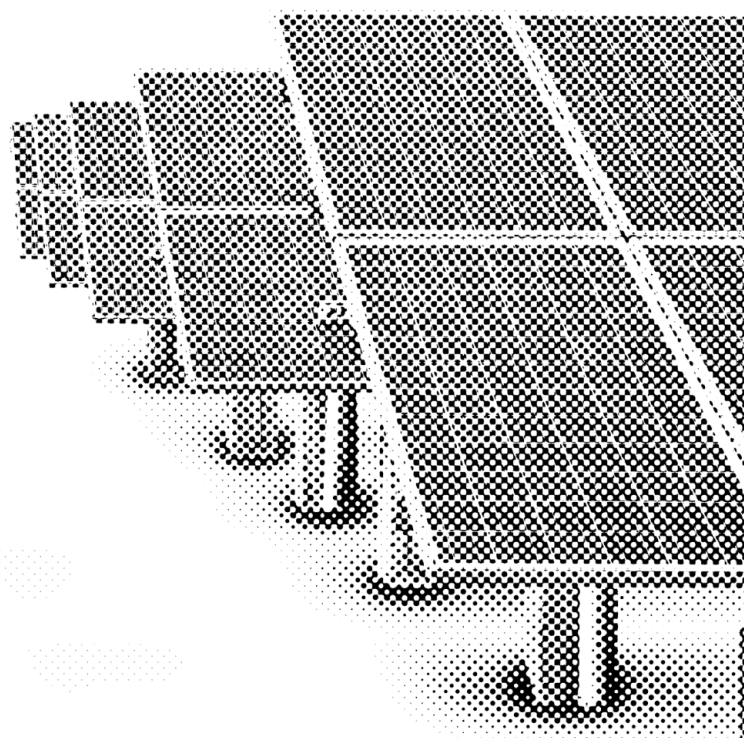
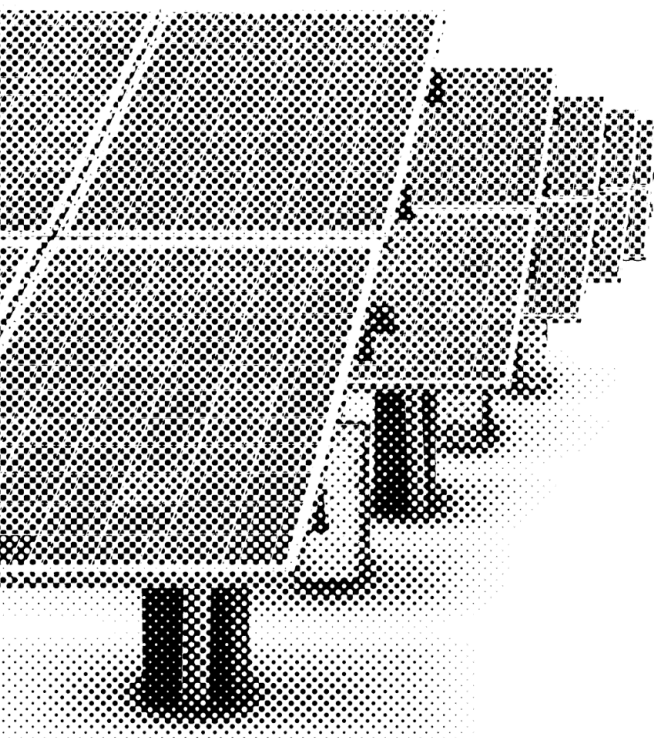


Annual financial statement 2021



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2021 – a challenging year

As we find ourselves in one of the biggest crises in Europe since the Second World War, and the biggest test the deregulated energy market has ever faced, it's easy to forget how challenging the year 2021 was. It was the year when our current test first began: the challenges were stacking up and some market stakeholders collapsed under the pressure. The enormous volatility of the energy market began in the final few months of the year, with hugely increased prices that were several times higher than expected.

The system price for energy, as well as the differences in energy prices between Sweden's different energy regions, were and continue to be extremely high. South Sweden, energy region 4 where Modity's parent owners Öresundskraft and Krafringen operate, was hit particularly hard. Together, we have successfully navigated hugely uncertain waters, something we are continuing to do.

