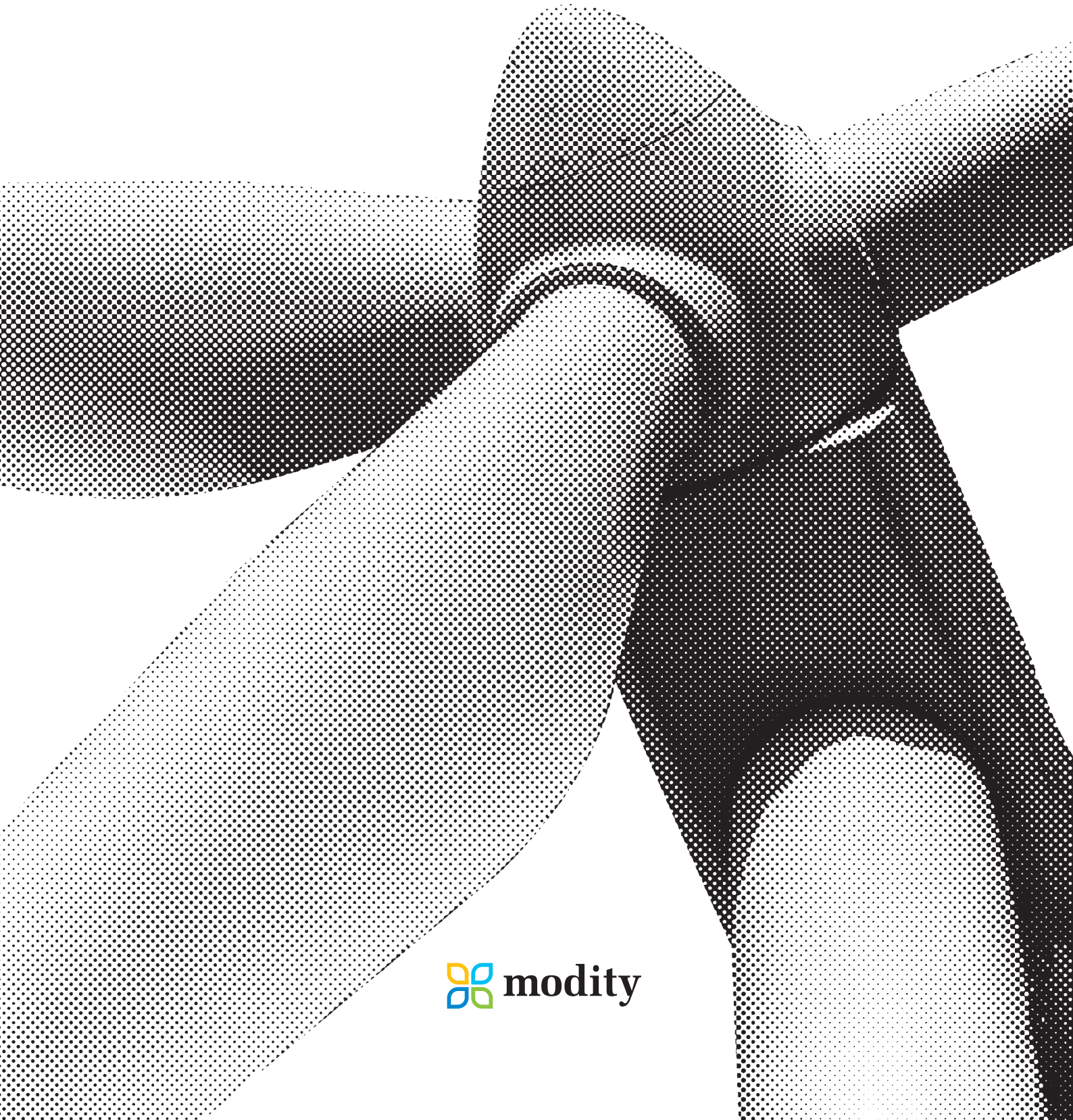


Annual accounts 2019



“We have two fantastic years behind us, which shows that we’re at the forefront, and keep building steadily for the future.”

Klas Liljegren, CEO

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Modity in brief

Registered office: Lund

Owner: Kraftringen and Öresundskraft

Turnover 2019: SEK 6 billion

CEO: Klas Liljegen

Number of employees: 32

Vision: We have the most satisfied customers,
second by second, year after year



Modity is building for the future

2019 was the second warmest year ever measured on Earth, and the fifth consecutive exceptionally warm year. This calls for action from the energy industry. Not everything is going in the right direction, but there are some positive signs. The wind power expansion in Sweden was unprecedented, reaching a record production of almost 20 TWh, contributing to sharply falling prices of electricity certificates and records in

net electricity export. The official report on biogas (Biogasmarknadsutredningen) was published, which should lead to improved preconditions for increased biogas production in Sweden. On the EU level, updates to the emission trade system had a major impact, leading to the EU's emissions decreasing by 70 million tonnes of carbon dioxide equivalents, partly as a result of this.

- At Modity, it's been a year for gearing up, says CEO Klas Liljegren. We are gathering strength for the future and have invested heavily in our development capacity, IT systems and people. Our employees and their expertise are our greatest assets, and we are very proud to have put together an extremely experienced team. We're building stability. This year, Modity has recruited several new employees, experts in their respective fields. But Klas emphasizes that sheer competence isn't enough. - We're always looking for people with the right attitude, genuine team workers with a clear customer focus. Our new employees have hit the ground running, giving us even more growing power. We have a fantastic team, who work tirelessly together with dedication and drive. We're ready to take the next step together with our coworkers and customers.

Modity works closely with its customers. Klas explains that the connection is deeply rooted in the company culture. - An example is how Telge Energi has landed with us. We're very proud to have developed a good collaboration, quickly and smoothly. We always want to develop long-term partnerships with our customers, large and small. We love helping them achieve their business goals.

New technology offers new opportunities

In 2019, Modity made big investments in digital business development. The industry is developing rapidly, and customers expect easy access to all their information whenever they need it. - For us, this is an obvious part of the customer experience, which we are constantly developing.

Another new "member" of the Modity team is the trading robot Algot, which trades in fast-moving markets based on advanced algorithms. - Algot does the type of work we can't do manually, and is a complement to our business offering. But a trading robot will never replace human competence – and besides, it's our employees who set the framework for Algot and develop the algorithms.

About the strong financial result

Modity has had a very successful year, and Klas reflects on the recipe for success. - Our analyses have been correct, and we've been able to convey the message to our customers early. We've seen tendencies and trends in the market that others have missed. Our business is always about competitive intelligence, analyzing and interpreting the world correctly to see where energy prices are heading. As an energy trading company, a correct analysis is always key – but this year we really got it right. We have anticipated changes and directions in the market. We have acted quickly and advised our customers on how to leverage opportunities.

What does the future hold?

What trends does Modity foresee in the slightly longer perspective? Klas predicts major changes ahead, and has set the course to make Modity a winner in a changing energy market. At Modity's well-attended seminar in Almedalen, the future of energy companies was discussed with representatives from Kraftringen, Telge Energi and IKEA. Sustainability, customer focus and partnerships were identified as the keys to survival. The customer of the future will expect suppliers to help them with their own sustainability ambitions, and energy companies are expected to help their customers contribute to a more sustainable world.

- If you want to be taken seriously, sustainability has to be a core value in your company. We're attracting more and more customers who are passionate about environmental issues. Modity is growing quickly within the wind energy segment. The market is growing rapidly, and we have a good position. We will continue to grow in the wind segment.

