


Vattenfall Energy Trading A/S

Havneholmen 29
1561 København V
CVR No. 31081181

Annual report 2021

The Annual General Meeting adopted the
annual report on 25.03.2022



Penelope Annett Andersen
Chairman of the General Meeting

Contents

Entity details	2
Statement by Management	3
Independent auditor's report	4
Management commentary	7
Income statement for 2021	8
Balance sheet at 31.12.2021	9
Statement of changes in equity for 2021	11
Notes	12
Accounting policies	15

Entity details

Entity

Vattenfall Energy Trading A/S

Havneholmen 29

1561 København V

Business Registration No.: 31081181

Registered office: Copenhagen

Financial year: 01.01.2021 - 31.12.2021

Board of Directors

Frank van Doorn, Chairman

Jochen Martin Stoewahse, Vice Chairman

Penelope Annett Andersen, CEO

Executive Board

Penelope Annett Andersen, CEO

Auditors

PwC Statsautoriseret Revisionspartnerselskab

Strandvejen 44

2900 Hellerup

CVR No.: 33771231

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Vattenfall Energy Trading A/S for the financial year 01.01.2021 - 31.12.2021.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2021 and of the results of its operations for the financial year 01.01.2021 - 31.12.2021.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Copenhagen, 25 March 2022

Executive Board



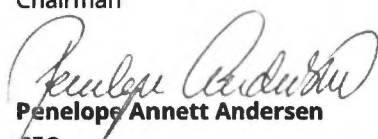
Penelope Annett Andersen
CEO

Board of Directors



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van Doorn
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Frank van Doorn
Chairman



Penelope Annett Andersen
CEO



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Jochen Stoewahse
Date: 2022.03.25
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Jochen Martin Stoewahse
Vice Chairman

Independent auditor's report

To the shareholders of Vattenfall Energy Trading A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2021, and of the results of the Company's operations for the financial year 1 January - 31 December 2021 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of B-Company for the financial year 1 January - 31 December 2021, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("financial statements").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the financial statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

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

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Management's responsibilities for the financial statements

Management is responsible for the preparation of Financial Statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Aarhus, 25 March 2022

PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab

CVR No. 33 77 12 31



Thomas Riis

State Authorised Public Accountant
mne32174



Kristian Kjær Jensen

State Authorised Public Accountant
mne35627

Management commentary

Primary activities

The Entity's activities comprise secondment of employees to other Danish entities within the Vattenfall Group and to own shares in subsidiaries.

Recognition and measurement uncertainties

The recognition and measurement of assets and liabilities are not subject to any significant uncertainties.

Development in activities and finances

The income statement for 2021 shows a gain of DKK 32,528 thousand against a gain of DKK 4,081 thousand last year, and on 31 December 2021, the balance sheet shows equity of DKK 212,236 thousand.

Overall, the Entity has been affected by income from investments of DKK 32,323 thousand in 2021 against income from investments of DKK 3,816 thousand last year.

Ensted Bulk Terminal A/S has ceased all activities in 2021. VT Shipping A/S has been sold to Vattenfall AB in 2021.

Outlook

The coal trading activities in Trading will cease in January 2022. The management expects the income from investments in group enterprises to be approximately DKK 0-5 million.

Events after the balance sheet date

After balance sheet date, it has been decided to merge the legal entity of Ensted Bulk Terminal A/S into Vattenfall Energy Trading A/S. Furthermore, due to the ceased activities in the Danish Trading entities, management expects a closing of Vattenfall Energy Trading A/S in 2022 either by merger with another Vattenfall Entity or by liquidation.