I am proud to announce that through its trading and other operations, Modity managed to handle sky-high European energy prices in 2021. The same goes for gas prices, increased costs for emissions trading, problems with French nuclear power and unexpected weather changes. The fact that Modity is reporting a positive result for 2021 — despite all these challenges — is testament to our collective efforts.

Modity purchases energy on a day-to-day basis and invoices energy customers retroactively. When energy prices soared during December, our need for liquid funds increased exponentially. Thanks to our proactive approach, we managed this increased need for liquidity, so far with only a marginal impact on provided guarantees from our owners.

At the same time, Modity revised its risk policy during the year, with the result that we now have fewer positions. We are thus better equipped to manage a volatile market. Alongside this, earnings from Modity's non-risk-related activities increased, with a rise in margins. We are working actively to grow our business towards a greater range of services and assuming fewer customer risks. Several new customer agreements were reached during the year and a number of existing agreements extended.

The reason for transitioning the energy industry is climate change. The message in the IPCC's August 2021 report is clear: "Climate change is at a critical stage and humans are responsible." The panel confirms that we risk exceeding the 1.5°C target within 10–20 years and that "strong reductions in emissions are needed now!". At the same time, Sweden needs to double its energy use by 2045 if it is to achieve its climate goals and maintain an industry that is competitive in the

new green economy.

Risk management — from one second to the next and ten years in the future — is crucial to the energy system transition. The risks involved in the energy system must be managed if investments are going to be made, so that the transition can happen. Modity has an important and active part to play here. As the environment around us becomes ever more unsettled, being able to feel safe and to have a secure and sustainable energy supplier, both financially and in purely physical terms, is even more important. Risk management is therefore the key to our municipal energy company customers being able to carry out this vital social mission for our residents.

In 2021, Modity adopted a sustainability vision: "To make the sustainable and flexible energy systems of the future a reality". This means that Modity will continue to be a driving force in the energy transition, a necessity when it comes to increasing local production, benefiting from sector coupling, unleashing flexibility and taking it to the market, and streamlining our customers' energy business. This will require us to make use of our full potential of skills and experience, processes, services and products so that, together with our customers and owners, we can create the conditions for a new energy system that is not driven by fossil fuels, and which promotes economic profitability at the same time as it respects people and natural resources.

Looking to the future, we at Modity are looking forward to working with our customers and owners to take an active role in unleashing flexibility and will continue to bring out new services throughout 2022 to support flexibility and optimisation. We need to be as smart as possible when it comes to using the energy we have where it will make the biggest impact. Our mission is to aggregate, optimise and take flexibility to the market.

Our wind power portfolio totalled a full 6 TWh of contracted wind energy in 2021. Modity manages balance risks, ensures producer prices and from 2022 onwards will also offer support services so that wind energy producers can focus on their core operations.

Together with our fantastic team here at Modity, I look forward to helping make the energy system of the future sustainable and flexible. Something we will undertake in partnership with our customers. Achieving this will require skills, new collaborations, entirely new services and a great deal of social responsibility.

Important and exciting transition work lies ahead of us!

Jonas Ekblad,

Acting CEO, Modity

The Board of Directors and CEO of Modity Energy Trading AB submits the following annual financial statement for the financial year 2021.

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 raw materials, as well as related activities such as portfolio management and balance responsibility for electricity and gas. Modity is also very active in environmental instrument markets. The head office is located in Lund.

Energy trading is associated with risks since energy prices vary according to weather and other external factors. Someone has to manage this risk, and this requires specialist expertise. Before Modity was founded, Krafringen and Öresundskraft each managed this risk themselves. Modity was founded in 2010 to replace this system. The benefits of owning and managing energy trading activities jointly include the high level of expertise, reduced energy trading costs, increased control compared to hiring an external supplier, and opportunities to make returns on the business.

In 2021, Modity's owner's directive was updated and changes to the business were implemented. As part of this, Modity's risk policy was revised so that now the company assumes less risk, making Modity better equipped to handle a volatile energy market. Alongside this, earnings from Modity's non-risk-related activities increased, with a rise in margins. Several new customer agreements were reached during the year. In addition, a number of existing customer agreements were extended, including in the gas, energy company and wind power sectors. The overall result of this development is that the company is able to report a positive result for the year 2021. Modity applies the accounting regulation K3, Chapter 12, which means that all financial positions are reported at current value, whether or not they are realised.