Klas is looking forward to what 2020 has to offer. - It's full steam ahead, we feel very expectant. We're very proud of how far we have come. We have two fantastic years behind us, which shows that we are at the forefront, and keep building steadily for the future.

Klas Liljegren
CEO, Modity



Ia Hedenström, HR Manager

Creating a dynamic work environment

It all starts with the people and the culture. We've had an expansive year with several successful recruitments. Our strongest competitive advantage is our employees and their skill. When people enjoy their work and feel that they're contributing and learning, it's reflected in the results. We've set ambitious business goals and many of our employees are senior experts. If people have fun at work and collaborate well, efficiency and goal fulfillment will follow.

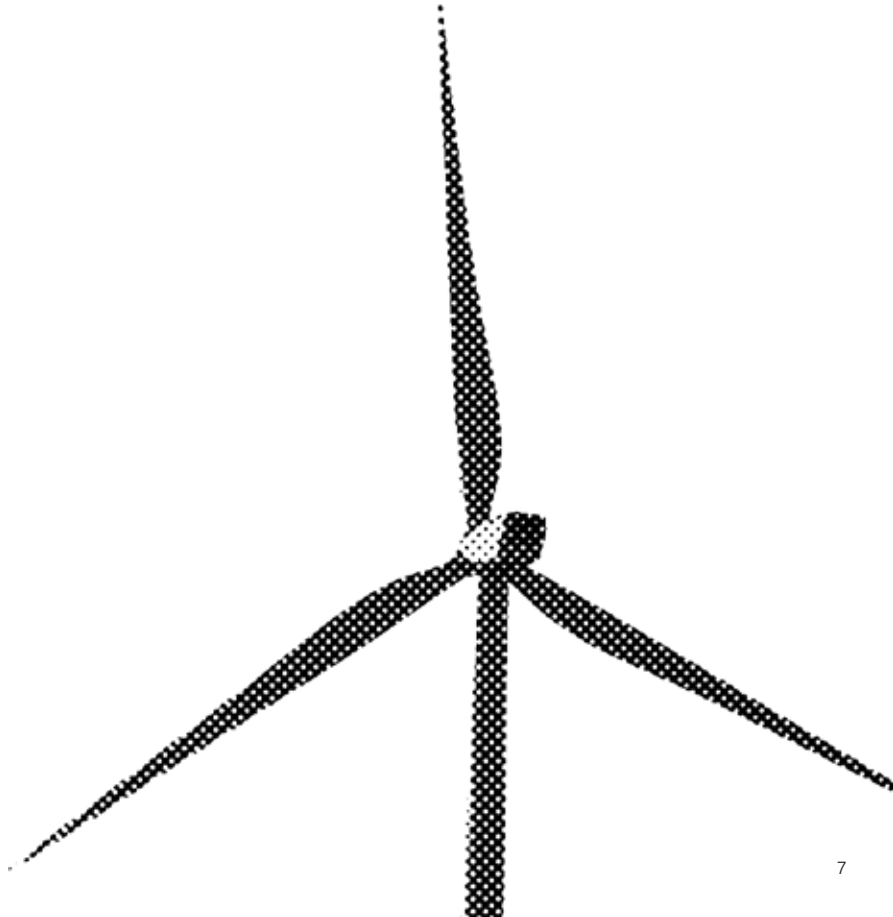
Leadership and culture are not topics you can discuss in a workshop once a year to tick off a box. It has to infuse the entire company. And that's something very noticeable at Modity. We're constantly working on personal development and further education, for example in a series of well-attended lunch lectures, through external courses - and a book circle where we read fiction. We also work systematically with the physical and social health aspects of the workplace. Flexible working hours are a given, and we can all work remotely when we need to. Employees are encouraged to plan and manage their own time as much as possible. Another important focus area is sustainability. We travel by train as much as we can, and we sponsor beehives in Flackarp outside Lund to get our own honey. Every year we organize internal theme days for inspiration and knowledge sharing. We're also very proud to have won the award for Lund's most bike-friendly workplace in 2019. Of course, we have loaner bikes and helmets, showers, clothes dryers and bike repair equipment at the office. And the icing on the cake is that we have our own meteorologist who predicts the biking weather...

Jonas Erlandsson, Key Account Manager

An exciting year for wind power



2019 was an intensive year in wind energy. Interest is increasing exponentially, and we've signed a number of new business deals. We're also advising several large producers who are in the early stages of new wind farm projects. This year, the cost of constructing new wind farms has continued to decrease in large parts of the world, leading to new record levels both on land and at sea. As the low interest rates are very favorable for large investments in wind farms, big players such as European pension funds are starting to invest in major wind power projects. They are looking for business partners who can ensure long-term return on investment. We have the unique combination of skills they need to make your energy trading secure. Our stable ownership structure makes us a reliable partner, where we as the balance responsible party help wind power owners sell their electricity production. Our traders ensure that they get a stable and predictable price for the electricity they produce. We contribute our long experience and expertise in the markets for electricity certificates, guarantees of origin and emission allowances.



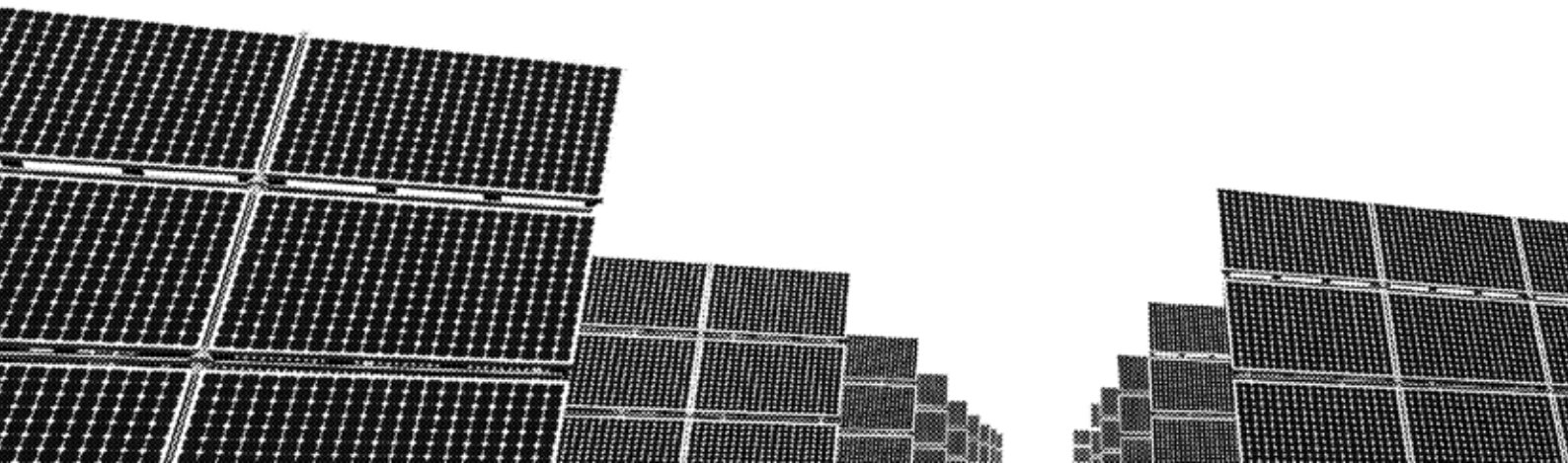


Susanne Kolmert, Project Manager

Modity is renewing the industry

One of our prioritized areas is helping our customers transition to more renewable energy resources, so they can reach their sustainability goals. We're small enough to be flexible and quick-footed, which means we can act quickly when we see changes in the market. At the same time, we're extremely skilled, and have a very secure ownership structure through our two municipal owners – as well as very strong balance sheets from the past few years.

