer to the audit of the annual financial statement and accounts, as well as the management by the board of directors, other work tasks to be performed by the company's auditor, and consultancy or other assistance arising from observations in such audit or the performance of other work tasks.

Note 5 Operational leasing

	2020	2019
Lease agreements where the company is a lessee, regarding premises leasing		
<i>Future leasing fees for non-cancellable leases, are due for payment as follows:</i>		
Within one year	-1,486	-2,207
Later than one year but within five years	-955	-2,441
Later than five years	0	0
	-2,441	-4,648
	-2,449	-1,769
Leasing fees recognized as expenses during the financial year	-2,449	-1,769

Note 6 Employees and employee costs

	2020	2019
Average number of employees		
Women	12	10
Men	30	23
	42	33
Salaries, other payments and social security costs, including pension costs		
Board of Directors and CEO	1,951	2,041
Other employees	35,387	28,296
Social costs, including pension costs	(20,460)	16,707
Total	37,338	30,337
Gender distribution in company management		
Proportion of women in the board	25 %	17 %
Proportion of women among other senior executives	44 %	43 %

Of the company's pension costs, 428 (440) refers to the group board of directors and the CEO.

Severance pay

The company's CEO has 6 months' mutual period of notice and 12 months' severance pay.

Note 7 Depreciations of tangible and intangible fixed assets

	2020	2019
Capitalized expenditure for development work and similar	-204	-1,221
Improvement costs on others' property	-119	-150
	-322	-1,371

Note 8 Interest income and similar items

	2020	2019
Interest revenue	1,767	2,679
Exchange rate gains	24,046	17,365
	25,813	20,044

Note 9 Interest expenses and similar items

	2020	2019
Interest rate costs	-3,997	-3,457
Exchange rate losses	-24,514	-13,805
Other	-1,281	-2,652
	-29,793	-19,914

Note 10 Tax on the profit for the year

	2020	2019
Tax on the profit for the year		
Current tax costs	0	-15,374
Deferred tax	24,117	0
Total recognised tax	24,117	-15,374

Deferred tax has been recognised on the entire deficit as we believe it is likely to be realised in the foreseeable future.

Reconciliation of effective tax

		2020		2019
	Percent	Amounts	Percent	Amounts
Profit before tax		-113,186		75,861
Tax according to the applicable tax rate	21.40	24,222	21.40	-16,234
Non-deductible expenses	0.10	-116	-0.30	-201
Non-taxable income	0.00	0	0.30	211
Tax depreciation on improvement expenses	-0.01	11	0.04	29
Tax attributable to previous years	0.00	0	1.10	821
Reported effective tax	21.40	24,117	21.40	-15,374

Note 11 Capitalized expenditure for software and similar work

	31/12/2020	31/12/2019
Accumulated acquisition value at the beginning of the year	6,381	6,381
New acquisitions	0	0
Reclassifications	0	0
Carrying amount at the end of the year	6,381	6,381
Accumulated depreciation according to plan at the beginning of the year	-6,178	-4,956
Scheduled depreciation for the year	-204	-1,221
Accumulated depreciation at the end of the year	-6,381	-6,177
Reported value at end of period	0	204

Note 12 Improvement on others' property

	31/12/2020	31/12/2019
At start of the year	2,700	2,700
New acquisitions	3,618	
	6,318	2,700
Depreciation carried forward	-2,700	-2,550
Scheduled depreciation of acquisition value for the year	-101	-150
	-2,801	-2,700
Reported value at end of period	3,518	0

Note 13 Furniture & Equipment

	31/12/2020	31/12/2019
<i>Accumulated acquisition value at the beginning and end of the year</i>	2,038	2,038
Acquisitions	1,082	
	3,120	2,038
<i>Accumulated depreciation at the beginning and end of the year</i>	-2,038	-2,038
Depreciation for the year	-18	
	-2,056	-2,038
Reported value at end of period	1,064	0

Note 14 Financial instruments and risk management – Maturity overview

31/12/2020	< 1 year	2-5 years	5 years	Total
<i>Assets</i>				
Derivatives	253,594	152,505	406	406,505
Total	253,594	152,505	406	406,505
<i>Liabilities</i>				
Derivatives	124,188	127,609	8,290	260,087
Total	124,188	127,609	8,290	260,087
31/12/2019	< 1 year	2-5 years	5 years	Total
<i>Assets</i>				
Derivatives	321,985	50,610	694	373,289
Total	321,985	50,610	694	373,289
<i>Liabilities</i>				
Derivatives	121,903	8,985	4,679	135,567
Total	121,903	8,985	4,679	135,567

Note 15 Financial instruments measured at fair value
in the balance sheet.

