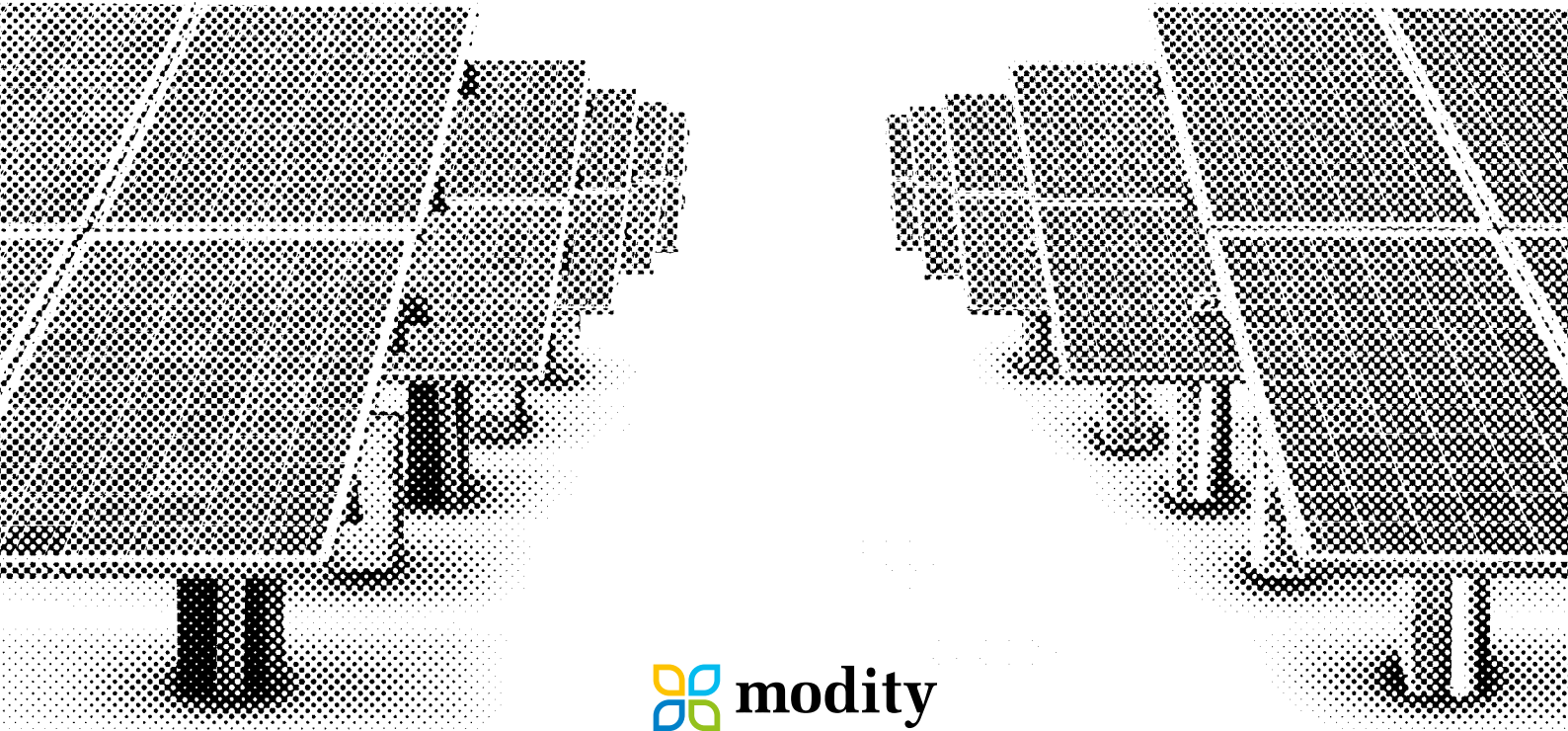


Annual accounts 2018



“The overall power of knowledge here is enormous. And the customers have realized that the way we work really solves their problems.”

Klas Liljegren, CEO

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Modity in brief

Registered office: Lund

Owner: Kraftringen and Öresundskraft

Turnover 2018: SEK 4.9 billion

CEO: Klas Liljegren

Number of employees: 38

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



Modity stood firm as the market rocked

It was a special year for many energy companies. In an already complex market, we had the driest summer in living memory and an unstable price structure. There was a climate debate and extremely rapid technological developments. But Modity's foundations were more solid than ever and it grew in a way that caused CEO Klas Liljegren to describe the year as exceptional.

The climate change debate was intensified by the dry summer and the forest fires that raged. Digitization, artificial intelligence and robotisation are upcoming highlighted changes that will affect the industry. Prices fluctuated more than usual. 2018 was a tumultuous year for the entire industry, but Modity came out of every storm stronger than before.

- Competence in Modity is its foundation. This is the basis for our progress. There is an enormous amount of brain power and energy sector experience within these walls. The overall knowledge base is huge and our customers have realized that the way we work really solves their problems. But with that said, 2018 was a year when just about everything went our way. 2018 was a year when Modity grew. The deal with Telge Energi was the single largest deal. Telge chose