Traditionally, the energy industry has been slow to change. But today, energy producers and investors want access to real-time data. Digitalization gives us new opportunities to simplify and improve our offering. We help our customers shape the products that their customers demand. Our experts – from market analysts to IT developers and our own meteorologist – work together to provide customers with all possible business advantages. During this year, we have focused on giving our customers access to their data in a user-friendly way. We are also developing additional services that are requested by our customers. For example, we have introduced a function that notifies wind power producers of negative prices, so they can take immediate action in their production. This is just the beginning of this development, and we are looking forward to continuing on this journey together with our customers.

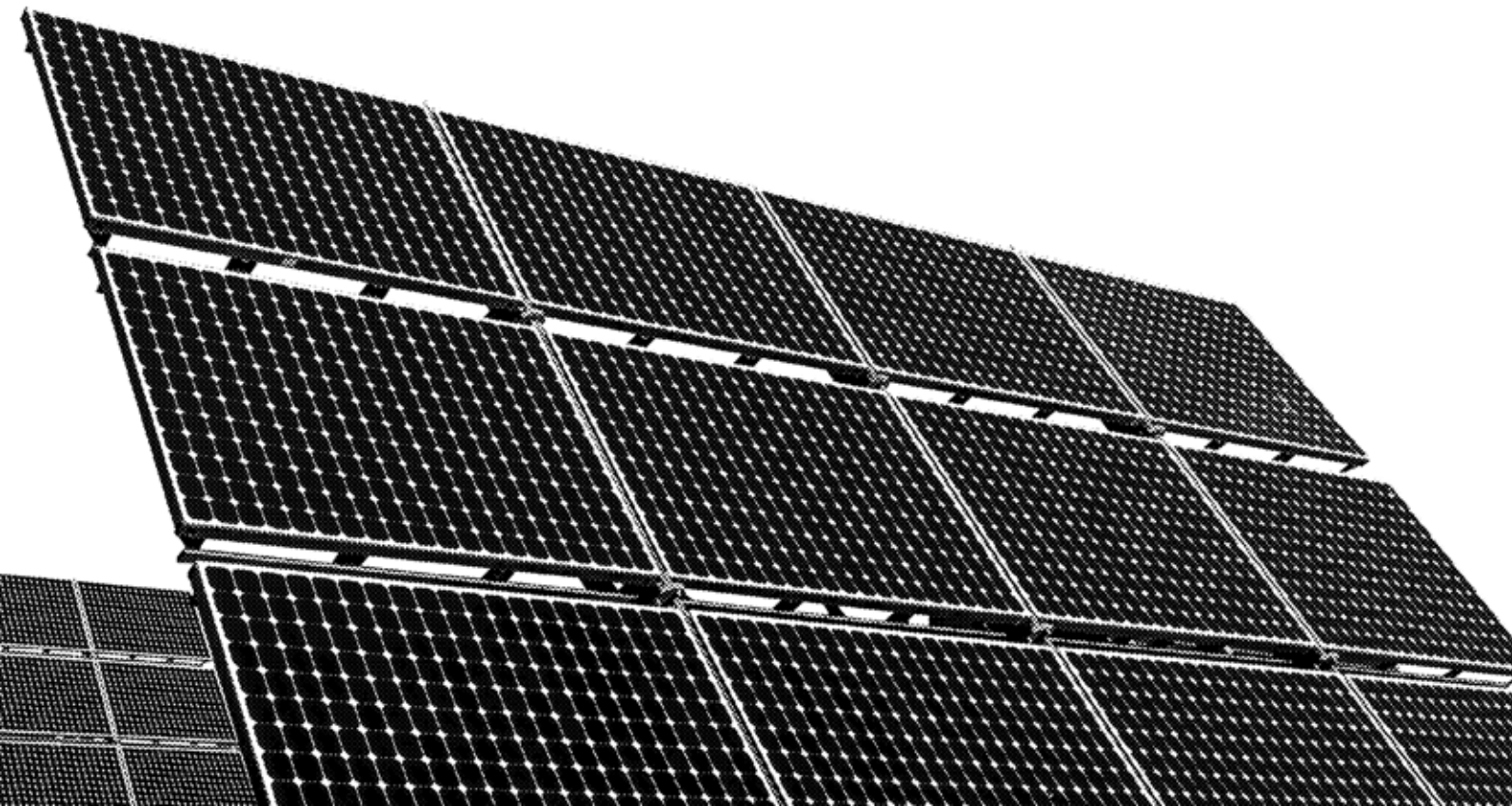


Martin Tennman, Lead Architect

Why we're investing in new IT systems



The entire energy industry is changing. New technology is particularly useful for managing information flows in fast-moving markets such as wind power. We tailor solutions for our customers, based on their specific needs. The robot trader we started using this year is an example of an innovative tool, trading independently based on our advanced algorithms. The robot trader manages rapid changes in the market around the clock. IT systems will never replace human competence, but they support our work. We don't see any signs of the technological development slowing down, and it's exciting to take part in this progress.





Andreas Gillheim, Head of Front Office and Business Area Trading

Customer solutions of the future

Our analytics and management models let us reach out to our customers in an efficient way. The models aren't self-serving, they're tools that make our business smooth and smart. The development of new products and solutions is done together with the customer, based on their needs and wishes. When we understand the customer's situation in depth, we can plan long-term and create products that simplify and improve the customer's business. For example, we have developed a managed pool product for energy companies, to help them reach new customers. Our customers' success is our success. We work proactively to identify challenges and opportunities for the energy market as a whole. Everything we do should simplify our customers' everyday lives. In short, it's portfolio management, in an innovative way.

Anna Eriksmo, Chief Financial Officer

What makes Modity successful and trustworthy



Modity is an expert on the energy markets. Since we understand the fundamentals - the underlying factors that affect energy prices - we are experts in trading with electricity, gas, and environmental instruments, short and long term. By managing energy trading for a large number of customers, we can offer a more secure and affordable deal than if every customer had traded their energy themselves.

We are owned by two stable, well-managed municipal energy companies with deep roots and a long tradition. With Swedish municipalities as owners, we can plan for the long term. It allows us to have rapid growth over time, with a secure foundation. Our great financial results in recent years are a combination of our vast accumulated knowledge and experience, and our stable foundation.

Sanja Mik, Compliance Officer

How control creates peace of mind



In our line of work, it's very important to have independent functions that monitor the company's internal work. Good internal control should permeate our entire way of working. We ensure compliance so that our customers don't have to worry. Our customers appreciate that we are keeping an eye out on their behalf. Internal control systems are designed to minimize the risk of mistakes and errors. In addition to compliance with current regulations, we ensure that we're well prepared for new regulations and laws ahead of time. That lets us adapt our business well in advance, and help our customers prepare in the way that suits them. This provides stability, which creates peace of mind for our customers, in markets that can be perceived as complex and difficult.



Peter Margolis, Key Account Manager Gas

The gas market now and in the future

We are continuously helping our customers reach their sustainability goals, by switching from natural gas to biogas. The trend is becoming clearer – more and more customers are setting ambitious targets for conversion to more sustainable energy resources. This development will continue. In December 2019, the Swedish official report on biogas (Biogasutredningen) was published. The goal is to strengthen the conditions for biogas production in Sweden. Modity welcomes the report and its findings. Increased biogas production is beneficial for the climate, and the proposals from the report are important.

