

2020

# **ANNUAL REPORT**

SET Swiss Energy Trading AG



## ANNUAL REPORT 2020 - FOREWORD

### SET SWISS ENERGY TRADING



The energy markets were impacted by the pandemic crisis during the year 2020. The EU gas consumption decreased by more than 10% in the second quarter of 2020 year-on-year due to lockdown measures.

Globally, the EU decrease in gas consumption amounted to 12 bcm, down by 3%, compared to 2019. The consumption was also limited due to a relatively mild weather in 2020. At the end of December 2020, the Brent crude oil price reached a level of USD 51/bbl and the Dutch TTF spot gas price a level of € 19/MWh.

Gas prices were impacted by a volatile LNG supply. LNG imports in Europe fell by 27% in the fourth quarter of 2020 year-on-year due to price premiums paid in Asia which resulted in cargo redirections towards the Asian gas markets. During the last period of 2020, the carbon prices showed a measurable increase rising from around € 27/TCO<sub>2</sub>eq. to € 32/TCO<sub>2</sub>eq. However, in the spring 2021, the carbon price rose above € 50/TCO<sub>2</sub>eq. for the first time, showing that investors strongly believe in new climate ambitions with the energy transition.

In 2020, total gas trade in the EU amounted to 66,218 TWh, 14% more than the previous year. The share of the TTF hub increased to 74% by the end of 2020 and emerged as the liquid continental benchmark.

In Switzerland, the gas consumption decreased by 2.6% compared to 2019. Globally, 37.2 TWh were delivered to the Swiss customers. During this fiscal year, Swiss Energy Trading presented a strong financial result and the new business strategy was approved by the Board of Directors.

SET looks forward to the future with confidence by developing new activities in the gas wholesale sector.

On behalf of the entire Board of Directors, I would like to thank the entire SET team for the excellent work done during the year. I further would like to extend my gratitude and appreciation to my colleagues on the Board and the members of our Risk Committee for their continued support and excellent cooperation throughout the year.