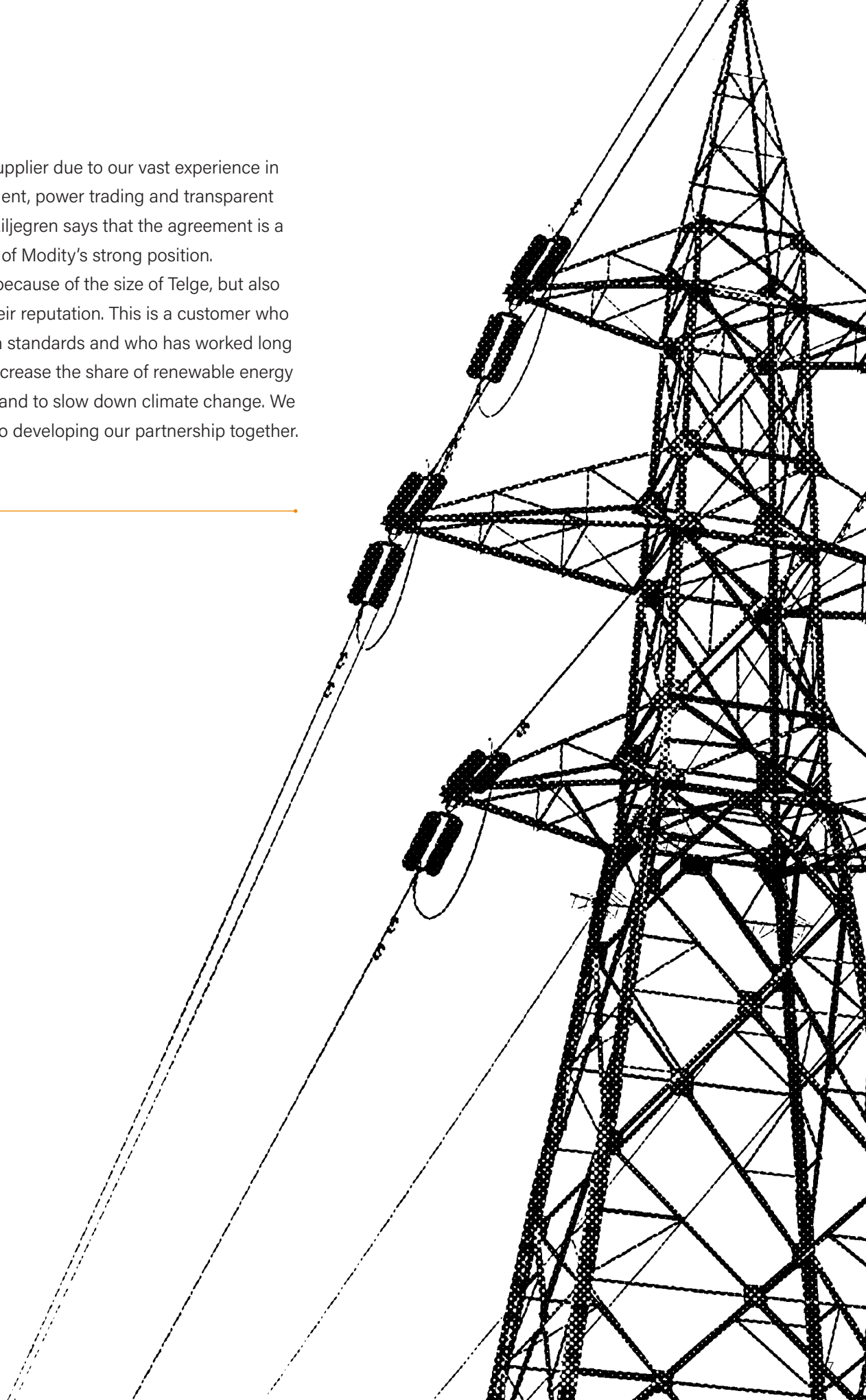
Susanne Kolmert, project manager, on the direction of travel in the middle of a changeover:

Digitalization offers new opportunities for dialogue with our customers. In 2018, we started a project to develop a brand new, web-based customer portal. Eventually, all of our many different types of customers will be able to find their data in one place, from production information and invoice data to forecast data. The portal will be a common meeting place that will simplify things for both our customers and ourselves.

We also continued our environmental work in 2018, in line with our ISO 14001 certification. Certification is a confirmation of what we have done well, and it functions as a tool that helps us to constantly improve in the future. But Modity's direct environmental impact is relatively small. We do most benefit by helping our customers to be sustainable, and by working to enable an increased proportion of renewable energy, such as wind and solar power and biogas

Modity as a supplier due to our vast experience in risk management, power trading and transparent pricing. Klas Liljegren says that the agreement is a manifestation of Modity's strong position.