The energy markets across Europe were unusually volatile at the end of 2021, leading to massively increased energy prices in the Nordic region at a level 46 times higher than expected. There are a number of overlapping factors behind these high energy prices. One is that energy prices in Europe are driven by, among other things, high gas prices and increased costs for emissions trading. There were also issues with French nuclear power towards the end of 2021, and an unusually cold start to the winter. In the Nordic region, the hydrological balance was negatively impacted by below-average precipitation at the end of the year, with dry, cold and windy weather driving up the price even further. The system price for energy, as well as the differences in energy prices between Sweden's different energy regions hit record highs.

These historically high prices look set to continue for at least a while in 2022. Since Modity purchases energy on a day-to-day basis and invoices energy customers retroactively, it is important to optimize the company's working capital. When energy prices soar, the need for liquid funds increases. Thanks to the company's proactive approach to financing even before the price increase, the company managed this increased need for liquidity, with only a marginal impact on guarantees from our owners.

At the end of the year, these guarantees were unchanged at a total of SEK 1.7 billion.

In October, our then CEO, Klas Liljegren, announced that he was leaving the company, with Modity's Head of Trading and VP, Jonas Ekblad, taking over as Acting CEO until a replacement is found.

Significant changes after the end of the year

In order to secure its working capital, the company increased its line of credit at the end of the year, after which owner guarantees total SEK 1.9 billion. It is anticipated that this is a sufficient margin for the higher prices which will likely persist throughout 2022. The measures that have been taken are considered sufficient for Modity to continue to fulfil the duties set by its owners, and to thus ensure a stable supply of energy to end customers.

Expectations concerning future developments

Modity's business involves exposure to market risks and the company has policies and control structures in place to ensure that risk levels are kept within given mandates and guidelines. Modity expects to deliver a positive result in 2022, thanks to limited risk-taking and an increase in earnings in those areas of the business that are not risk-related.

However, it is anticipated that the volatility on the energy market will continue throughout 2022, primarily as a result of the geopolitical uncertainty surrounding Russia and Ukraine which is affecting

European gas prices, as well as the ongoing transition of the energy sector in Europe, with Germany closing its last nuclear power plants this year.

Throughout 2022, Modity will continue to develop new services to support flexibility and optimisation. We will also continue to develop new areas of business and increase our income without increasing the company's trade-related risks.

Sustainability report

The Sustainability Report for the period 01/01/2021–31/12/2021 is prepared as a separate document and published on the company website.

Financial overview

Amounts in TSEK	2021	2020	2019	2018	2017
Net sales	9,440,428	4,378,890	6,070,731	4,919,461	2,927,416
Profit before tax	1,221	-113,186	75,861	63,808	22,791
Balance sheet total	3,970,428	1,216,107	1,449,312	1,362,315	755,517
Return on capital employed %	4	-11	15	24	9
Return on equity %	1	-81	49	63	33
Return on equity %, rolling 5-year basis	13	13	35	28	19
Equity to asset ratio %	2	8	13	9	10

Change in equity

Amounts in TSEK	Share capital	Restricted reserves	Retained earnings	Profit for the year	Total
Amount at start of year	20,000	20	164,376	-89,069	95,327
Disposal as decided by the AGM:			-89,069	89,069	0
Profit for the year				623	623
Amount at year-end	20,000	20	75,307	623	95,950

Conditional shareholder contributions represent 60,487 (60,487) of total retained earnings of 75,307

Proposed disposition regarding the company's profit or loss

The Board of Directors proposes available unrestricted equity of SEK 75,930,327 shall be disposed of as follows:

Carry-forward (SEK)	75,930,327
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Income statement