**René Bautz**  
*Chairman of the Board*

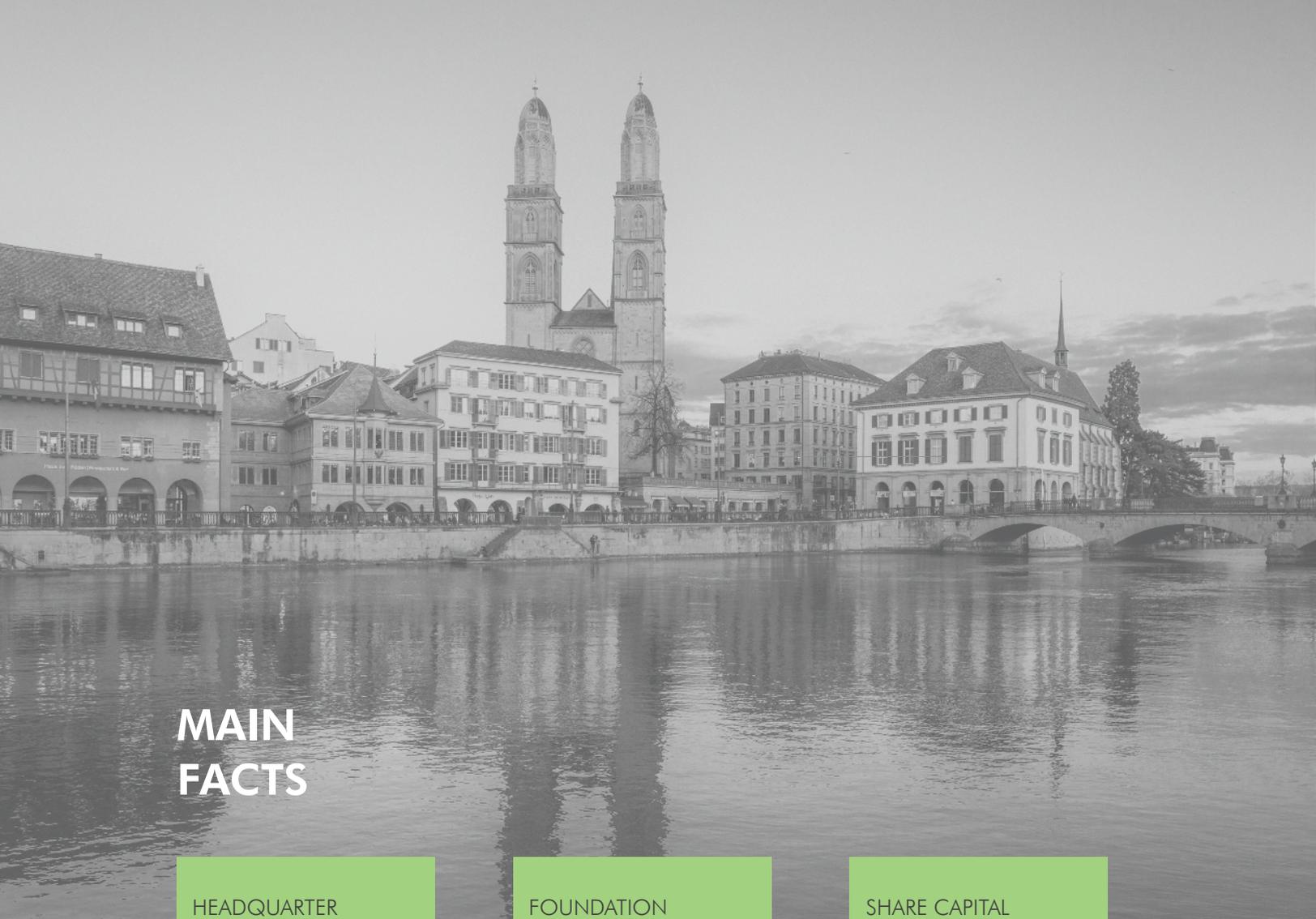


## ABOUT SET

SET Swiss Energy Trading AG (SET) was established in 2009 in order to become the joint trading arm for Swiss regional gas suppliers. SET is consolidating and developing the natural gas sales & purchase of their portfolios.

Since December 2019, SET belongs to Gasverbund Mittelland AG, Gaznat SA and Erdgas Zentralschweiz AG, which have a long tradition in the Swiss natural gas market with procuring natural gas for their shareholders (Swiss municipalities and distributors) and transporting it to them all over the country. They present strong partners and support for SET.

With a very successful twelve-year history of growth SET is still a young and growing energy trading company. Overall SET traded 50 TWh – out of which 25 TWh were traded with the shareholders. SET is situated in Zürich and serves a wide range of clients including the shareholders with focus on innovative product development in the wholesale and trading segment. The service-oriented performance, highly qualified and motivated employees, as well as modern customer-oriented energy solutions make SET an attractive business partner not only to its shareholders but also to third parties.



## MAIN FACTS

HEADQUARTER

**Zürich**

FOUNDATION

**March 2009**

SHARE CAPITAL

**40 Mio CHF**

## CORE ACTIVITIES

SET's aim is to provide a flexible and reliable service for its shareholders and business partners through ongoing improvements and innovative development.

- Market access and state of the art hedging services, incl. portfolio optimization and managing portfolio price risk
- Tailor-made products designed for the individual needs
- Trading in the European Gas Market