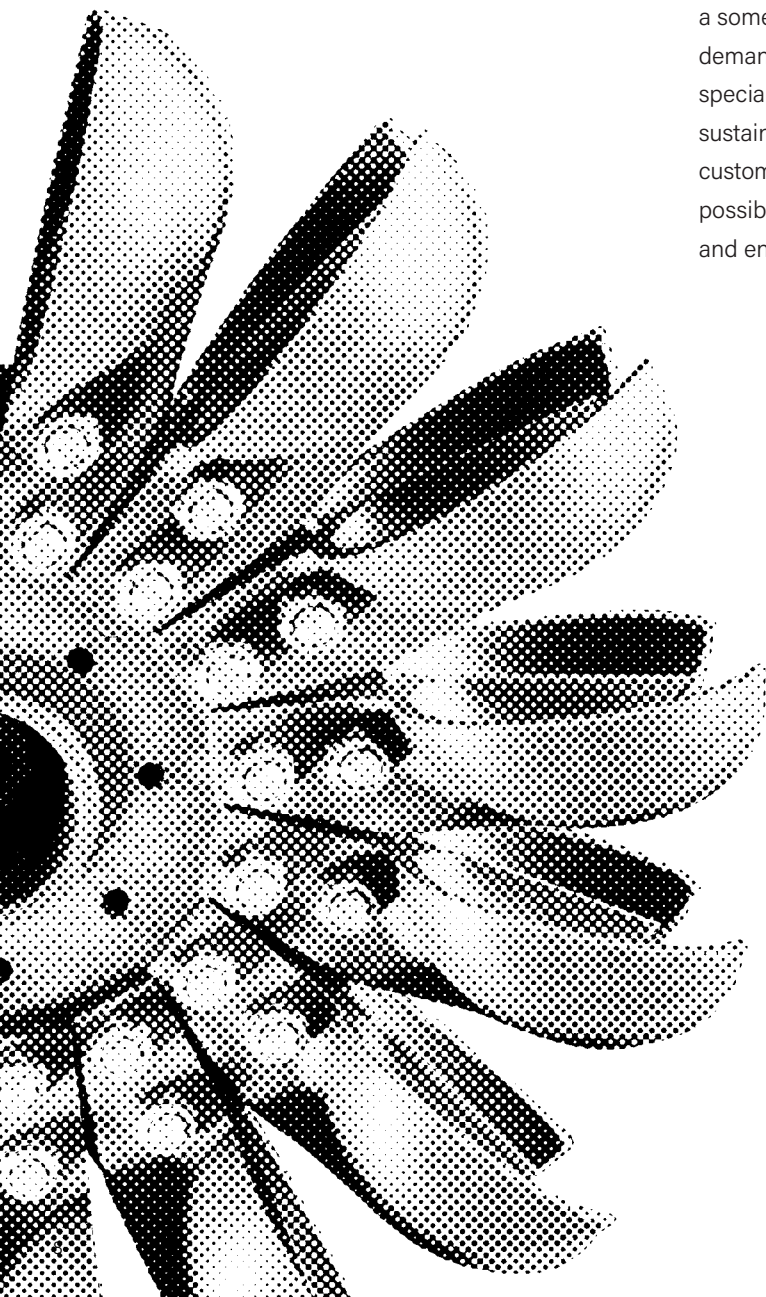
- Not only because of the size of Telge, but also because of their reputation. This is a customer who demands high standards and who has worked long and hard to increase the share of renewable energy in the market and to slow down climate change. We look forward to developing our partnership together.





Ia Hedenström, HR Manager, on managing personnel issues at a knowledge company:

There are not very many of us, only 43 people in total. But Modity has an unusually high percentage of highly educated senior employees. Modity is quite a young company, but our employees have experienced deregulation and changes, crises as well as good times, and they know how to safely guide our customers through a sometimes unstable world. It is an ambitious and sometimes demanding working environment, with dedicated, high-performing specialists. We therefore work very consciously with long-term sustainability, including internally. We make things easier for our customers, but facilitating and making working life as simple as possible for each other is also important. This allows all our creativity and enthusiasm to flourish.



Modity's long-term teamwork with strategic energy company customers contributed to a successful 2018, but important wind business and the success of biogas also had a significant impact.

Klas Liljegren returns to the issue of competence and experience at Modity:

- We are actually at our best when

Pernilla Ademar, portfolio manager, about this year's most notable business dealings:



Working at Modyt was exceptionally fun in 2018. We got Telge Energi as a customer through collaborative teamwork. All parts of Modyt are involved when we do this type of business, which is an example of when we display the full breadth of Modyt's expertise. Telge Energi is one of the country's largest energy companies and has a very strong focus on sustainability, so we are especially proud that Telge chose Modyt. We have also succeeded well in the area of wind energy in 2018, which we are very happy about. An increased share of wind power in Sweden contributes to building a sustainable society.

conditions are at their most difficult. There is a calmness, a professionalism and good humour when things heat up. After all, it is a matter of competence, experience and commitment.

As mentioned, 2018 came with several challenges. One of the challenges was volatility, a term that describes how the price of a financial asset fluctuates or varies.

- There was turmoil in the market, the price fluctuated and the largest private trader in the

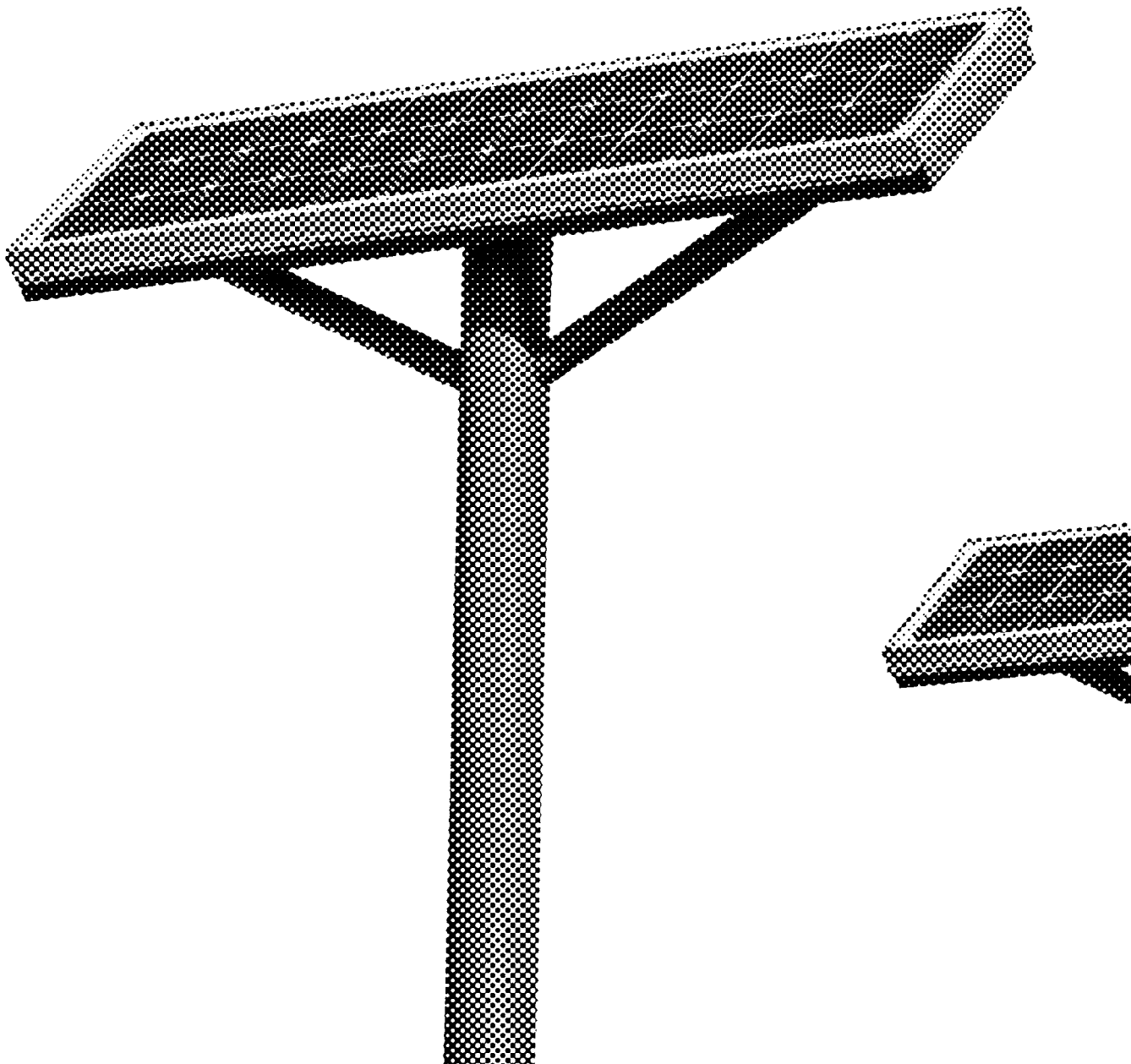
Nordic region suffered a devastating bankruptcy.