Derivatives for which hedge accounting is not applied

	31/12/2020	
Assets	Carrying value	Value change recognized in the income statement
Currency futures	54,220	45,104
Electricity futures	125,318	51,788
Electricity certificate futures	72,117	-149,561
Emission allowance futures	154,850	85,885
	406,505	33,216
Liabilities		
Currency futures	37,662	9,740
Electricity futures	123,958	98,404
Electricity certificate futures	40,529	-22,088
Emission allowance futures	57,938	38,464
	260,087	124,520

	31/12/2019	
Assets	Carrying value	Value change recognized in the income statement
Currency futures	9,116	2,922
Electricity futures	73,530	22,271
Electricity certificate futures	221,678	-93,868
Emission allowance futures	68,965	25,671
	373,289	-43,004
Liabilities		
Currency futures	27,922	-6,051
Electricity futures	25,554	16,113
Electricity certificate futures	62,617	-4,300
Emission allowance futures	19,474	5,020
	135,567	10,782

The fair value of financial instruments listed on an active market is determined on the basis of the asset's quoted purchase price on the balance sheet date, without any additions for transaction costs (such as brokerage) at the time of acquisition. A financial instrument is considered to be quoted on an active market if quoted prices are readily available on a stock exchange, at a trader, broker, industry organization or regulatory authority, and these prices represent actual and regularly occurring market transactions on commercial terms. Derivatives are valued at fair value in the income statement.

If the market for financial instruments is not active, the company finds the fair value by using a valuation technique. The valuation techniques are based as much as possible on market data and company-specific data is used as little as possible.

The company uses different methods and the assumptions are based on existing market conditions on the balance sheet date in question. The Company has used such valuation techniques for contracts with a carrying amount of 27,892.

Note 16 Prepayments and accrued income

	31/12/2020	31/12/2019
Accrued energy income	344,048	374,152
Other items	4,726	9,926
	348,774	384,078

Note 17 Cash and cash equivalents

	2020	2019
<i>The following subcomponents are included in cash and cash equivalents:</i>		
Bank deposits	27,037	46,936
	27,037	46,936

The above items have been classified as cash and cash equivalents based on:

- They have an insignificant risk of value fluctuation.
- They can easily be converted into cash.
- They have a maximum maturity of 3 months or less from acquisition date.

Note 18 Number of shares

The number of shares amounts to 20,000 and have a quotient value of SEK 1000 per share.

Note 19 Overdraft facility

	31/12/2020	31/12/2019
<u>Credit amount utilized</u>		
Approved credit limit	900,000	900,000
Unused portion	-387,156	-225,453
	512,844	674,547

Note 20 Accrued expenses and deferred income

	31/12/2020	31/12/2019
Accrued energy costs	167,230	161,785
Personnel costs	9,088	8,383
Other items	2,274	16,114
	178,592	186,282

Note 21 Additional notes on the cash flow statement

	31/12/2020	31/12/2019
Depreciation	322	1,371
	322	1,371

Note 22 Contingent liabilities

	31/12/2020	31/12/2019
Pledged assets	0	0
Contingent liabilities	0	0
	0	0

Note 23 Key figure definitions

Income before tax: Profit after financial items

Balance sheet total: Total assets

Return on capital employed: (Operating profit + financial income) / Average capital employed

Financial income: Items in net financial result attributable to assets (included in capital employed)

Capital employed: Total assets - interest-free liabilities

Interest-free liabilities: Liabilities that are not interest-bearing. Pension liabilities are regarded as interest-bearing.

Return on equity: Profit before appropriations and tax x (1 - tax rate) / Average adjusted equity

Equity-to-asset ratio: Total equity / Total assets

Mikael Eriksson, Chairman of the board

Micke Andersson, Board member

Madelene Hagman, Board member

Hans Norberg, Board member

Klas Liljegren, CEO

Lund 18/02/2021

Our audit statement was issued 18/02/2021
Ernst & Young AB

Niklas Paulsson
Authorised Public Accountant

Our detailed audit report was issued 18/02/2021

Carl Herbertsson
Lay auditor

Lars Trägen
Lay auditor

Auditor's Report

To the shareholders' meeting of Modity Energy Trading AB, Corporate ID no. 556643-4410

Report on the annual accounts

Declaration

We have performed an audit of the financial statements of Modity Energy Trading AB for the financial year 01/01/2019 - 31/12/2020.

In our opinion, the financial statements have been prepared in accordance with the Annual Accounts Act and, in all material respects, provide a true and fair view of Modity Energy Trading AB's financial position as at 31 December 2020 and of its financial performance and cash flow for the year, in accordance with the Annual Accounts Act. The annual report is consistent with the other parts of the annual financial statement.

We therefore recommend that the shareholders' meeting adopt the income statement and balance sheet.

Grounds for the declaration

We conducted our audit in accordance with International Standards on Auditing (ISA) and good auditing practice in Sweden. Our responsibility according to these standards is described in more detail in the Auditor's Responsibility section. We are independent in relation to Modity Energy Trading AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities under these requirements.