What I think is unique about us as a company is that we're very flexible. We meet our customers where they are right now, and always work to find new solutions to suit their needs. For our gas customers, we do our utmost to find the right model for each individual deal. In recent years, customers have higher needs, and they demand more from their suppliers. They want instant access to information, greater adaptability, and shorter decision paths. We achieve this by working closely together as partners.

Environment and sustainability

– a summary

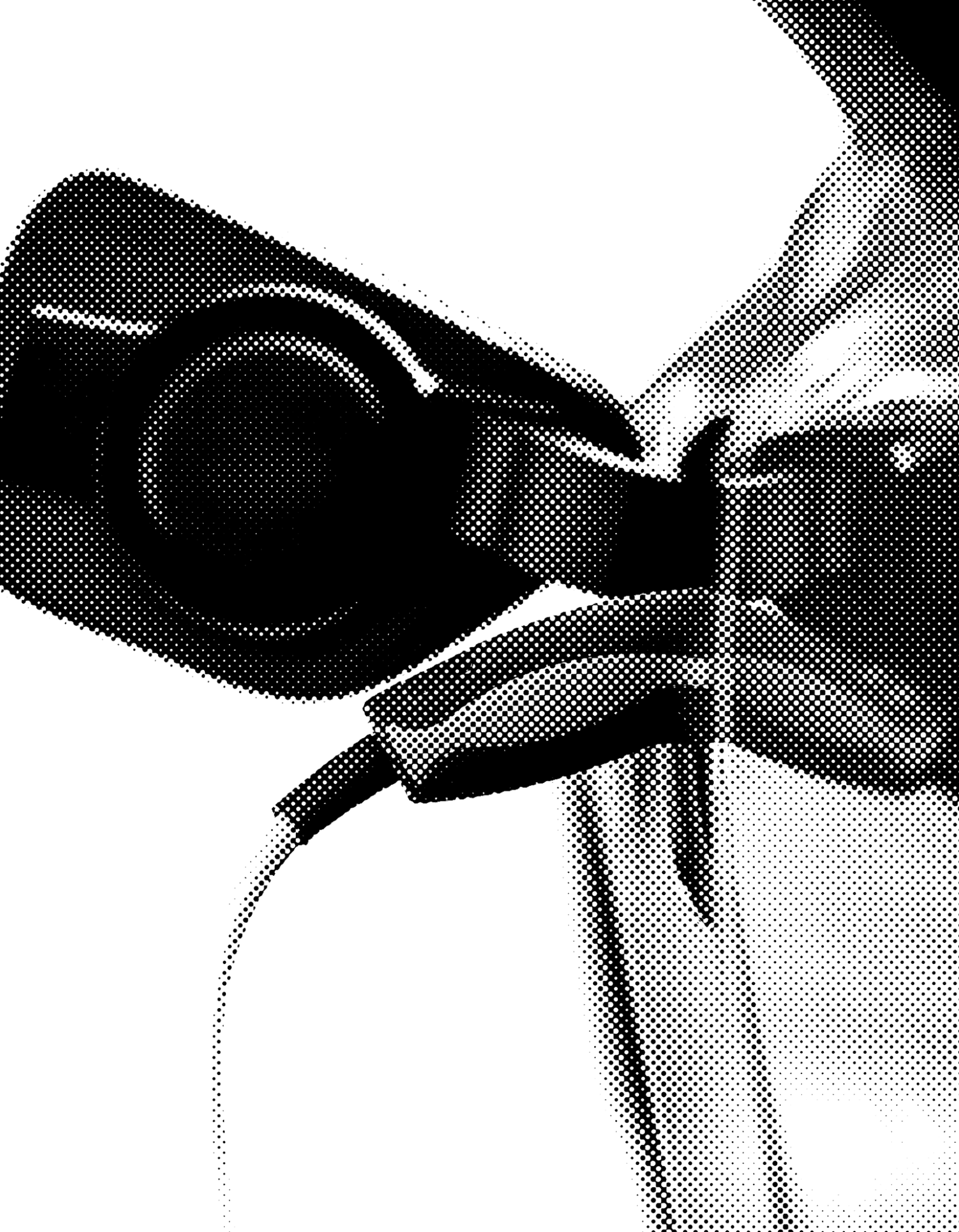
Modity's main environmental impact is indirect, through the electricity and gas produced and used by our customers. As such, our main sustainability contribution is helping our customers become more sustainable*. In 2019, we strengthened our offering for wind power producers, which has led to new business deals. Wind power plays a key role in the transition to a sustainable energy system, and in order for the wind segment to remain competitive, suppliers such as Modity must manage the risk for wind power producers, and provide predictable revenue for the electricity they produce.

We trade in both natural gas and biogas, and work continuously to provide access to biogas for more of our customers. But political incentives are also necessary. Modity welcomes the conclusions of the official biogas report (Biogasutredningen). With stable, long-term conditions for biogas production in Sweden, more companies will be able to choose biogas and the energy transition will be accelerated.

Our own direct climate impact is limited. We try to minimize it by using renewable energy in the office, making demands on our suppliers, and to the greatest extent possible choosing the train for business travel. Train travel increased greatly in 2019. We were also named "Lund's most bicycle-friendly workplace" – but this is just the beginning, and we'll keep working to make it easier to choose sustainable travel alternatives.

Sustainability is also about giving employees the best possible conditions to do their best. In addition to flexible working hours, the opportunity to work remotely and a good physical work environment, the workplace culture is central. We are constantly working on developing our culture – good collaboration and leadership doesn't simply happen by itself. Our spirit of "everything is possible" is the result of continuous and conscious work.

* Modity's Sustainability Report is a separate document, available on the company website.



Management report

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

Modity Energy Trading AB with its registered office in Lund is jointly and equally owned by Krafrtingen Energi AB (publ) (556100-9852, Lund) and Öresundskraft AB (556089-7851, Helsingborg). Krafrtingen Energi AB (publ) is owned by the holding company Krafrtingen 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 Helsingborg Energi Holding AB (556520-3089, Helsingborg) which in turn is owned by the City of Helsingborg (100%) via Helsingborgs Stads Förvaltning AB (556007-4634, Helsingborg).

The company trades in energy and related commodities and 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 owners have entered into guarantees of SEK 1.6 billion on behalf of the company, which guarantees Modity's financing. The owners also promise responsibility for the company's equity through capital contributions, a payment commitment or waiver of a claim.

Modity is one of Sweden's leading energy trading companies. With our cutting-edge expertise, transparency and presence, we support many of Sweden's largest and most professional energy customers. In long-term trusting partnerships, we simplify day-to-day activities for energy companies, producers and larger end-users so that they can concentrate on their core business.

The company has continued to grow and turnover has increased strongly during the year, driven by pure volume growth and also by price increases in the market. Profitability has been very good and the underlying financial result is the highest in the company's history.

Expectations for future development

Modity Energy Trading is in an intensive period of investment for the future in areas such as digitalisation that will also characterise the coming year. At the same time, we expect a continued increase based on volume growth in the underlying business. The underlying results remain strong.

Sustainability Report

The sustainability report for the period 01/01/2019 to 31/12/2019 is prepared as a separate document and will be published on the company's website.