It should be borne in mind that our industry is already complex in its nature. But here I think our strength became even clearer. We work to make it easy for our customers, who are companies where the energy business is of major importance, so that they can concentrate on their core business. In times of uncertainty, simplicity and dependability become even more important.



Anders Johansson, gas business area, about an exciting year for biogas:

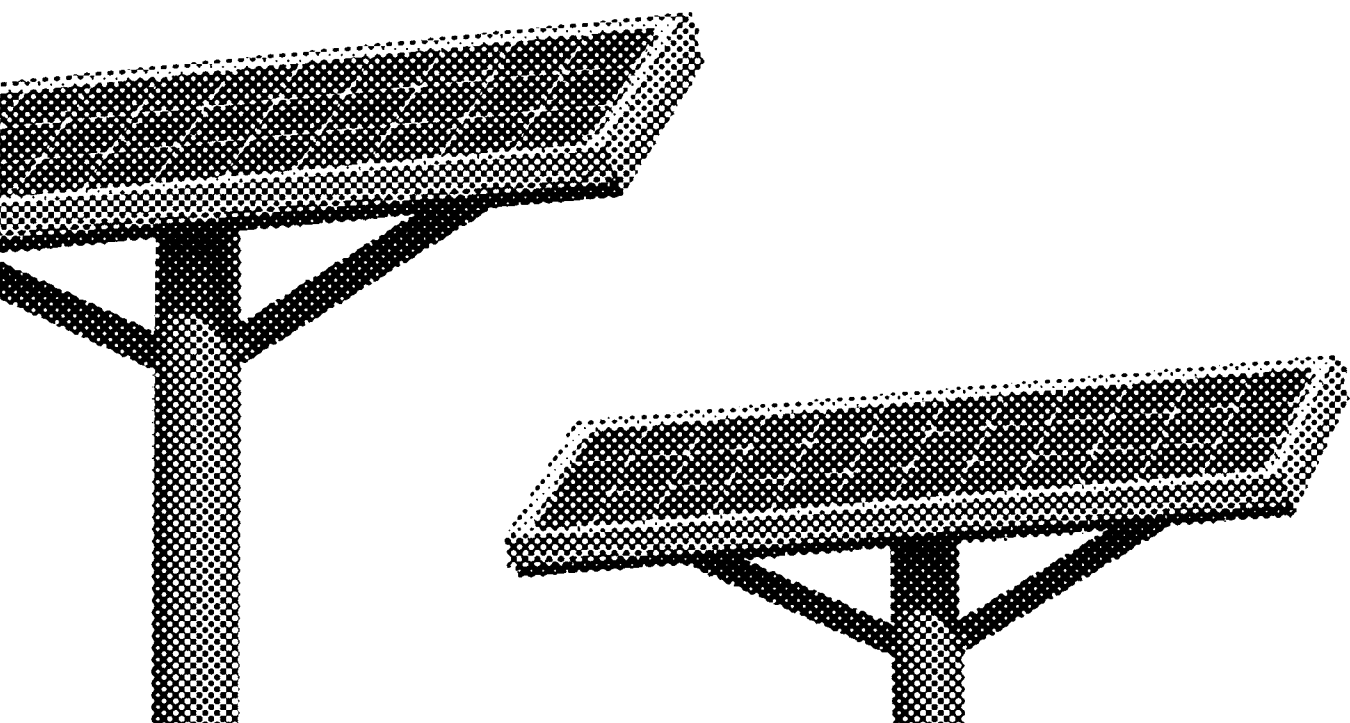
Among other things, we help companies with the transition from natural gas to biogas. This is an important piece of the puzzle to build a more sustainable society, so we are extra happy that 2018 was such a good year for biogas. Important customers gave us renewed confidence and we signed agreements with companies that have a strong sustainability commitment. This is clear evidence that what we do is appreciated and the timing is right.



