

# Annual review 2021



# Contents

YEAR 2021	3 eSett in brief 4 Year 2021 highlights 5 CEO's review
STRATEGY	6 Vision and values 7 Strategy 10 Operating environment 11 Case: Denmark and single balance up and running
BUSINESS	12 Customer Committee represents the market participants 12 Case: Markets getting their voice heard 13 Customer satisfaction in 2021
SUSTAINABILITY	14 Implementing UN's Sustainability Development Goals at eSett 16 eSett's carbon footprint
EMPLOYEES	17 Meaningful and interesting working environment 18 Development and well-being 19 Case: Versatility and great colleagues
GOVERNANCE	20 Governance 21 Board of Directors 2021 23 Management Group
REPORT ON OPERATIONS 2021	24 Report on operations 2021 Capital expenditures Financing Risk management Imbalance Settlement Nordic Imbalance Settlement Handbook ICT Settlement statistics
FINANCIAL STATEMENTS	27 Financial Statements





## Year 2021

eSett in brief

> Year 2021 highlights

> CEO's review

# eSett in brief

eSett **WAS**  
**FOUNDED IN 2013**,  
its imbalance settlement  
operations started in May 2017.

**18** (3 part timers) was the  
**NUMBER OF**  
**FULL-TIME EMPLOYEES**  
at year-end 2021.

TURNOVER  
FOR 2021 was  
**EUR 7.5**  
million.

**HEADQUARTERED**  
in Helsinki,  
Finland.



**CARRIES OUT IMBALANCE SETTLEMENT**  
based on the harmonized Nordic Imbalance  
Settlement (NBS) model and provides equal  
operational conditions for Balance Responsible  
Parties within the NBS area.

TOTAL SETTLED  
AMOUNT FOR  
2021 was  
**2,586 MEUR**

**SERVES MORE THAN**  
**1,500**  
electricity market participants.

**JOINTLY OWNED BY THE NORDIC**  
**TRANSMISSION SYSTEM OPERATORS – (TSO)**  
Energinet (Denmark), Fingrid (Finland), Statnett (Norway),  
and Svenska kraftnät (Sweden) – have equal shares.

**RESPONSIBLE FOR IMBALANCE**  
**SETTLEMENT** and invoicing the Balance  
Responsible Parties (BRP) in Denmark, Finland,  
Norway, and Sweden.



## Year 2021

> eSett in brief

> Year 2021 highlights

> CEO's review

# Year 2021 highlights

## JANUARY

### Notifications

New Online Service Notifications was taken into use, supporting business processes of market participants and improving the efficiency of daily tasks in online services.

## FEBRUARY

### Denmark joined eSett

eSett welcomed Denmark to the Nordic imbalance settlement that enhances the collaboration between Nordic market participants. Their harmonization increases the efficiency of the markets and brings synergy to all parties.

## MARCH

### Annual Review 2020

eSett published Annual Review for 2020.

### Confirmation of 15-minute ISP go-live

The Nordic TSOs confirmed May 22, 2023 as the go-live date for 15-minute imbalance settlement period (ISP).

## MAY

### Customer Committee meeting

eSett's 9th Customer Committee meeting was held online. Its main topics were eSett news, transition to 15-min settlement, and other developments, such as the commissioning of the Finnish Datahub, a centralized information exchange system for the electricity retail market.

## SEPTEMBER

### Website, Blog, and Newsletter renewed

### Imbalance Purchase record

The yearly total consumption imbalance purchase amount in the Nordics reached 1 billion euros for the first time in eSett history.

## OCTOBER

### Settlement conference in Sweden

At the Ediel and Settlement conference organized by Svenska kraftnät, eSett gave a presentation about its latest news, met customers, and focused on its market developments.

### NBS Handbook updated

eSett published an updated version of NBS Handbook for the single balance model. The updates included new terminology as well as renewed pricing and fees.

### Customer Satisfaction Survey

Our Customer Satisfaction Survey was sent to people with an active Online Service account. 236 responses were received, and satisfaction was at an all-time high, with an average of 4.13 out of five.

## NOVEMBER

### Settlement conference in Norway

At the Settlement conference organized by Statnett, eSett gave an update on its latest news and an overview of the introduction of the 15-minute ISP.

### Customer Committee meeting

eSett's 10th Customer Committee meeting covered topics like the latest eSett news, new collateral model pilot, new ECP channel, and 15-minute commissioning feedback and plans. The results of the Customer Satisfaction Survey were presented.