Financial overview

SEK thousands	2019	2018	2017	2016	2015
Net sales	6,070,731	4,919,461	2,927,416	2,483,613	2,011,129
Profit before tax	75,861	63,808	22,791	612	19,977
Balance sheet total	1,449,312	1,362,315	755,517	684,506	856,174
Return on capital employed	15%	24%	9%	2%	9%
Return on equity	49%	63%	33%	1%	28%
Equity/assets ratio	12.7%	9.1%	10.2%	8.9%	8.8%

Definitions: see note 23

Risk exposure and financial instruments

Modity is exposed to various kinds of financial risk through its operations. Financial risks refer to fluctuations in the company's earnings and cash flow as a result of changes in energy prices (primarily gas and electricity) and exchange rates, interest rates and credit risks. The company's risk and finance policy is decided by the board and is a framework of guidelines and rules in the form of risk mandates and limits for all financial risks in energy, currency and interest rate markets. See also accounting policies for the technical management of financial derivatives in the company.

The company has an independent risk control function directly subordinate to the CEO that is responsible for the management and control of risks.

Proposed allocation of the company's profit or loss

The board proposes that the disposable unrestricted equity of SEK 164,376,215 is allocated as follows:

Dividend	SEK 60,486,619
Carried forward to next year	SEK 103,889,596
Total	SEK 164,376,215

The board considers that the proposed dividend is justifiable in view of the requirements that the company's nature, scope and risks impose on the amount of equity and the company's consolidation needs, liquidity and position in general.

Income statement

Amounts in thousand SEK	Note	01/01/2019 – 31/12/2019	01/01/2018 – 31/12/2018
Net sales	2	6,070,731	4,919,461
Other operating income	3	10,191	6,192
		6,080,922	4,925,653
<i>Operating expenses</i>			
Merchandise		-5,878,383	-4,753,587
Other external expenses	4, 5	-62,687	-42,539
Personnel expenses	6	-50,463	-46,085
Depreciation of tangible and intangible non-current assets	7	-1,371	-1,776
Other operating expenses		-12,287	-5,730
Operating profit		75,731	75,937
<i>Profit from financial items</i>			
Interest income and similar income items	8	20,044	9,998
Interest expenses and similar income items	9	-19,914	-22,127
Profit after financial items		75,861	63,808
Profit before tax		75,861	63,808
Tax on profit for the year	10	-15,374	-17,190
Profit for the year		60,487	46,618

Balance sheet

Amounts in thousand SEK	Note	31/12/2019	31/12/2018
Assets			
Non-current assets			
<i>Intangible assets</i>			
Capitalised costs of computer programmes and similar work	11	204	1,425
		204	1,425
<i>Tangible assets</i>			
Equipment, tools and installations	12	0	0
Improvement expenses for other's property	13		150
		0	150
Total non-current assets		204	1,575
Current assets			
<i>Goods in stock etc.</i>			
Merchandise		1,883	
		1,883	
<i>Current receivables</i>			
Accounts receivable		526,475	297,979
Tax assets		–	–
Financial instruments held for trading	14	373,288	416,293
Other receivables		116,448	178,408
Prepaid expenses and accrued income	15	384,078	432,884
		1,400,289	1,325,564
<i>Cash and bank deposits</i>	16	46,936	35,176
Total current assets		1,449,108	1,360,740
Total assets		1,449,312	1,362,315

Balance sheet

Amounts in thousand SEK	Note	31/12/2019	31/12/2018
Equity and liabilities			
Equity	17		
<i>Restricted equity</i>			
Share capital		20,000	20,000
Statutory reserve		20	20
		20,020	20,020
<i>Unrestricted equity</i>			
Share premium reserve		19,000	19,000
Profit or loss brought forward		84,890	38,272
Profit for the year		60,487	46,618
		164,377	103,890
		184,397	123,910
Current liabilities			
Bank overdraft facilities	18	674,547	294,780
Trade accounts payable		101,080	192,970
Financial instruments held for trading	14	135,567	146,349
Current tax liabilities		17,607	9,627
Other liabilities		149,832	156,434
Accrued expenses and deferred income	19	186,282	438,245
		1,264,915	1,238,405
Total equity and liabilities		1,449,312	1,362,315

Statement of changes in equity

	Share capital	Restricted reserves	Unrestricted reserves
At the beginning of the year	20,000	20	103,890
Dividend			
<i>Profit for the year</i>			60,487
At year end	20,000	20	164,377

Cash flow statement

Amounts in thousand SEK	Note	01/01/2019 – 31/12/2019	01/01/2018 – 31/12/2018
Current operations			
Profit after financial items		75,861	63,808
Adjustments for non-cash flow items etc.	20	33,593	–216,840
		109,454	–153,032
Tax paid		–7,393	–6,020
Cash flow from current operations before changes in working capital		102,061	–159,052
<i>Cash flow from changes in working capital</i>			
Increase(-)/Decrease (+) in operating receivables		–119,614	–396,385
<i>Increase (+) / Decrease (–) in operating liabilities</i>		–350,453	508,973
Cash flow from current operations		–368,006	–46,464
Investment activities			
Acquisition of intangible non-current assets		–	–
Acquisition of tangible non-current assets		–	–
Cash flow from investment activities		–	–
Financing activities			
Change in bank overdraft facilities		379,767	62,799
Dividend paid		–	–
Cash flow from financing activities		379,767	62,799
Cash flow for the year		11,761	16,335
Cash and cash equivalents at start of year		35,175	18,840
Cash and cash equivalents at end of year		46,936	35,175

Notes with financial reporting principles and comments

Amounts in thousand SEK unless otherwise stated

Note 1

General financial reporting principles

The annual report has been prepared in accordance with the Annual Reports Act and also in accordance with the Swedish Accounting Standards Board's general guidelines BFNAR 2012:1 Annual reports and consolidated reports (K3).

The following depreciation periods are applied:

Machinery and other technical facilities
Equipment, tools and installations
Software
Improvement expenses for other's property

Useful life

5 years
3-10 years
5 years
3 years

Valuation principles etc.

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

Tangible assets

Tangible non-current assets are reported at acquisition value after deduction of cumulative depreciation and impairment. In addition to the purchase price, the acquisition value includes expenses directly attributable to the acquisition.

Intangible assets

Other intangible assets acquired by the company have been reported at acquisition value minus accumulated depreciation and impairment. Intangible assets that are developed internally follow the expense model and are recognised as expenses when they arise.

Depreciation of intangible and tangible non-current assets

Depreciation is on a straight line basis over the estimated useful life of the asset as it reflects the expected consumption of the future economic benefits of the asset. The depreciation is recognised as an expense in the income statement.

Leasing

All leasing agreements are reported as operational leasing agreements. Lease payments under operational leasing agreements, including increased first-time rent but excluding expenses for services such as insurance and maintenance, are recognised as expenses on a straight-line basis over the lease period.

Receivables

Receivables are reported at acquisition value reduced by any impairment.

Goods in stock

Goods in stock are entered at the lower of acquisition value and net sales value. In this way, the risk of obsolescence has been taken into account. The acquisition value is calculated according to the first-in-first-out principle. In addition to purchase expenses, the acquisition value includes expenditure on bringing the goods to their current location and condition.

Financial assets and liabilities

Financial assets and liabilities are reported in accordance with chapter 12 (Financial instruments valued in accordance with chapter 4 sections 14 a–14 e of the Annual Reports Act) in BFNAR 2012:1.

Recognition in and derecognition from the balance sheet

A financial asset or financial liability is entered in the balance sheet when the company becomes party to the instrument's contractual terms. A financial asset is removed from the balance sheet once the contractual right to cash flow from the asset has ceased or been adjusted. 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 over the financial assets. A financial liability is removed from the balance sheet when the agreed obligation has been fulfilled or has ceased. Spot purchases and spot sales of financial assets are reported on the date of transaction.