New challenges await around the corner. The ongoing digitalisation is highly relevant for all businesses at present. Energy market actors need to prepare for the introduction of the electricity market hub and the electricity trader-centric model, which means major changes for many of Modity's customers. Klas Liljegren says that Modity is well prepared.

– Modity is a young company but it has many years of experience through all its expert employees. We are quick to adapt to and exploit opportunities, and we are building to continue to help our customers with new challenges in the future. We now have some of the largest and most professional customers in the country. The more competent a customer you have, the easier it is to excel yourself.

– We listen to the customers and then we develop solutions together. It is an advantage for us that we are all based in the same premises. It is all on a single floor. All you have to do is shout. Short distances also mean that it is easier to make decisions quickly. The right expertise means better decisions.



Environment and sustainability

Modity works for a sustainable development of society

It is important for a company in the energy industry to take responsibility for everyone's common development.

Modity works with sustainability both directly in our own operations, and indirectly through our customers and suppliers.

Modity is environmentally certified in accordance with ISO 14001 and works continuously to develop and improve its environmental work. The direct environmental and climate impact from Modity's operations is small, since Modity is an independent trader of electricity and gas without its own production. The greatest impact comes from employees' journeys. Modity has customers from Trelleborg in the south to Boden in the north, and business trips have resulted in the release of about 55 tonnes of carbon dioxide equivalents in 2018. These emissions are offset by the purchase of emission rights. We make demands on our suppliers of energy, IT and cleaning, and for example, the office electricity is 100% renewable.

By helping our customers to be sustainable, we can have a far greater impact than through our direct operations. We increased the volume of biogas during 2018, which now amounts to just under a quarter of the total gas volume. Through trading in electricity certificates, guarantees of origin and emission rights, we help these markets to fulfil their intended function, to reduce emissions and increase the proportion of renewable electricity.

The Power Purchase Agreements (PPA) offered by Modity to the wind power companies is a way of enabling an increasing proportion of renewable electricity generation in the Nordic electricity system. The goal is to increase the proportion of solar and wind power in the portfolio.

Modity's employees are its most important resource. Modity strives to be a welcoming and open workplace, where employees are given the opportunity to develop. We endeavour to have the best possible physical working environment and continuous improvement of the organizational and social environment. Absence due to illness is low. Naturally, we firmly reject and actively work against all types of bullying and workplace harassment and discrimination. We also work to create dynamic effects with increased equality and diversity. As a Christmas present in 2018, Modity donated an sum of money to Musikhjälpen (Music Aid), which took place in Lund. The theme was "Everyone has the right to be different".

Modity is owned by citizens. In exchange for the confidence we have been shown to operate our business, we are returning a positive result for the benefit of society's development. Trust is earned and must be maintained every day. Zero tolerance of corruption and any form of irregularity is a matter of course, and we are actively working to monitor new legal requirements.

Compliance is a high priority at Modity. Modity values transparency and we appreciate when our customers and potential customers carry out correct and comparable procurement procedures. We want to be a pioneer and openly state our pricing.

This is good for competition, and therefore good for customers and society.



Management report

Modity Energy Trading AB, headquartered in Lund, 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 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 conducts trade in energy and related raw materials, as well as related activities such as portfolio management and balance responsibility for electricity and gas. We are also very active in the markets for environmental products.

On behalf of the company, the owners have entered into a guarantee amounting to SEK 1.2 billion, which guarantees Modity's financing. The owners also undertake, through capital investment, payment commitment or waiver of claims, to be responsible for the company's equity.

Modity is one of Sweden's leading energy trading companies. With our excellence, transparency and local presence, we support many of Sweden's largest and most professional energy customers. In long-term, trusting partnerships, we give energy companies, producers and major consumers a simpler working day, so that they can concentrate on their core business.

The company has continued to grow and sales have increased strongly during the year, driven both by pure volume growth but also by price increases in the market.

Profitability has been very good and the underlying result is the highest in the company's history.

Financial overview

TSEK	2018	2017	2016	2015	2014
Net sales	4,919,461	2,927,416	2,483,613	2,011,129	2,203,118
Operating margin	2 %	1 %	0 %	1 %	0 %
Balance sheet total	1,362,315	755,517	684,506	856,174	730,467
Return on capital employed	24%	9 %	2 %	9 %	6 %
Return on equity	63 %	33 %	1 %	28 %	15 %
Equity ratio	9.1 %	10.2 %	8.9 %	8.8 %	9.3 %

Definitions: see note 23

Expectations concerning future developments

Modity Energy Trading is in an intensive period of investment in digitalisation, among other things. This will continue in the coming year. At the same time, we expect to experience continued improvement based on volume growth in the underlying business. The underlying result remains strong.

Sustainability report

The Sustainability Report for the period 01/01/2018 - 31/12/2018 -12-31 has been prepared as a separate document and will be published on the company's website.

Risk exposure and financial instruments

Modity is exposed to various types of financial risks through its operations. Financial risks refer to fluctuations in the company's earnings and cash flow as a result of changes in energy prices (mainly gas and electricity) and exchange rates, interest rates and credit risks. The business's risk and financial policy is decided by the Board and forms 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. Further information is available under accounting principles for the accounting techniques applied for financial derivatives in the company.

The company has an independent risk control function directly under the CEO, who is responsible for the company's management and control of risks.