## MAIN TRADING FIGURES 2020

TURNOVER NATURAL GAS

**229** MEUR

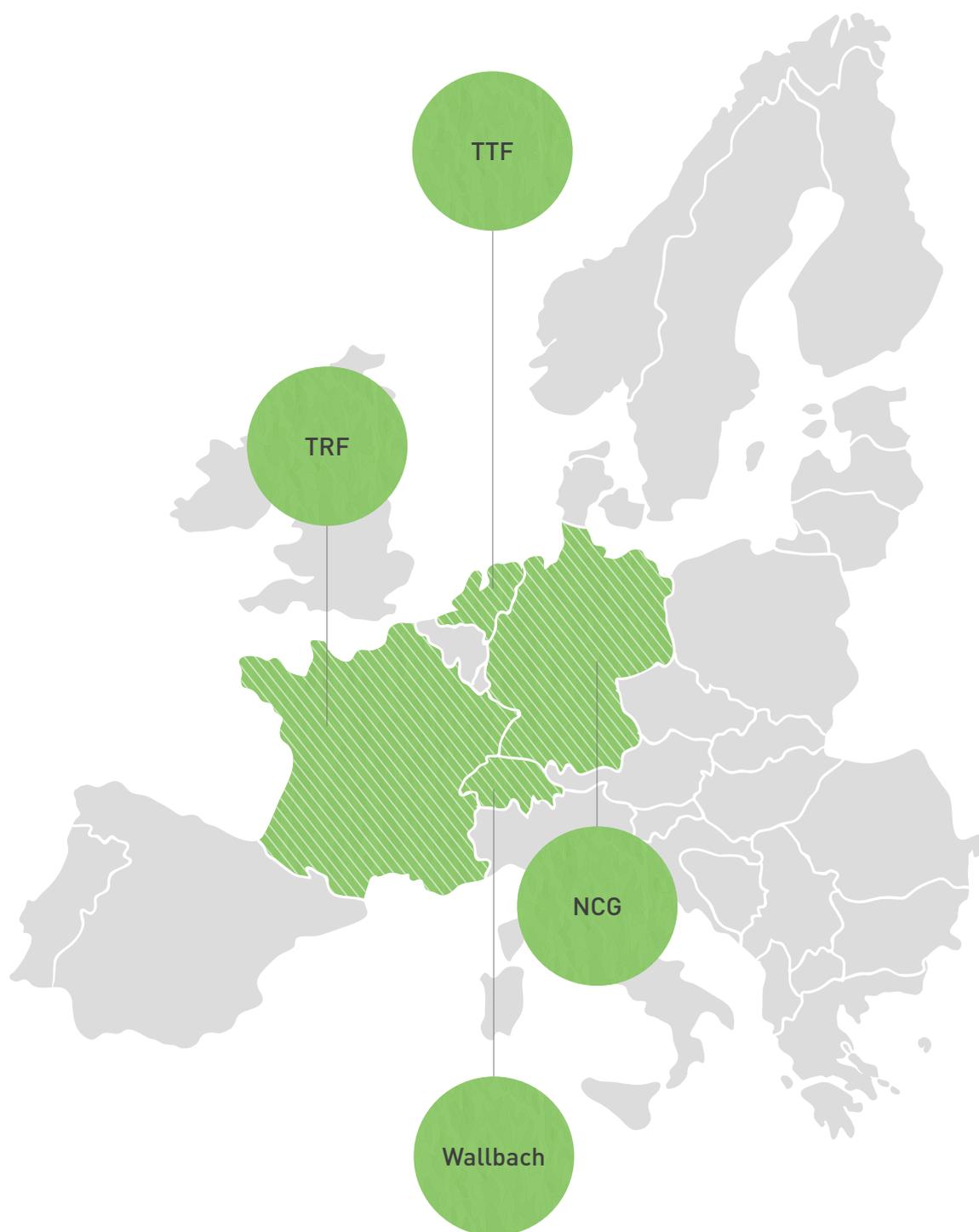
TRADED VOLUME NATURAL GAS

**50** TWh

VOLUME TRADED WITH SWISS SHAREHOLDERS



# MARKET PRESENCE



## RANGE OF PRODUCTS OFFERED BY SET

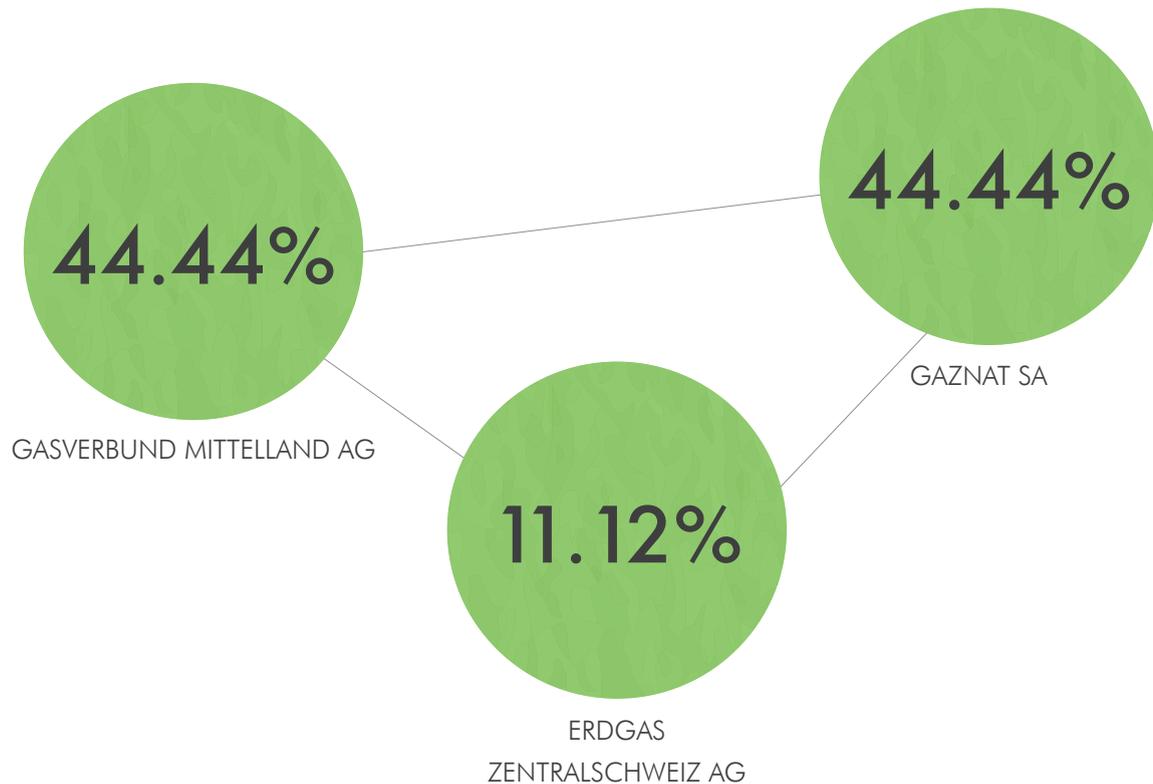


## SET IN 2020

Despite the world changing due to covid-19 SET was able to provide all services with the accustomed high quality.

The business grew and targets were exceeded. The notional volume of 50 TWh of natural gas was traded via SET on the European markets, whereas the demand was strongest traditionally during the 1st and 4th quarter. All the products, including the non-liquid ones, have been available for the customers of SET via an online platform. It gives the customers of SET a full price umbrella and the certainty of receiving a quote that meets their specific needs. In 2020 SET continued to develop new innovative products for its customers designed for their specific needs including 24/7 market access.

# SHAREHOLDER STRUCTURE



## BOARD OF DIRECTORS



## MANAGEMENT OF SET

CHAIRMAN OF THE BOD

**René Bautz**

CEO a.i.  
(20% FTE, till June 2020)

**Bernhard Brodbeck**

DELEGATE OF THE BOD  
(since July 2020)

**André Dosé**

HEAD OF TRADING

**Nicolai von Kistowski**

# AUDIT REPORT 2020

To the General Meeting of  
SET Swiss Energy Trading AG, Zürich

Zurich, 6 April 2021

## Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the accompanying financial statements of SET Swiss Energy Trading AG (pages 10 to 11), which comprise the balance sheet, income statement, cash flow statement and notes, for the year ended 31 December 2020.

### BOARD OF DIRECTORS' RESPONSIBILITY

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the

preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

### AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or

error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements 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 entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### OPINION

In our opinion, the financial statements for the year ended 31 December

2020 comply with Swiss law and the company's articles of incorporation.

# AUDIT REPORT 2020

## Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which

has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

### Ernst & Young Ltd

Michael Bugs

*Licensed audit expert  
(Auditor in charge)*

Stefan Nef

*Licensed audit expert*

### ENCLOSURES

- Financial statements (balance sheet, income statement, cash flow statement and notes)
- Proposed appropriation of available earnings

# ANNUAL ACCOUNTS AS AT 31 DECEMBER 2020 / 2019

INCOME STATEMENT	2020 CHF	2019 CHF
Net proceeds from the sale of goods or services	274,700,199.60	388,392,088.11
Market assessment	-698,723.78	1,049,933.19
<b>Total trading income</b>	<b>274,001,475.82</b>	<b>389,442,021.30</b>
Income from fees	1,159,000.04	1,423,077.50
<b>Total income</b>	<b>275,160,475.86</b>	<b>390,865,098.80</b>
Cost of materials (gas, options and capacity purchases)	271,355,764.29	387,652,895.30
<b>Total net trading income</b>	<b>3,804,711.57</b>	<b>3,212,203.50</b>
Personnel expenses	1,419,660.22	1,202,708.22
Other operating expenses	1,476,109.93	1,175,876.33
<b>Operating income before interest, tax, depreciation and amortisation</b>	<b>908,941.42</b>	<b>833,618.95</b>
Amortisation, depreciation and impairment losses	0.00	0.00
<b>Operating income before interest and tax</b>	<b>908,941.42</b>	<b>833,618.95</b>
Financial income / other non-operating income	202,688.40	111,085.29
Financial expenses / other non-operating expenses	18,577.70	216,023.77
<b>Net financial income</b>	<b>184,110.70</b>	<b>-104,938.48</b>
<b>Net income before tax</b>	<b>1,093,052.12</b>	<b>728,680.47</b>
Taxes	261,712.20	182,232.75
<b>ANNUAL PROFIT</b>	<b>831,339.92</b>	<b>546,447.72</b>