Classification and valuation

Financial assets and liabilities have been classified in different valuation categories in accordance with chapter 12 of BFNAR 2012:1. The classification into different valuation categories is the basis for how the financial instruments are to be measured and how changes in value are to be reported. For financial instruments listed on an active market, fair value is determined on the basis of the asset's quoted bid price at the balance sheet date without additional transaction costs (e.g. commission) at the time of acquisition. A financial instrument is regarded as listed on an active market if listed prices are easily available on an exchange or at a trader, broker, industry organisation or supervisory authority and these prices represent actual and regularly occurring market transactions on commercial terms. Derivatives are valued at fair value through the income statement. If the financial instruments market is not active, the

company arrives at fair value using a valuation technique. The valuation techniques shall be based on market information to as great an extent as possible and company specific information as little as possible. The company uses different methods and the conditions are based on existing market conditions on each balance sheet date.

(I) Financial assets held for trading

Financial assets in this category are measured at fair value and changes in value are recognised in the income statement. This category includes derivatives with a positive fair value with the exception of derivatives that are identified and effective hedging instruments.

(II) Investments held to maturity

Investments that are held to maturity are financial assets that comprise interest-bearing securities with fixed or fixable payments and fixed terms that the company has an expressed intention and ability to hold until maturity. Assets in this category are assessed at accrued acquisition value.

(III) Loan receivables and accounts receivable

Loan receivables and accounts receivable are financial assets that have fixed or determinable payments but that are not derivatives. These assets are valued at accrued acquisition value. The accrued acquisition value is determined on the basis of the effective interest rate calculated on the date of acquisition. Accounts receivable are reported at net realizable value, i.e. after deduction for bad debts.

(IV) Financial assets available for sale

The category 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 place in this category. Holdings or shares and participations that are not reported as subsidiaries, associates or joint ventures are reported here. The company has chosen to report

the change in fair value during the period in the income statement.

(V) Financial liabilities held for trading

Financial liabilities in this category are continuously assessed at fair value, with value changes reported in the income statement. This category includes derivatives with a negative fair value with the exception of derivatives that are identified and effective hedging instruments.

(VI) Other financial liabilities

Loans and other financial liabilities, such as trade accounts payable, are included in this category. These liabilities are valued at accrued acquisition value.

Employee benefits

Post-employment benefits plans are classified as defined contribution.

In the case of defined contribution plans, defined contributions are paid to another undertaking, normally an insurance undertaking, and there is no longer an obligation to the employee when the fee is paid. The amount of the employee's benefits after employment is dependent on the contributions that have been paid and the return on capital provided by the contributions.

The contributions for defined contribution plans are recognised as an expense. Unpaid contributions are recognised as liabilities.

Tax

Tax on annual profit in the income statement consists of current tax and deferred tax. Current tax refers to income tax for the current financial year that refers to the year's taxable profit, as well as that part of previous years' income tax that has not yet been reported. Deferred tax is income tax on taxable profit referring to future financial years as a consequence of previous transactions or events. Deferred tax liability

is reported 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 reported value of corresponding assets or liabilities is expected to be recovered or adjusted. The amounts are based on the tax rates and tax rules decided before the balance sheet date and have not been calculated for present value.

Financial reporting of income

The company reports the fair value of what is received or will be received as income. The company therefore reports income at nominal value (invoice amount) if the company receives compensation in the form of cash or equivalent immediately upon delivery. Deductions are made for discounts that are given.

Income from the company's sale of goods is reported as income when the following conditions are fulfilled: the significant risks and benefits associated with ownership of the goods have been transferred to the buyer, the company no longer has any commitment to the management of or any real control over the goods that have been sold, the income can be calculated in a reliable manner, it is probable that the financial benefits that the company should receive from the transaction will fall to the company and the costs that have arisen or are expected to arise as a result of the transaction can be calculated in a reliable manner.

Translation of items in foreign currency

Receivables and liabilities in foreign currency are valued at the exchange rate on the balance sheet date. Currency gains and losses on operating receivables and liabilities are reported in the operating profit, while currency gains and losses on financial receivables and liabilities are reported as financial items.

Note 2 Net Sales per operating segment and geographical market

	01/01/2019 – 31/12/2019	01/01/2018 – 31/12/2018
<i>Net sales per operating segment</i>		
Electricity trading	5,286,471	4,133,814
Gas trading	784,260	785,647
	6,070,731	4,919,461
<i>Net sales by geographical market</i>		
Sweden	6,046,053	4,889,542
Denmark	0	200
Finland	24,678	29,719
	6,070,731	4,919,461

The information described above does not include excise duty. For the company, these amounted to SEK 50,552 thousand (SEK 28,694 thousand).

Note 3 Other operating income

	01/01/2019 – 31/12/2019	01/01/2018 – 31/12/2018
Exchange rate gains from receivables/ liabilities of an operating nature	10,191	6,192
	10,191	6,192

Note 4 Auditor's fees and compensation for costs

	01/01/2019 – 31/12/2019	01/01/2018 – 31/12/2018
<i>EY</i>		
Audit assignments	646	537
Auditing activities in addition to the audit assignments	-16	-
	631	537

Audit assignments refer to the audit of the annual financial statements and accounts, as well as of the management of the board and the CEO, other tasks that are customary for the company's auditor to perform and advice or other assistance arising from observations in such audit or the performance of such other tasks.

Note 5 Operational leasing

	01/01/2019 – 31/12/2019	01/01/2018 – 31/12/2018
Leasing agreements where the company is a leaseholder		
<i>Future minimum lease payments relating to non-cancellable operational lease agreements</i>		
Within one year	-2,207	-1,730
Between one and five years	-2,441	-2,739
Later than five years	-	-
	-4,648	-4,469
Expensed leasing charges during the financial year	2019	2018
	-1,769	-1,517

Note 6 Employees, personnel costs and fees to the board

	01/01/2019 – 31/12/2019	01/01/2018 – 31/12/2018
Average number of employees		
Sweden	33	32
<i>Of which men</i>	<i>71%</i>	<i>70%</i>

Reporting of gender distribution in company management

	31/12/2019 Percentage women	31/12/2018 Percentage women
Gender distribution in company management		
The board of directors	17%	20%
Other senior executives	43%	14%
Salaries, other benefits and social costs	01/01/2019 – 31/12/2019	01/01/2018 – 31/12/2018
The Board and the CEO	2,041	2,032
<i>(of which bonuses)</i>	<i>(-)</i>	<i>(-)</i>
Other employees	28,296	25,293
<i>(of which bonuses)</i>	<i>(1,522)</i>	<i>(1,199)</i>
Total	30,337	27,325
Social expenses	16,707	15,367
<i>(of which pension expenses)</i>	<i>(5,397)</i>	<i>(5,154)</i>

Of the company's pension expenses, 440 (417) refers to the board and CEO.

Severance pay

The company's CEO has a notice period of eighteen months on the company's part and six months on the CEO's part.