Proposed disposition regarding the company's profit or loss

The Board of Directors proposes available unrestricted equity of SEK 103,895,020 shall be disposed of as follows:

To be carried forward	SEK 103,890,020
Total	SEK 103,890,020

Income statement

Amounts in TSEK	Note	01/01/2018 - 31/12/2018	01/01/2017 - 31/12/2017
Net sales	2	4,919,461	2,927,416
Other operating income	3	6,192	4,500
		4,925,653	2,931,916
<i>Operating costs</i>			
Goods for resale		-4,753,587	-2,817,139
Other external costs	4, 5	-42,539	-40,285
Personnel costs	6	-46,085	-45,657
Depreciations of tangible and intangible fixed assets	7	-1,776	-1,683
Other operating expenses		-5,730	-4,613
Operating profit		75,937	22,538
<i>Result from financial investments</i>			
Interest income and similar profit/loss items	8	9,998	3,104
Interest expenses and similar profit/loss items	9	-22,127	-2,852
Profit after financial items		63,808	22,791
Profit before taxes		63,808	22,791
Tax on the profit for the year	10	-17,190	-6,388
Net profit for the year		46,618	16,402

Balance sheet

Amounts in TSEK	Note	12/31/2018	12/31/2017
Assets			
Fixed assets			
<i>Intangible fixed assets</i>			
Capitalized expenditure for software and similar work	11	1,425	2,301
		1,425	2,301
<i>Tangible fixed assets</i>			
Fixtures, fittings, tools and equipment	12	0	0
Improvement costs on others' property	13	150	1,050
		150	1,050
Total fixed assets		1,575	3,351
Current assets			
<i>Accounts receivable</i>			
Trade receivables		297,979	250,791
Tax receivables		—	1,543
Financial instruments held for trading	14	416,293	218,897
Other receivables		178,408	18,096
Prepaid costs and accrued income	15	432,884	243,999
		1,325,564	733,326
<i>Cash and bank balances</i>	16	35,176	18,841
Total current assets		1,360,740	752,166
Total assets		1,362,315	755,517

Balance sheet

Amounts in TSEK	Note	12/31/2018	12/31/2017
Equity and liabilities			
Equity	17		
<i>Restricted equity</i>			
Share capital		20,000	20,000
Statutory reserve		20	20
		20,020	20,020
<i>Non-restricted equity</i>			
Share premiums		19,000	19,000
Retained earnings		38,272	21,869
Profit for the year		46,618	16,402
		103,890	57,271
		123,910	77,291
Current liabilities			
Overdraft facilities	18	294,780	231,981
Trade creditors		192,970	57,462
Financial instruments held for trading	14	146,349	165,345
Current tax liabilities		9,627	—
Other liabilities		156,434	34,465
Accruals and deferred income	19	438,245	188,973
		1,238,405	678,226
Total equity and liabilities		1,362,315	755,517

Report of changes in equity

	Share capital	Restricted reserves	Unrestricted reserves
At start of the year	20,000	20	57,271
Dividends			
<i>Profit for the year</i>			46,618
At year-end	20,000	20	103,890

Cash-flow analysis

Amounts in TSEK	Note	01/01/2018 - 31/12/2018	01/01/2017 - 31/12/2017
Current operations			
Profit after financial items		63,808	22,791
Adjustments for items not included in the cash flow etc.	20	-216,840	99,443
		-153,032	122,234
Tax paid		-6,020	1,065
Cash flow from operating activities before change in working capital		-159,052	123,298
<i>Cash flow from changes in working capital</i>			
Increase (-) / Decrease (+) in operating receivables		-396,385	-153,675
Increase (+) / Decrease (-) in operating liabilities		508,973	37,052
Cash flow from operating activities		-46,464	6,676
Investment activities			
Acquisition of intangible fixed assets		—	—
Acquisition of tangible fixed assets		—	-1,438
Cash flow from investing activities		—	-1,438
Financing activities			
Change of revolving credit		62,799	6,595
Dividends paid		—	—
Cash flow from financing activities		62,799	6,595
Net cash flow		16,335	11,832
Liquid assets incoming balance		18,840	7,008
Cash and cash equivalents outgoing balance		35,175	18,840

Notes with accounting principles and notes on accounts

Amounts in SEK '000 unless otherwise stated

Note 1

General accounting principles

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.

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.

Depreciations of intangible and tangible fixed assets

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

The following depreciation periods have been applied:

	Useful life
Machinery and other technical plant and machinery	5 years
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 cost less any impairment losses.

Inventories

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

Continuation →

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.

Accounting in and deletion from the balance sheet

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

Classification and valuation

Financial assets and liabilities have been classified into different valuation categories in accordance with Chapter 12 of BFNAR 2012:1. The classification into different valuation categories forms the basis for how the financial instruments are to be valued and how changes in value are to be reported. The fair value of financial instruments listed on an active market is determined on the basis of the asset's quoted purchase price on the balance sheet date, without any additions for transaction costs (such as brokerage) at the time of acquisition. A financial instrument is considered to be quoted on an active market if quoted prices are readily available on a stock exchange, at a trader, broker, industry organization or regulatory authority, and these prices represent actual and regularly occurring market transactions on commercial terms. Derivatives are valued at fair value over 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) Loans outstanding and accounts receivable

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

(IV) Financial assets available for sale

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

(V) Financial liabilities held for trading

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

(VI) Other financial liabilities

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

Remuneration to employees

Plans for compensation after termination of employment are classified as defined contribution. In defined-contribution plans, fixed contributions are paid to another company, normally an insurance company, and no longer has any obligation to the employee when the contributions 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 debt.

Tax

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

The valuation is based on how the recognized value of the corresponding asset or liability is expected to be recovered or adjusted.

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

Accounting of revenue

As revenue, the company recognizes the fair value of what has been received or will be received. The company therefore recognizes income at face 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. Exchange rate gains and losses on operating receivables and operating liabilities are recognized in operating profit, while exchange rate gains and losses on financial receivables and liabilities are recognized as financial items.