Amounts in TSEK	Note	01/01/2021– 31/12/2021	01/01/2020 31/12/2020
<i>Operating revenue</i>			
Net sales	2	9,440,429	4,378,890
Other operating income	3	12,414	12,276
		9,452,843	4,391,166
<i>Operating costs</i>			
Goods for resale		–9,327,089	–4,375,423
Other external costs	4, 5	–42,916	–54,334
Personnel costs	6	–65,179	–58,917
Depreciations of tangible and intangible fixed assets	7	–1,499	–322
Other operating expenses		–12,634	–11,376
Operating profit		3,526	–109,206
<i>Result from financial items</i>			
Interest income and similar items	8	18,701	25,813
Interest expenses and similar items	9	–21,006	–29,793
		–2,305	–3,980
Profit after financial items		1,221	–113,186
Profit before tax		1,221	–113,186
Tax on the profit for the year	10	–598	24,117
Net profit		623	–89,069

Balance sheet

Amounts in TSEK	Note	31/12/2021	31/12/2020
Assets			
Fixed assets			
<i>Intangible fixed assets</i>			
Capitalized expenditure for software and similar work	11	0	0
		0	0
<i>Tangible fixed assets</i>			
Improvement on others' property	12	2,485	3,518
Inventories	13	837	1,064
		3,322	4,582
<i>Financial non-current assets</i>			
Deferred tax receivables	10	23,513	24,117
		23,513	24,117
Total fixed assets		26,835	28,699
Current assets			
<i>Inventories etc.</i>			
Goods for resale		0	2974
		0	2,974
<i>Current receivables</i>			
Accounts receivables		365,191	275,540
Tax receivables		16,398	10,514
Financial instruments held for trading	14, 15	1,264,186	406,505
Other receivables		199,996	116,064
Prepaid costs and accrued income	16	1,658,747	348,774
		3,504,518	1,157,397
<i>Cash and bank balances</i>	17	439,075	27,037
Total current assets		3,943,593	1,187,408
Total assets		3,970,428	1,216,107

Balance sheet

Amounts in TSEK	Note	31/12/2021	31/12/2020
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>			
Unrestricted share premium reserve		19000	19000
Retained earnings		56,308	145,377
Profit for the year		623	-89,069
		75,931	75,308
Total equity		95,951	95,328
Current liabilities			
Overdraft facility	19	250,878	512,844
Payables to banks and financial institutions	20	235,274	0
Accounts Payables		551,335	103,259
Financial instruments held for trading	14, 15	1,293,135	260,087
Other liabilities		400,833	65,997
Accruals and deferred income	21	1,143,022	178,592
		3,874,477	1,120,779
Total equity and liabilities		3,970,428	1,216,107

Cash-flow analysis

Amounts in TSEK	Note	31/12/2021	31/12/2020
Current operations			
Profit after financial items		1,221	-113,185
Adjustments for items not included in cash flow:	22	1,499	322
Market valuation financial instruments		175,367	91,303
Tax paid		-5,878	-28,121
Cash flow from operating activities before change in working capital		172,209	-49,681
<i>Cash flow from changes in working capital</i>			
Increase(-)/Decrease(+) in inventories		2,974	-1,090
Increase(-)/Decrease(+) in receivables		-1,483,555	286,622
Increase(+)/Decrease(-) in current liabilities		1,747,341	-89,345
Cash flow from operating activities		438,969	146,506
Investment activities			
Investment in tangible assets		-239	-4,701
Cash flow from investing activities		-239	-4,701
Financing activities			
Change in overdraft facility		-261,966	-161,703
Change in debt factoring		235,274	0
Dividends paid		0	-60,487
Shareholder contributions received		0	60,487
Cash flow from financing activities		-26,692	-161,703
Net cash flow		412,038	-19,898
Liquid assets at start of the year		27,037	46,936
Cash and cash equivalents at end of period		439,075	27,038

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 write-downs and depreciation. 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 expensed when they are 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
Fixtures, fittings, tools and equipment	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 for bringing 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.

Asset and Liability Recognition

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, from 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 through profit or loss. 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 conditions 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) Loan receivables and account receivables

Loan receivables and account receivables are financial assets having fixed or fixable payments that are not derivatives. These assets are measured at amortised cost. Amortised cost is determined on the basis of the effective interest rate calculated at the time of acquisition.