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

The responsibility of the Board of Directors and the CEO

The Board of Directors and the CEO are responsible for the preparation of the annual report and ensuring that it provides a true and fair view according to the Annual Accounts Act. The

Board of Directors and the CEO are also responsible for the internal control that they deem necessary to prepare an annual report that does not contain any material misstatements, whether due to fraud or error.

In preparing the annual report, the Board of Directors and the CEO are responsible for assessing the company's ability to continue operations. They disclose, when applicable, conditions that may affect the ability to continue operations and to use the assumption of continued operations. The assumption of continued operations, however, is not applied if the Board of Directors and the CEO intend to liquidate the company, cease operations or have no realistic alternative to doing any of this.

The auditor's responsibility

Our goal is to achieve a reasonable degree of assurance that the annual report as a whole does not contain any material misstatement, whether due to irregularities or mistakes, and to submit an audit report containing our statements.

Reasonable assurance is a high degree of assurance, but is no guarantee that an audit performed in accordance with ISA and good auditing practice in Sweden will always detect a material misstatement if one exists. Errors can occur due to irregularities or mistakes and are considered to be material if they individually or together can reasonably be expected to influence the financial decisions that users make based on the annual report.

As part of an audit in accordance with ISA, we use professional judgement and have a professionally sceptical attitude throughout the audit. Also:

- we identify and assess the risks of material misstatement in the annual report, whether due to irregularities or mistakes, and we design and perform audit measures, including based on these risks, and we obtain audit evidence that is sufficient and appropriate to form the basis for our statements. The risk of not detecting a material misstatement as a result of irregularities is higher than a material misstatement due to errors, as irregularities may include acts of collusion, falsification, intentional omissions, misinformation or breach of internal control.
- we gain an understanding of the part of the company's internal control that is relevant to our audit in order to design audit measures that are appropriate to the circumstances, but not to express an opinion on the effectiveness of internal control.
- we evaluate the appropriateness of the accounting principles used and the reasonableness of the estimates of the Board of Directors and the CEO in the accounting and associated information.
- we draw conclusions on the suitability of the Board of Directors and the CEO using the assumption of continued operations in the preparation of the annual report. We also draw conclusions based on the audit evidence obtained, about whether there is any significant uncertainty factor pertaining to such events or circumstances that may lead to significant doubts about the Company's ability to continue operations. If we conclude that there is a material uncertainty factor, we must draw attention to the disclosures in the annual report on the material uncertainty factor or, if such information is insufficient, modify the statement on the annual report. Our conclusions are based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may prevent a company from continuing operations.
- we evaluate the overall presentation, structure and content of the annual report, including the disclosures, and whether the annual report reflects the underlying transactions and events in a way that gives a true and fair view.

We must inform the Board of Directors about, among other things, the planned scope and focus of the audit and the timing of the audit. We must also provide information about significant observations during the audit, including any significant deficiencies that we identified in the internal control.

Helsingborg, 18 February 2021

Ernst & Young AB

Niklas Paulsson

Authorised public accountant

Detailed audit report for Modity Energy Trading AB 2020

To the AGM of Modity Energy Trading AB, org. no. 556643-4410

We, as lay auditors appointed by officials in the municipalities of Helsingborg and Lund, have scrutinized the operations of Modity Energy Trading AB (org. no. 556643-4410) in 2020.

The lay auditors are responsible for scrutinizing operations and internal controls, as well as examining whether the business was conducted in accordance with the mandate and objectives of the delegates, and the laws and regulations that apply to the business.

The audit has been based on the assessment of materiality and risk and has been carried out in accordance with the Companies Act, the Local Government Act, generally accepted auditing standards in municipal operations and on the basis of articles of association and owner directives. Co-planning has taken place with the company's authorized public accountant.

The audit has been conducted with the direction and scope needed to provide a reasonable basis for assessment and testing.

The company's mission, according to the owner's directives, is not only to meet the owners' needs for

energy trading services under competitive conditions, but also to contribute to the owners' competitiveness and financial performance through profitable business and trading in financial energy-related markets. The long-term goal is to achieve a profit development equivalent to at least 10% of adjusted equity after tax. The company shall also pay an annual dividend to its shareholders.

The company reports a loss of SEK 113 million for 2020. A dividend of SEK 60 million was paid to the owners but was later requested to be returned as equity needed to be strengthened before the end of the year. The owners have repaid the profit distribution in the form of a conditional shareholder contribution.

The long-term performance target of 10% of adjusted equity has been achieved. Over the last five years, the increase in profits has been 13%.

All in all, we believe that the company complies with the owners' directives and that the company's operations were conducted in an appropriate and satisfactory manner from a financial point of view and that the company's internal control was adequate.

Helsingborg 18/02/2021

Carl Herbertsson

Lay auditor

Lund 18/02/2021

Lars Trägen

Lay auditor