### From Two Balance to Single Balance

Single balance and single price settlement model was implemented at the beginning of November.

### Bilateral trade Request

A new customer improvement was implemented in the Online Service Dashboard.

## DECEMBER

### Employee Satisfaction Survey

eSettlers were satisfied with their employer – our Employee Net Promoter Score (eNPS) is 88.

## Year 2021

- > eSett in brief
- > Year 2021 highlights
- CEO's review

# CEO's review

The year 2021 was special in many ways and set us new challenges. eSett's engaged and motivated staff faced them with enthusiasm and joy, making us successful in our endeavors. We met the goals that our stakeholders had set us.

## Harmonization brings socio-economic benefits

In 2020, we were preparing for the Danish market becoming our settlement services customers. In February 2021, Denmark joined the Nordic imbalance settlement as planned. We were very happy to see how professionally our new customers started to use the services even though we had not had a chance to meet them face to face due to the COVID-19 pandemic. Together, we were able to build cooperation and mutual understanding as well as good practices in the daily tasks.

I am glad that the settlement operations across the Nordics are now harmonized, helping the electricity market to operate efficiently.

## Green transition in the electricity market

Electricity market is undergoing one of the biggest changes in its history

as it takes measures to tackle climate change. eSett is pleased to be one of the enablers of this transition.

One milestone was reached at the beginning of November when the single price and single position settlement model was taken into use. The new model enables balance responsible parties to handle their imbalances more efficiently, and the new model was warmly welcomed by the market.

Being one of the first steps in the Nordic Balancing Model roadmap, the single price and single balance model will also pave the way to further changes. One of these is 15-minute settlement to be taken into use in May 2023.

## Market volatility increased risk positions

The electricity market with its high prices and price volatility showed us how it affects our daily operations.

At the end of the year, imbalance prices were in many market balance areas (MBA) at their highest in eSett's history. This increased the risks in the market operations and led to high collateral demands. Under these new conditions, the market participants were able to manage their portfolios well and carry out their responsibilities in the market.



## Together!

eSett has been planning the company's future with the guidance of our customers and Board of Directors.

In addition to our traditional customer survey, we carried out an in-depth operation environment analysis and interviewed our customers to find out their opinions about our current service and how they would like to see it developed in the future.

We received very good feedback from the interviews, which was not

surprising – our customer survey results were better than ever before! The interviews also gave us many good development ideas and guidance on how to improve our operations. Keeping this input in the mind, the Board of Directors decided on a new strategy for the company, bravely looking into the future.

We settle together,  
*Minnakaisa Ahonen*



## Strategy

Vision and values

> Strategy

> Operating environment

> Case: Denmark and single balance up and running

# Vision and values

eSett's vision '**we are a forerunner in providing settlement services for energy market across borders**' is perfectly aligned with the vision of the Nordic Council of Ministers 'The Nordic region will become the most sustainable and integrated region in the world in 2030.' Our vision steers us towards a better tomorrow and aims for the same goals:

- A green Nordic Region – together with the market, the settlement model is developed so it will support the move towards carbon neutrality by, for example, building readiness for the 15-minute settlement support.
- A competitive Nordic Region – together, we will promote efficient and harmonized settlement practices and digital services across the Nordic region.
- A socially sustainable Nordic Region – we settle together and promote an equal and interconnected market with the same opportunities, shared responsibilities and services, thus increasing welfare in the Nordics.

Our values drive us to settle energy imbalances transparently and serve our customers with precision and expertise.

## Accountability

We take care of the tasks and responsibilities set for eSett by the owners and customers, taking responsibility over our own work, efficiency, quality, achievements, and understanding the significance of our own work to the customer and society.

We ensure that we fulfil our promises to our stakeholders in all situations and deal with confidential matters responsibly so that privacy and confidentiality are guaranteed. We behave so that stakeholders can put their trust in eSett.