Note 7 Depreciation of intangible and tangible non-current assets

	01/01/2019 – 31/12/2019	01/01/2018 – 31/12/2018
Expense carry-forward for development work etc.	-1,221	-876
Improvement expenses for other's property	-150	-900
	-1,371	-1,776

Note 8 Interest income and similar income items

	01/01/2019 – 31/12/2019	01/01/2018 – 31/12/2018
Interest income	2,679	3,257
Foreign exchange gains	17,365	6,741
	20,044	9,998

Note 9 Interest expenses and similar income items

	01/01/2019 – 31/12/2019	01/01/2018 – 31/12/2018
Interest expenses	-3,457	-13,164
Exchange rate loss	-13,805	-6,960
Other	-2,652	-2,003
	-19,914	-22,127

Note 10 Tax on profit for the year

	01/01/2019 – 31/12/2019	01/01/2018 – 31/12/2018
Current tax expense	-15,374	-17,190
Deferred tax	-	-
	-15,374	-17,190

Note 11 Capitalised costs of computer programmes and similar work

	01/01/2019 – 31/12/2019	01/01/2018 – 31/12/2018
<i>Accumulated acquisition value</i>		
At the beginning of the year	6,381	6,381
New acquisitions	-	-
Reclassifications	-	-
	6,381	6,381
<i>Accumulated depreciations as per schedule</i>		
At the beginning of the year	-4,956	-4,080
Annual depreciation as per schedule	-1,221	-876
	-6,177	-4,956
Reported value at year end	204	1,425

Reconciliation of effective tax	Per cent	Amount	Per cent	Amount
Profit before tax		75,861		63,808
Tax according to current rate	21.4%	-16,234	22.0%	-14,038
Non-deductible expenses	-0.3%	-201	5.5%	-3,526
Non-taxable income	0.3%	211	0.0%	-
Tax depreciation on improvement expenses	0.04%	29	0.0%	30
Tax attributable to previous years	1.1%	821	-0.5%	344
Reported effective tax	22.5%	-15,374	26.9%	-17,190

Note 12 Equipment, tools and installations

	01/01/2019 – 31/12/2019	01/01/2018 – 31/12/2018
<i>Accumulated acquisition value</i>		
At the beginning and end of the year	2,038	2,038
New acquisitions	–	–
Reclassifications	–	–
	2,038	2,038
<i>Accumulated depreciations as per schedule</i>		
At the beginning and end of the year	–2,038	–2,038
Annual depreciation as per schedule	–	–
	–2,038	–2,038
Reported value at year end	0	0

Note 13 Improvement expenses for other's property

	01/01/2019 – 31/12/2019	01/01/2018 – 31/12/2018
At the beginning of the year	2,700	2,700
New acquisitions	–	–
	2,700	2,700
<i>Accumulated depreciations as per schedule</i>		
At the beginning of the year	–2,550	–1,650
Annual depreciation as per schedule on acquisition value	–150	–900
	–2,700	–2,550
Reported value at year end	0	150

Note 14 Financial instruments and risk management

Maturity overview				
at 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
at 31/12/2018	<1 year	2-5 years	>5 years	Total
<i>Assets</i>				
Derivatives	360,584	55,654	55	416,293
Total	360,584	55,654	55	416,293
<i>Liabilities</i>				
Derivatives	110,383	35,515	451	146,349
Total	110,383	35,515	451	146,349

For financial instruments listed on an active market, fair value is determined on the basis of the asset's quoted bid price at the balance sheet date without additional transaction costs (e.g. commission) at the time of acquisition. A financial instrument is regarded as listed on an active market if listed prices are easily available on an exchange or at a trader, broker, industry organisation or supervisory authority and these prices represent actual and regularly occurring market transactions on commercial terms. Derivatives are valued at fair value through the income statement.

If the financial instruments market is not active, the company arrives at fair value using a valuation technique. The valuation techniques shall be based on market information to as great an extent as possible and company specific information as little as possible. The company uses different methods and the conditions are based on existing market conditions on each balance sheet date.

Financial instruments valued at fair value on the balance sheet

Assets	31/12/2019		31/12/2018	
	Reported value	Change in value reported in the income statement	Reported value	Change in value reported in the income statement
<i>Derivatives for which hedge accounting is not applied</i>				
Currency futures	9,116	2,922	6 194	-9,005
Currency options	-	-	-	-
DS futures, electricity	73,530	22,271	51,259	-21,266
Electricity certificate futures	221,678	-93,868	315,546	202,656
Emission rights futures	68,965	25,671	43,294	25,012
	373,289	-43,004	416,293	197,397

Liabilities	31/12/2019		31/12/2018	
	Reported value	Change in value reported in the income statement	Reported value	Change in value reported in the income statement
<i>Derivatives for which hedge accounting is not applied</i>				
Currency futures	27,922	-6,051	21,871	938
Currency options	-	-	-	-
DS futures, electricity	25,554	16,113	41,667	15,936
Electricity certificate futures	62,617	-4,300	58,317	19,256
Emission rights futures	19,474	5,020	24,494	-17,134
	135,567	10,782	146,349	18,996

Note 15 Prepaid expenses and accrued income

	31/12/2019	31/12/2018
Accrued energy income	374,152	427,369
Other items	9,926	5,515
	384,078	432,884

Note 16 Cash and cash equivalents

	31/12/2019	31/12/2018
<i>The following sub-components are included in cash and cash equivalents:</i>		
Bank deposits	46,936	35,176
	46,936	35,176

The above items have been classified as cash and cash equivalents on the basis that:

- They have an insignificant risk of value fluctuations.
- They can easily be converted into cash.
- They mature in a maximum of 3 months from acquisition.

Note 17 Number of shares

The number of shares amounts to 20,000 and has a quota value of SEK 1,000.

Note 18 Bank overdraft facilities

	31/12/2019	31/12/2018
<i>Parent company</i>		
Credit limit granted	900,000	600,000
Unused part	-225,453	-305,220
Used credit amount	674,547	294,780

Note 19 Accrued expenses and deferred income

	31/12/2019	31/12/2018
Accrued energy costs	161,785	408,180
Personnel expenses	8,383	8,381
Other items	16,114	21 684
	186,282	438,245

Note 20 Additional information to the cash flow statement

Amounts in thousand SEK	01/01/2019 – 31/12/2019	01/01/2018 – 31/12/2018
<i>Interest paid and dividend received</i>		
Interest received	2,679	3,257
Interest paid	-3,457	-13,164
<i>Adjustments for non-cash flow items etc.</i>		
Depreciation	1,371	1,776
Unrealised exchange rate differences	–	-219
Other items	–	-2,003
Change in the value of financial instruments	32,222	-216,394
	33,593	-216,840

Note 21 Allocation of profits

	31/12/2019	31/12/2018
The board proposes that the disposable unrestricted equity of SEK 103,895,020 is allocated as follows:		
Carried forward to next year (SEK)	103,889,596	103,890,020
Total	103,889,596	103,890,020

Note 22 Contingent liabilities

	31/12/2019	31/12/2018
Pledged assets	None	None
Contingent liabilities	None	None

Note 23 Key figure definitions

Profit 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 items attributable to assets (included in capital employed)

Capital employed:

Total assets - interest-free liabilities

Interest-free liabilities:

Non-interest-bearing liabilities. Pension liabilities are seen as interest-bearing.

Return on equity:

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

Equity/assets ratio:

Total equity / Total assets

Lund 12/02/2020

Anders Ohlner
Chair

Micke Andersson

Hans Norberg

Klas Liljegren
CEO

Michael Henriksson

Karin Lundqvist

Our auditor's report has been submitted on
14/02/2020
Ernst & Young AB

Niklas Paulsson
Authorised Public Accountant, Ernst & Young AB

Our review report has been submitted on
17/02/2020

Carl Herbertsson
Lay auditor

Lars Trägen
Lay auditor

Auditor's report

To the Annual General Meeting of Modity Energy Trading AB, corp. reg. no. 556643-4410

Report on the financial statements

Statements

We have conducted an audit of the annual report of Modity Energy Trading AB for the financial year 01/01/2019 to 31/12/2019.

In our opinion, the annual financial report has been prepared in accordance with the Annual Reports Act and in all material respects gives a true picture of Modity Energy Trading AB's financial position as at 31 December 2019 and of its financial results and cash flows for the year in accordance with the Annual Reports Act. The administration report is consistent with the other parts of the annual report and accounts.