# ANNUAL ACCOUNTS AS AT 31 DECEMBER 2020 / 2019

BALANCE SHEET	31.12.2020 CHF	31.12.2019 CHF
<b>ASSETS</b>		
<b>Current assets</b>		
<b>Cash and cash equivalents</b>	<b>9,812,651.32</b>	<b>2,898,365.29</b>
Accounts receivable from third parties	10,236,060.46	14,891,270.82
Accounts receivable from participants & Management Bodies	28,226,640.06	28,746,411.50
<b>Accounts receivable</b>	<b>38,462,700.52</b>	<b>43,637,682.32</b>
Other current receivables from third parties	161,735.00	150,688.01
Other current receivables from participants & Management Bodies	5,000,000.00	0.00
<b>Other current receivables</b>	<b>5,161,735.00</b>	<b>150,688.01</b>
Market valuation derivative instruments	1,621,535.00	2,320,258.78
Other accrued income and prepaid expenses	132,151.34	22,915.30
<b>Accruals</b>	<b>1,753,686.34</b>	<b>2,343,174.08</b>
<b>Total current assets</b>	<b>55,190,773.18</b>	<b>49,029,909.70</b>
<b>Non-current assets</b>		
Other financial assets from participants & Management Bodies	7,000,000.00	18,000,000.00
<b>Financial assets</b>	<b>7,000,000.00</b>	<b>18,000,000.00</b>
<b>Property, plant and equipment</b>	<b>0.00</b>	<b>0.00</b>
<b>Intangible assets</b>	<b>0.00</b>	<b>0.00</b>
<b>Non paid-in share capital</b>	<b>20,000,000.00</b>	<b>20,000,000.00</b>
<b>Total non-current assets</b>	<b>27,000,000.00</b>	<b>38,000,000.00</b>
<b>TOTAL ASSETS</b>	<b>82,190,773.18</b>	<b>87,029,909.70</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable to third parties	32,428,865.49	33,501,533.71
Accounts payable to participants & Management Bodies	3,858,155.03	8,372,487.09
<b>Accounts payable</b>	<b>36,287,020.52</b>	<b>41,874,020.80</b>
Other current payables to third parties	2,570,022.00	3,674,224.11
<b>Other current liabilities</b>	<b>2,570,022.00</b>	<b>3,674,224.11</b>
Market valuation derivative instruments	0.00	0.00
Other deferred income and accrued expenses	1,383,385.16	135,926.55
<b>Accruals</b>	<b>1,383,385.16</b>	<b>135,926.55</b>
<b>Short-term provisions</b>	<b>1,000,001.70</b>	<b>676,734.35</b>
<b>Total current liabilities</b>	<b>41,240,429.38</b>	<b>46,360,905.81</b>
<b>Total liabilities</b>	<b>41,240,429.38</b>	<b>46,360,905.81</b>
<b>Equity</b>		
<b>Share capital 40,000 registered shares with a nominal value of Fr. 1,000.00 each</b>	<b>40,000,000.00</b>	<b>40,000,000.00</b>
<b>Statutory reserves</b>	<b>112,904.81</b>	<b>85,582.43</b>
<b>Balance sheet profit (- loss)</b>	<b>837,438.99</b>	<b>583,421.46</b>
Retained profit (+) / loss (-)	6,099.07	36,973.74
Net profit	831,339.92	546,447.72
<b>Total shareholders' equity</b>	<b>40,950,343.80</b>	<b>40,669,003.89</b>
<b>TOTAL LIABILITIES</b>	<b>82,190,773.18</b>	<b>87,029,909.70</b>



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