Note 2 Net sales per business segment and geographical market

	01/01/2018 - 31/12/2018	01/01/2017 - 31/12/2017
<i>Net sales per business segment</i>		
Electricity trading	4,133,814	2,488,041
Gas trading	785,647	439,375
	4,919,461	2,927,416
<i>Net sales per geographical market</i>		
Sweden	4,889,542	2,877,528
Denmark	200	30,847
Finland	29,719	19,041
	4,919,461	2,927,416

The information above does not include general energy tax. This amounts to SEK 28,694,000 (SEK 53,593,000) for the company.

Note 3 Other operating income

	01/01/2018 - 31/12/2018	01/01/2017 - 31/12/2017
Exchange rate gains on receivables/ liabilities of an operating nature	6,192	4,500
	6,192	4,500

Note 4 Fees and reimbursement to auditors

	01/01/2018 - 31/12/2018	01/01/2017 - 31/12/2017
<i>EY</i>		
Audit task	537	422
Audit activities in addition to the audit task	—	200
	537	622

The audit task relates to examining the annual financial statement and accounts, as well as the management by the board of directors and the CEO, other work tasks to be performed by the company's auditor, and consultancy or other assistance arising from observations from such examinations or the implementation of other work tasks.

Note 5 Operational leasing

	01/01/2018 - 31/12/2018	01/01/2017 - 31/12/2017
Lease agreements where the company is a lessee		
<i>Future minimum lease fees for non-cancellable operating leases</i>		
Within one year	-1,730	-1,364
Between one and five years	-2,739	-114
Later than five years	—	—
	-4,469	-1,478
Leasing fees recognized as expenses during the financial year	2018	2017
	-1,517	-1,346

Note 6 Employees, personnel costs and fees to the Board

	01/01/2018 - 31/12/2018	01/01/2017 - 31/12/2017
Average number of employees		
Sweden	32	32
<i>Of which men</i>	70 %	70 %

Accounting of gender distribution in company management

Gender distribution in company management	12/31/2018 <i>Percentage of women</i>	12/31/2017 <i>Percentage of women</i>
The Board	20 %	20 %
Other senior post holders	14 %	0 %

Salaries, other payments and social security costs	01/01/2018 - 31/12/2018	01/01/2017 - 31/12/2017
Board of Directors and CEO	2,032	1,932
<i>(of which bonus, etc.)</i>	(—)	(—)
Other employees	25,293	26,295
<i>(of which bonus, etc.)</i>	(1,199)	(592)
Total	27,325	28,227
Social costs	15,367	15,690
<i>(of which pension costs)</i>	(5,154)	(5,270)

Of the company's pension costs, 417 (426) refers to the group board of directors and the CEO.

Severance pay

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

Note 7 Depreciations of tangible and intangible fixed assets

	01/01/2018 - 31/12/2018	01/01/2017 - 31/12/2017
Capitalized expenditure for development work etc.	-876	-783
Improvement costs on others' property	-900	-900
	-1,776	-1,683

Note 8 Interest revenue and similar income statement items

	01/01/2018 - 31/12/2018	01/01/2017 - 31/12/2017
Interest revenue	3,257	2,115
Exchange rate gains	6,741	989
	9,998	3,104

Note 9 Interest expenses and similar income statement items

	01/01/2018 - 31/12/2018	01/01/2017 - 31/12/2017
Interest costs	-13,164	-645
Exchange rate losses	-6,960	-2,206
Other	-2,003	-1
	-22,127	-2,852

Note 10 Tax on the profit for the year

	01/01/2018 - 31/12/2018	01/01/2017 - 31/12/2017
Current tax costs	-17,190	-6,388
Deferred tax	—	—
	-17,190	-6,388

Reconciliation of effective tax	Percent	Amounts	Percent	Amounts
Income before tax		63,808		22,791
Tax according to the tax rate in force	22.0%	-14,038	22.0%	-5,014
Non-deductible expenses	5.5%	-3,526	5.9%	-1,350
Tax depreciation on improvement expenses	22.0%	30	22.0%	—
Tax attributable to previous years	-0.5%	344	0.0%	-24
Reported effective tax	49.0%	-17,190	18.1%	-6,388

Note 11 Capitalized expenditure for software and similar work

	01/01/2018 - 31/12/2018	01/01/2017 - 31/12/2017
<i>Accumulated acquisition values</i>		
At start of the year	6,381	4,943
New acquisitions	—	1,438
Reclassifications	—	—
	6,381	6,381
<i>Accumulated scheduled depreciation</i>		
At start of the year	-4,080	-3,297
Scheduled depreciation for the year	-876	-783
	-4,956	-4,080
Reported value at end of period	1,425	2,301

Note 12 Equipment, tools and installations

	01/01/2018 - 31/12/2018	01/01/2017 - 31/12/2017
<i>Accumulated acquisition values</i>		
At the beginning and end of the year	2,038	2,038
New acquisitions	—	—
Reclassifications	—	—
	2,038	2,038
<i>Accumulated scheduled depreciation</i>		
At the beginning and end of the year	-2,038	-2,038
Scheduled depreciation for the year	—	—
	-2,038	-2,038
Reported value at end of period	0	0

Note 14 Financial instruments and risk management

Maturity overview				
as at 31/12/2018,	< 1 year	2-5 years	5 years	Total
<i>Assets</i>				
Derivatives	360,583	55,654	55	416,292
Total	360,583	55,654	55	416,292
<i>Liabilities</i>				
Derivatives	110,383	35,515	451	146,349
Total	110,383	35,515	451	146,349
as at 31/12/2017,	< 1 year	2-5 years	5 years	Total
<i>Assets</i>				
Derivatives	153,783	64,730	384	218,897
Total	153,783	64,730	384	218,897
<i>Liabilities</i>				
Derivatives	104,743	59,427	1,175	165,345
Total	104,743	59,427	1,175	165,345