Account receivables are recognized at the amount that is expected to be received, i.e. after deductions for bad debts. Assigned account receivables (factoring) are not derecognised on the balance sheet if the company still has significant risks (e.g. credit risk) associated with the receivables sold.

(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 any 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 liability.

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 carry-forwards 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 currency exchange profits and losses on financial assets and liabilities are recognised as financial items.

Note 2 Net sales per business segment and geographical market

	2021	2020
<i>Net sales per business segment</i>		
Electricity trade	8,212,238	3,595,266
Gas trade	1,228,190	783,624
	9,440,428	4,378,890
<i>Net sales per geographical market</i>		
Sweden	9,308,976	4,364,922
Finland	131,452	13,968
	9,440,428	4,378,890

The information above does not include excise duty. For the company, this amounts to TSEK 24,726 (TSEK 52,219).

Note 3 Other operating income

	2021	2020
Exchange rate gains on receivables/liabilities of an operating nature	12,414	12,276
	12,414	12,276

Note 4 Audit fees

	2021	2020
<i>E&Y</i>		
Audit assignments	796	935
Audit activities in addition to the audit assignments	733	0
	1,529	935

The audit assignments relates to examining 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 from such examinations or the performance of other work tasks.

Note 5 Operational leasing

Lease agreements where the company is the lessee, primarily leasing of premises. Future leasing fees for non-cancellable leases, are due for payment as follows:

	2021	2020
Within one year	-2,676	-1,486
Later than one year but within five years	-3,420	-955
Later than five years	0	0
	-6,096	-2,441
	-2,803	-2,449
Leasing fees recognized as expenses during the financial year	-2,803	-2,449

Note 6 Employees and employee costs

	2021	2020
Average number of employees		
Women	13	12
Men	31	30
	44	42
Salaries, other payments and social security costs, including pension costs		
Board of Directors and CEO	2,165	1,951
Other employees	37,676	35,387
Social costs, including pension costs	(21,791)	20,460
Total	39,841	37,338
Gender distribution in company management		
Proportion of women on the board	20 %	25 %
Proportion of women among other senior executives	50 %	44 %

Of the company's pension costs, 458 (428) refers to the group board of directors and the CEO.

Note 7 Depreciations of tangible and intangible fixed assets

	2021	2020
Inventories	-215	-204
Improvement costs on others' property	-1,284	-119
	-1,499	-322

Note 8 Interest revenue and similar items

	2021	2020
Interest revenue	4,782	1,767
Exchange rate gains	13,919	24,046
	18,701	25,813

Note 9 Interest expenses and similar items

	2021	2020
Interest costs	-3,673	-3,997
Exchange rate losses	-14,818	-24,514
Other	-2,516	-1,281
	-21,006	-29,793

Note 10 Tax on the profit for the year

	2021	2020
Tax on the profit for the year		
Current tax costs	0	0
Changes in deferred tax	-604	24,117
Adjustment for previous years	6	
Total recognised tax	-598	24,117

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	2021		2020	
	Percent	Amounts	Percent	Amounts
Earnings before tax		1,221		-113,186
Tax according to the tax rate in force	20.60	-251	21.40	24,222
Non-deductible expenses		-155		-116
Change in tax deficit		604		0
Temporary differences on improvement costs on others' property		-197		11
Tax-loss carry forward that is no longer reported as an asset		-604		0
Tax attributable to previous years		6		0
Reported effective tax	48.98	-598	21.31	24,117

Note 11 Capitalized expenditure for software and similar work

	31/12/2021	31/12/2020
Accumulated acquisition value at the beginning of the year	6,381	6,381
New acquisitions		0
Reclassifications		0
Carrying amount at the end of the year	6,381	6,381
Accumulated depreciation according to plan at the beginning of the year	-6,381	-6,178
Scheduled depreciation for the year		-203
Accumulated depreciation at the end of the year	-6,381	-6,381
Reported value at end of period	0	0

Note 12 Improvements on others' property

	31/12/2021	31/12/2020
At start of the year	3,618	0
New acquisitions	250	3,618
	3,869	3,618
Depreciation carried forward	-101	0
Scheduled depreciation of acquisition value for the year	-1,283	-101
	-1,384	-101
Reported value at end of period	2,485	3,518