Income statement for 2021

	Notes	2021 DKK'000	2020 DKK'000
Gross profit/loss		4,103	6,131
Staff costs	2	(3,806)	(5,715)
Operating profit/loss		297	416
Income from investments in group enterprises		32,323	3,816
Other financial income		0	8
Other financial expenses	3	(36)	(81)
Profit/loss before tax		32,584	4,159
Tax on profit/loss for the year	4	(56)	(78)
Profit/loss for the year		32,528	4,081
Proposed distribution of profit and loss			
Ordinary dividend for the financial year		108,000	0
Reserve for net revaluation according to the equity method		32,242	3,816
Retained earnings		(107,714)	265
Proposed distribution of profit and loss		32,528	4,081

Balance sheet at 31.12.2021

Assets

	Notes	2021 DKK'000	2020 DKK'000
Investments in group enterprises		182,538	197,842
Financial assets	5	182,538	197,842
Fixed assets		182,538	197,842
Receivables from group enterprises	6	36,272	4,469
Deferred tax		3	4
Other receivables		87	649
Receivables		36,362	5,122
Current assets		36,362	5,122
Assets		218,900	202,964

Equity and liabilities

	Notes	2021 DKK'000	2020 DKK'000
Contributed capital	7	500	500
Reserve for net revaluation according to the equity method		101,338	83,317
Retained earnings		2,398	95,891
Proposed dividend		108,000	0
Equity		212,236	179,708
Trade payables		2	270
Payables to group enterprises		1,820	19,296
Income tax payable		57	78
Other payables		4,785	3,612
Current liabilities other than provisions		6,664	23,256
Liabilities other than provisions		6,664	23,256
Equity and liabilities		218,900	202,964
Going concern	1		
Contingent liabilities	8		
Related parties with controlling interest	9		

Statement of changes in equity for 2021

	Contributed capital DKK'000	Reserve for net revaluation according to the equity method DKK'000	Retained earnings DKK'000	Proposed dividend DKK'000	Total DKK'000
Equity beginning of year	500	83,317	95,891	0	179,708
Effect of divestments	0	(14,221)	14,221	0	0
Profit/loss for the year	0	32,242	(107,714)	108,000	32,528
Equity end of year	500	101,338	2,398	108,000	212,236

Notes

1 Going concern

The financial statements are prepared based on a going concern basis. However, due to the ceased activities in the Danish Trading entities, management expects a closing of Vattenfall Energy Trading A/S in 2022 either by merger with another Vattenfall Entity or by liquidation.

2 Staff costs

	2021 DKK'000	2020 DKK'000
Wages and salaries	2,338	3,721
Pension costs	359	549
Other social security costs	65	75
Other staff costs	1,044	1,370
	3,806	5,715
Average number of full-time employees	4	6

3 Other financial expenses

	2021 DKK'000	2020 DKK'000
Financial expenses from group enterprises	36	75
Other financial expenses	0	6
	36	81

4 Tax on profit/loss for the year

	2021 DKK'000	2020 DKK'000
Current tax	57	78
Change in deferred tax	1	(3)
Adjustment concerning previous years	(2)	3
	56	78

5 Financial assets

	Investments in group enterprises DKK'000
Cost beginning of year	114,525
Disposals	(33,325)
Cost end of year	81,200
Revaluations beginning of year	83,317
Share of profit/loss for the year	32,242
Reversal regarding disposals	(14,221)
Revaluations end of year	101,338
Carrying amount end of year	182,538

Investments in subsidiaries	Registered in	Corporate form	Equity interest %
Ensted Bulk Terminal A/S	København	A/S	100.00

6 Receivables from group enterprises

Out of the Entity's receivables from group entities, net bank deposits in the cash pool scheme in the Vattenfall Group totals DKK 35,585 thousand (2020: net bank debt of DKK 18,137 thousand)

7 Share capital

	Number	Nominal value DKK'000
A shares of DKK 1,000.00	500	500
	500	500

The Entity's share capital has remained DKK 500 thousand over the past 7 years.

8 Contingent liabilities

The Entity is jointly taxed with the Danish consolidated enterprises. As a group entity, the Entity is liable jointly and severally with other group entities for Danish corporation tax and withholding taxes on dividends, interest and royalties in the joint taxation. The jointly taxed entities' total known net liability to the Danish tax authorities is presented in the management entity's financial statements, Vattenfall A/S. Any subsequent corrections of joint taxation of income and withholding tax, etc., could cause the Entity's liability to represent a greater amount.