We therefore recommend that the annual general meeting adopts the income statement and balance sheet.

Grounds for the statements

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

We believe that the accounting evidence we have obtained provides an adequate and appropriate basis for our opinions.

The responsibilities of the board and CEO

It is the board of directors and the CEO who are responsible for the preparation of the annual accounts and that they provide a true and fair view according to the Annual Accounts Act. The board and CEO are also responsible for the internal control that they deem to be necessary to prepare annual accounts that do not contain any material inaccuracies, whether due to error or impropriety.

In creating the annual financial report, the board and CEO are responsible for the assessment of the company's ability to continue its operations. They provide information, when appropriate, concerning conditions that may affect the ability to continue operations and to use the going concern assumption. The going concern assumption is not, however, applied if the board and CEO intend to liquidate the company, cease operations or have no realistic alternative than to do either.

The auditors' responsibility

Our objectives are to achieve a reasonable degree of certainty that the annual accounts as a whole do not contain any

material inaccuracies, whether due to error or impropriety, and to provide an audit report that contains our statements. Reasonable certainty is a high degree of certainty, but is no guarantee that an audit done according to ISA and generally accepted auditing standards in Sweden will always discover a material inaccuracy if such exists. Inaccuracies can arise due to impropriety or error and are considered to be material if they individually or together can reasonably be expected to affect financial decisions that users make based on the annual financial report.

As a part of an audit according to ISA, we use professional judgement and have a professionally sceptical approach in the entire audit. Moreover:

- we identify and assess the risks of material misstatements in the annual accounts, whether they are due to impropriety or error, formulate and carry out auditing procedures based in part on these risks and gather audit evidence that is adequate and suitable to form a basis for our opinions. The risk of not discovering a material inaccuracy due to impropriety is higher than for a material inaccuracy due to error because improprieties can include acting in collusion, falsifying, intentional omission, incorrect information or disregarding internal controls.
- we obtain an understanding of the part of the company's internal control that is of significance to our audit to carry out auditing procedures that are suitable considering the circumstances, but not to make a statement on the effectiveness of internal controls.
- we evaluate the suitability of the accounting principles used and the reasonability of the board's and CEO's estimates in the accounting and associated disclosures.
- we draw a conclusion on the suitability of the board and CEO using the going concern assumption in preparing the annual accounts. We also draw a conclusion based on the audit evidence collected whether there are any material uncertainty factors pertaining to such events or conditions that may lead to significant doubt about the company's ability to continue business. If we draw the conclusion that there is a material uncertainty factor, we must in our audit report call attention to the disclosures in the annual accounts regarding the material uncertainty factor or, if such disclosures are inadequate, modify the statement regarding the annual accounts. Our conclusions are based on the audit evidence gathered up to the date of the audit report. However, future events or circumstances may mean that a company can no longer continue operations.
- we evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and if the annual accounts portray the underlying transactions and events in a manner that provides a true and fair view.

We must inform the Board of the audit's planned scope and emphasis as well as its timing. We must also inform about significant observations during the audit, including any significant deficiencies in the internal control we identified.

Report on other requirements in accordance with laws and other statutes

Statements

In addition to our audit of the annual financial report, we have also performed an audit of the board's and the CEO's administration of Modity Energy Trading AB for the financial year 01/01/2019 to 31/12/2019, as well as the proposal for allocation of the company's profit or loss.

We recommend that the annual general meeting allocates the profit in accordance with the proposal in the administration report and grants the members of the board and the CEO exemption from liability for the financial year.

Grounds for the statements

We conducted our audit in accordance with generally accepted auditing standards in Sweden. Our responsibility according to these standards is described in more detail in the section on Auditor's responsibility. We are independent in relation to Modity Energy Trading AB in accordance with generally accepted auditing standards in Sweden and have otherwise fulfilled our professional ethical responsibility according to these requirements.

We believe that the accounting evidence we have obtained provides an adequate and appropriate basis for our opinions.

The responsibilities of the board and CEO

The board has the responsibility for the proposal on the allocation of the company's profit or loss. In the event of a proposed dividend, this includes an assessment of whether the dividend is justifiable considering the requirements that the company's nature of operations, scope and risks set for the size of the company's equity, consolidation requirements, liquidity and position otherwise.

The board is responsible for the company's organisation and the management of its affairs. This includes continuously assessing the company's financial situation, and ensuring that the company's organisation is structured so that accounting, asset management and the company's financial affairs otherwise are controlled in a satisfactory manner. The CEO shall take care of the ongoing management according to the board's guidelines and instructions and take the actions necessary for the company's

bookkeeping to be performed in accordance with law and for asset management to be managed in a satisfactory manner.

The auditors' responsibility

Our objective regarding the audit of the management, and thereby our statement regarding discharge from liability, is to collect audit evidence to be able to assess with a reasonable degree of certainty if any board member or the CEO to any material respect:

- took any action or committed any negligence that may lead to a liability to pay damages to the company, or
- in any way acted counter to the Swedish Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective regarding the audit of the proposed allocation of the company's profit or loss, and thereby our statement regarding this, is to assess with a reasonable degree of certainty if the proposal is consistent with the Swedish Companies Act.

Reasonable certainty is a high degree of certainty, but no guarantee that an audit done in accordance with generally accepted auditing standards in Sweden will always discover actions or negligence that can lead to liability to pay damages to the company, or that a proposed appropriation of the company's profit or loss is not consistent with the Swedish Companies Act.

As a part of an audit according to generally accepted auditing standards in Sweden, we use professional judgement and have a professionally sceptical approach in the entire audit. The review of the administration and the proposed appropriation of the company's profit or loss is primarily based on the audit of the accounts. What additional review procedures are done is based on our professional assessment on the basis of risk and materiality. This means that we focus the review on such measures, areas and circumstances that are significant to the business and where deviations or violations would be of particular significance to the company's situation. We go through and test decisions made, decision documentation, actions taken and other circumstances that are relevant to our opinion regarding discharge from liability. As a basis for our opinion on the board's proposed allocation of the company's profit or loss, we have examined whether the proposal is consistent with the Companies Act.

Helsingborg, 14 February 2020
Ernst & Young AB

Niklas Paulsson
Authorised Public Accountant



Review report for Modity Energy Trading AB 2019

To the Annual General Meeting of Modity Energy Trading AB, corp. reg. no. 556643-4410

We, lay auditors appointed by the municipal councils of Helsingborg and Lund, have reviewed the operations of Modity Energy Trading AB (corp. reg. no. 556643-4410) in 2019.

The lay auditors are responsible for reviewing operations and internal control and examining whether the activities have been conducted according to the councils' mandate and objectives, as well as the laws and regulations that apply to the operations.

The review has been based on the assessment of materiality and risk and has been carried out in accordance with the Swedish Companies Act, the Swedish Local Government Act, good auditing practice in municipal organisations and on the basis of the articles of association and owners' directive of the company. Co-planning has occurred with the company's authorised auditor.

The review has been carried out with the appropriate focus and scope to provide reasonable grounds for assessment and testing.

In summary, our assessment is that the company complies with the owners' directive and that the company's operations have been managed in an appropriate and financially satisfactory manner and that the company's internal control has been sufficient.

Helsingborg 17/02/2020

Lund 17/02/2020

Carl Herbertsson
Lay auditor

Lars Trägen
Lay auditor



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Modity Energy Trading AB, Box 1039, 221 04 Lund, Kyrkogatan 9B, Lund