Note 13 Inventories

	31/12/2021	31/12/2020
Accumulated acquisition value at the beginning and end of the year	5,820	4,738
Acquisitions	0	1,082
Reclassifications	-12	0
	5,808	5,820
<i>Accumulated depreciation at the beginning and end of the year</i>	<i>-4,756</i>	<i>-4,738</i>
Depreciation for the year	-215	-18
	-4,971	-4,756
Reported value at end of period	837	1,064

Note 14 Financial instruments and risk management – Maturity overview

	31/12/2021			
	< 1 year	2–5 years	5 years	Total
Assets				
Derivatives	1,054,979	192,438	16,768	1,264,186
Total	1,054,979	192,438	16,768	1,264,186
Liabilities				
Derivatives	1,047,045	246,087	2	1,293,135
Total	1,047,045	246,087	2	1,293,135

	31/12/2020			
	< 1 year	2–5 years	5 years	Total
Assets				
Derivatives	253,595	152,505	406	406,506
Total	253,595	152,505	406	406,506
Liabilities				
Derivatives	124,188	127,609	8,290	260,087
Total	124,188	127,609	8,290	260,087

Note 15 Financial instruments measured at fair value on the balance sheet.
Derivatives for which hedge accounting is not applied.

	31/12/2021	
	Carrying value	Change in value reported on income statement
Assets		
Currency futures	36,685	-17,535
Electricity futures	1,066,868	941,550
Electricity certificate futures	27,731	--4,387
Emission allowance futures	132,902	-21,949
	1,264,186	857,680
Liabilities		
Currency futures	-136	37,526
Electricity futures	-1,023,061	-899,103
Electricity certificate futures	-22,736	17,792
Emission allowance futures	-247,202	-189,264
	-1,293,135	-1,033,048
	31/12/2020	
	Carrying value	Change in value reported on income statement
Assets		
Currency futures	54,220	45,104
Electricity futures	125,318	51,787
Electricity certificate futures	72,117	-149,561
Emission allowance futures	154,850	85,886
	406,505	33,217
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

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, from a trader, broker, industry organization or regulatory authority, and these prices represent actual and regularly occurring market transactions on commercial terms. Derivatives are recognised at fair value in 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 conditions 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 123,893.

Note 16 Prepayments and accrued income

	31/12/2021	31/12/2020
Accrued energy revenues	1,631,556	344,048
Prepaid energy costs	21,675	0
Other items	5,515	4,726
	1,658,747	348,774

Note 17 Cash and cash equivalents

The following subcomponents are included in cash and cash equivalents:

	31/12/2021	31/12/2020
Bank deposits	439,075	27,037
	439,075	

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.

Note 19 Overdraft facility

	31/12/2021	31/12/2020
<u>Credit amount utilised</u>		
Approved credit limit	1,200,000	900,000
Unused portion	-949,122	-387,156
	<u>250,878</u>	<u>512,844</u>

Note 20 Payables to banks and financial institutions

The following refers to debt factoring.

	31/12/2021	31/12/2020
<u>Credit amount utilized</u>		
Approved credit limit	500,000	0
Unused portion	-264,726	0
	<u>235,274</u>	<u>0</u>

Assigned trade receivables with a right of recourse are included in reported trade receivables at 235,274.

Note 21 Accrued expenses and deferred income

	31/12/2021	31/12/2020
Accrued energy costs	1,132,960	167,230
Personnel costs	8,002	9,088
Other items	2,060	2,274
	<u>1,143,022</u>	<u>178,592</u>

Note 22 Additional notes on the cash flow statement

	31/12/2021	31/12/2020
Depreciation	1,499	322
	<u>1,499</u>	<u>322</u>

Note 23 Definitions of key figures

Income before tax: Net profit after financial items

Balance sheet total: Total assets

Return on capital employed: $(\text{Operating profit} + \text{financial income}) / \text{Average capital employed}$

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: $\text{Profit before appropriations and tax} \times (1 - \text{tax rate}) / \text{Average adjusted equity}$

Equity ratio: Total equity / Total assets

Mikael Eriksson, Chair of the Board

Micke Andersson, Member of the Board

Madelene Hagman, Member of the Board

Hans Norberg, Member of the Board

Jonas Ekblad, Acting CEO

Mark Fenzel, Member of the Board

Lund 17/02/2022

Our audit statement was issued on 17 February 2022, Ernst & Young AB

Niklas Paulsson
Authorised Public Accountant

Our detailed audit report was issued 17/02/2022

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 01/01/2021–31/12/2021.