9 Related parties with controlling interest

Vattenfall Energy Trading A/S' related parties comprise the following:

Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent Entity's consolidated financial statements
Vattenfall AB	Stockholm, SE	Vattenfall AB, SE 169 92 Stockholm, Sweden https://group.vattenfall.com/investors/financial-reports-and-presentations

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of a few provisions for reporting class C.

The accounting policies applied to these financial statements are consistent with those applied last year.

Consolidated financial statements

Referring to section 112(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared. The financial statements for Vattenfall Energy Trading A/S and its group entities are part of the consolidated financial statements for Vattenfall AB.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognized in the most recent financial statements

is recognized in the income statement as financial income or financial expenses.

Income statement

Gross profit or loss

With reference to section 32 of the Danish Financial Statements Act, the items 'Revenue' and 'Other external expenses' are consolidated into one item designated 'Gross profit'.

Revenue

Income from the supply of services is recognized as revenue with reference to the stage of completion. VAT and discounts are excluded from the revenue.

Revenue is measured net of all types of discounts/rebates granted. Also, revenue is measured net of VAT and other indirect taxes charged on behalf of third parties.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Entity's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

Income from investments in group enterprises

This item includes the Entity's proportionate share of the profit or loss for the year net of tax and adjustment of intra-group gains/losses in jointly owned entities. Reference is made to the description of investments below.

Other financial income

Other financial income are recognised in the income statement at the amounts that relate to the reporting period. Other financial income include interest income, dividends declared, realised and unrealised capital and exchange gains on securities and foreign currency transactions, and surcharges and allowances under the advance payment of tax scheme, etc.

Other financial expenses

Other financial expenses are recognised in the income statement at the amounts that relate to the reporting period. Other financials include interest expenses, realised and unrealised capital and exchange losses on securities and foreign currency transactions, amortisation of mortgage loans and surcharges and allowances under the advance payment of tax scheme, etc.

Tax on profit/loss for the year

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The entity and its Danish group entities are taxed on a joint basis. The Danish income tax charge is allocated between profit-making and loss-making Danish entities in proportion to their taxable income (full allocation method).

Jointly taxed entities entitled to a tax refund are, as a minimum, reimbursed by the management entity according to the current rates applicable to interest allowances, and jointly taxed entities having paid too little tax pay, as a maximum, a surcharge according to the current rates applicable to interest surcharges to the management entity.

Balance sheet**Investments in group enterprises**

Investments in subsidiaries are measured, using the equity method, at the parent's proportionate share of such entities' equity plus goodwill on consolidation and intra group losses and less intra group gains and negative goodwill, if any. Investments in entities whose net asset value is negative are measured at DKK 0. The entity's proportionate share of a deficit on equity, if any, is set off against receivables from the investment in so far as the deficit is irrecoverable. Amounts in excess thereof are recognised under 'Provisions' in so far as the parent has a legal or constructive obligation to cover the deficit.

Newly acquired or formed entities are recognised in the financial statements from the date of acquisition or formation. Entities sold or otherwise disposed of are recognised up to the date of disposal.

Impairment of non-current assets

Investments in subsidiaries are reviewed for impairment on a yearly basis. Where there is indication of impairment, an impairment test is made for each individual asset or group of assets, respectively, generating independent cash flows. The assets are written down to the higher of the value in use and the net selling price of

the asset or group of assets (recoverable amount) if it is lower than the carrying amount. Where an impairment loss is recognised on a group of assets, a loss must first be allocated to goodwill and then to the other assets on a pro rata basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Equity

Reserve for net revaluation according to the equity method

The net revaluation reserve according to the equity method includes net revaluations of investments in subsidiaries and associates relative to cost. The reserve can be eliminated in case of losses, realisation of investments or a change in accounting estimates. The reserve cannot be recognized at a negative amount.

Deferred tax

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognized on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set off against tax on future income or as a set off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Dividend

Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Tax receivable or payable

Current tax payables and receivables are recognized in the balance sheet as the estimated income tax charge for the year, adjusted for prior year taxes and tax paid on account.

Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan. Financial liabilities also include the capitalised residual lease liability in respect of finance leases.