Note 13 Improvement expenses on other's property

	01/01/2018 - 31/12/2018	01/01/2017 - 31/12/2017
At start of the year	2,700	2,700
New acquisitions	—	—
	2,700	2,700
<i>Accumulated scheduled depreciation</i>		
At start of the year	-1,650	-750
Scheduled depreciation of acquisition value for the year	-900	-900
	-2,550	-1,650
Reported value at end of period	150	1,050

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

Financial instruments that are valued at fair value in the balance sheet

	31/12/2018		31/12/2018	
	Carrying value	Value change recognized in the income statement	Carrying value	Value change recognized in the income statement
Assets				
<i>Derivatives for which hedge accounting is not applied</i>				
Currency forwards	6,194	-9,005	15,199	-10,911
Currency options	—	—	—	—
DS futures, electricity	51,259	-21,266	72,525	-45,801
Electricity certificate futures	315,546	202,656	112,890	-44,693
Emission allowance futures	43,294	25,012	18,282	14,608
	416,293	197,397	218,896	-86,797

	31/12/2018		31/12/2018	
	Carrying value	Value change recognized in the income statement	Carrying value	Value change recognized in the income statement
Assets				
<i>Derivatives for which hedge accounting is not applied</i>				
Currency forwards	21,871	938	22,809	-1,174
Currency options	—	—	—	—
DS futures, electricity	41,667	15,936	57,603	34,102
Electricity certificate futures	58,317	19,256	77,573	-37,015
Emission allowance futures	24,494	-17,134	7,360	-6,455
	146,349	18,996	165,345	-10,542

Note 15 Prepaid expenses and deferred income

	12/31/2018	12/31/2017
Accumulated energy revenues	427,369	222,189
Other items	5,515	21,810
	432,884	243,999

Note 16 Cash and cash equivalents

	12/31/2018	12/31/2017
<i>The following subcomponents are included in cash and cash equivalents:</i>		
Bank deposits	35,176	18,841
	35,176	18,841

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 17 Number of shares

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

Note 18 Overdraft facility

	12/31/2018	12/31/2017
<i>Parent company</i>		
Approved credit limit	600,000	794,900
Unused portion	-305,220	-562,919
Credit amount utilized	294,780	231,981

Note 19 Accrued expenses and deferred income

	12/31/2018	12/31/2017
Accrued energy costs	408,180	110,670
Personnel costs	8,381	8,230
Other items	21,684	70,073
	438,245	188,973

Note 20 Additional notes on the cash flow statement

Amounts in TSEK	01/01/2018 - 31/12/2018	01/01/2017 - 31/12/2017
<i>Interest paid and dividends received</i>		
Received interest	3,257	2,115
Interest paid	-13,164	-645
<i>Adjustments for items not included in cash flow etc.</i>		
Depreciation	1,776	1,683
Unrealized exchange rate differences	-219	420
Other items	-2,003	
Change in the value of financial instruments	-216,394	97,340
	-216,840	99,443

Note 21 Profit distribution

	12/31/2018	12/31/2017
The Board of Directors proposes available unrestricted equity of SEK 103,895,020 shall be disposed of as follows:		
To be carried forward (SEK)	103,890,020	57,271,832
Total	103,890,020	57,271,832

Note 22 Contingent liabilities

	12/31/2018	12/31/2017
Pledged assets	None	None
Contingent liabilities	None	None
Tax Agency, surcharge*	None	12,201

*The Swedish Tax Agency has set requirements for surcharges attributable to a self-correction of outgoing VAT during the year. The company has disputed the claim, which is still in the legal process, but it is our assessment that the cost is likely to be charged to the Company, which is why Modity has reserved the amount of SEK 12,201,000.

Note 23 Key figure definitions

Operating margin:

Operating income / Net sales

Balance sheet total:

Total assets

Return on capital employed:

(Operating profit + financial income) / Average capital employed

Financial income:

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

Capital employed:

Total assets - interest-free liabilities

Interest-free liabilities:

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

Return on equity:

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

Equity ratio:

Total equity / Total assets

Lund 14/02/2019

Anders Ohlner
Chairman

Micke Andersson

Hans Norberg

Klas Liljegen
CEO

Michael Henriksson

Karin Lundqvist

Our audit statement was issued 15/02/2019

Niklas Paulsson
Authorized Public Accountant, Ernst & Young AB

Our detailed audit report was issued 15/02/2019

Carl Herbertsson
Lay auditor

Lars Trägen
Lay auditor

Auditor's Report

To the shareholders' meeting of Modity Energy Trading AB, org. 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 2018.

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 2018 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 2018 and of the proposal for dispositions 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 an 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, 5 March 2018

Niklas Paulsson
Authorized Public Accountant,
Ernst & Young AB



Detailed audit report for Modity Energy Trading AB 2018

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

We, as lay auditors appointed by officials in the municipalities of Helsingborg and Lund, have scrutinized the operations of Modity Energy Trading AB (org. no. 556643-4410) in 2018.

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

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

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

During the year, a special review of sensitive areas of trust was conducted. The audit shows that the company has an appropriate policy for the audited areas, and the final assessment is that the company has managed a substantially correct management of sensitive areas and that internal control in these areas has been adequate.

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 15/02/2019

Lund 15/02/2019

Carl Herbertsson
Lay auditor

Lars Trägen
Lay auditor



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modity.se



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