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 2021 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 misstatement, whether due to irregularities or mistakes.

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.

Report on other requirements according to laws and other regulations

Declaration

In addition to our audit of the annual report, we have also performed an audit of the Board of Directors' and the CEO's management of Modity Energy Trading AB for the financial year 01/01/2021 - 31/12/2021 and of proposed disposals regarding the company's profit or loss.

We recommend that the general meeting disposes of the profits in accordance with the proposal in the annual report, and discharges the members of the board and the managing director for liability for the financial year in question.

Grounds for the declaration

The audit has been conducted in accordance with 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 is responsible for the proposal for allocations regarding the company's profit or loss. In the case of a proposed dividend, this includes, among other things, an assessment of whether the dividend is justifiable in view of the requirements that the company's type of business, scope and risks impose on the size of the company's equity, consolidation needs, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the management of the company's affairs. This includes, among other things, continuously assessing the company's financial situation and ensuring that the company's organization is designed so that accounting, funds management and the company's financial affairs are otherwise controlled in a satisfactory manner. The CEO shall manage the day-to-day management in accordance with the guidelines and instructions of the Board of Directors and, among other things, take the necessary measures to ensure that the company's accounting is complied with in accordance with the law and that the funds management is attended to in a satisfactory manner.

The auditor's responsibility

Our goal regarding the audit of the administration, and thus our statement of discharge from liability, is to obtain audit evidence in order to be able to assess, with a reasonable degree of certainty, whether any member of the Board of Directors or the CEO in any material respect:

- undertook any action or committed any negligence that may give rise to liability for the company, or
- in any other way acted in violation of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our goal regarding the audit of the proposal for disposal of the company's profit or loss, and thus our statement on this, is to ascertain with a reasonable degree of assurance, whether the proposal is compatible with the Companies Act.

Reasonable assurance is a high degree of assurance, but is no guarantee that an audit performed in accordance with generally accepted auditing standards in Sweden will always detect measures or omissions that may give rise to liability for the company, or that a proposal for disposal of the company's profit or loss is not in accordance with the Companies Act.

As part of an audit in accordance with good auditing practice in Sweden, we use professional judgement and have a professionally sceptical attitude throughout the audit. The audit of the

management and the proposal for disposal of the company's profit or loss is based primarily on the audit of the accounts. The additional review measures that are performed are based on our professional judgement based on risk and materiality. This means that we focus the audit on those measures, areas and circumstances that are essential for the business and where deviations and violations would have a particular impact on the company's situation. We review and test decisions, the basis for decisions, measures taken and other circumstances relevant to our statement on discharge from liability. As a basis for our statement on the board's proposal for dispositions regarding the company's profit or loss, we have examined whether the proposal is in accordance with the Companies Act.

Helsingborg on the date specified in our electronic signature Ernst & Young AB

Niklas Paulsson

Authorised Public Accountant

Detailed audit report for Modity Energy Trading AB 2021

We, as lay auditors appointed by officials in the municipalities of Helsingborg and Lund, have reviewed the operations of Modity Energy Trading AB (org. no. 556643-4410) in 2021.

It is the responsibility of the Board of Directors and CEO that the business is run according to the current articles of association, owner's directive and any laws and regulations that apply to the business.

The lay auditors are responsible for reviewing operations and internal controls, and for examining whether the business was conducted in accordance with the owners' mandate and objectives.

The audit has been carried out in accordance with the Swedish Companies Act (Aktiebolagslagen), the Swedish Local Government Act (Kommunallagen), generally accepted auditing standards in municipal operations and on the basis of articles of association and owner's 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.

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 17/02/2022

Lund 17/02/2022

Carl Herbertsson

Lars Trägen

Lay auditor

Lay auditor