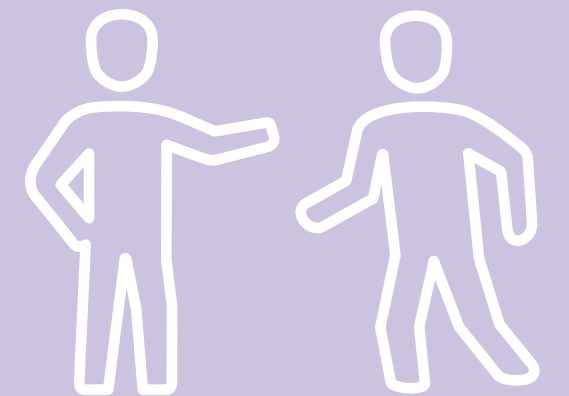
## Openness

We rely on openness. It is achieved by sharing information and communicating in an understandable and timely manner. We operate as a team and help and support colleagues and customers. We encourage cooperation, the free exchange of opinions, and genuine listening, allowing different kinds of opinions as well as giving and receiving feedback in a constructive manner.



## Equality

We are committed to promoting equality in our activities. Equality requires us to value each employee and their work, be proactive in ensuring the well-being of our personnel. On the other hand, equality means that we respect our stakeholders and treat them all in a similar manner. The guiding principle is that every customer has the same high-quality service to help them succeed in the market.



## Readiness

We are ready for the future. Current operations are on a solid basis when we support a well-functioning electricity market and bring efficiency to society today and tomorrow. We are bold and open to new ideas, question things and bring about new solutions. We are ready for change and renewal, and we develop our expertise in a systematic way.



## Strategy

- > Vision and values
- Strategy
- > Operating environment
- > Case: Denmark and single balance up and running

# We settle, together

We provide timely and reliable settlement services. Over 1,000 market participants in Denmark, Finland, Norway, and Sweden participate in the settlement. We understand the process of how balances are created every moment across the energy market. We deliver our customers ease, effectiveness, and reliability by covering the task of imbalance settlement with high professionalism.

## VISION

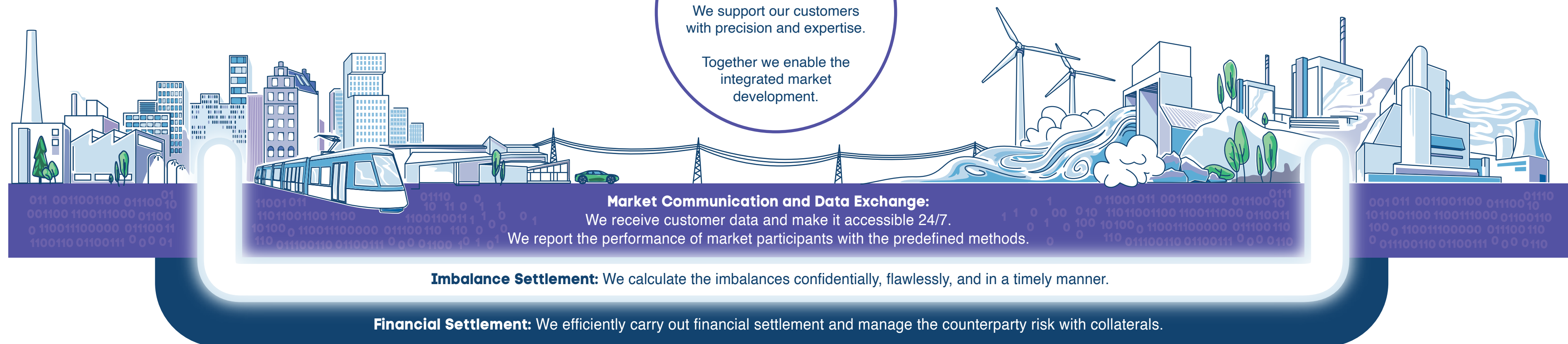
We are a forerunner in providing advanced services for energy market across borders.

## MISSION

We settle energy imbalances transparently.

We support our customers with precision and expertise.

Together we enable the integrated market development.



## WE DELIVER

our services in a transparent and trusted way.

## FIND US IN

- Denmark
- Finland
- Norway
- Sweden

## SUCCESS FACTORS

- Customer orientation
- Skilled personnel
- Efficiency

## VALUES

- Accountability
- Equality
- Openness
- Readiness





## Strategy

> Vision and values

Strategy

> Operating environment

> Case: Denmark and single balance up and running

# Strategy

In 2021, eSett's strategy was renewed as the goals of the previous 'Ready for the future' strategy were mostly achieved through the geographical expansion to Denmark and several market initiatives either implemented in 2021 or ready to take place in 2022. The horizon of the renewed strategy was extended to 2026.

The cornerstone of our strategy is based on the results of the strategic environmental analysis carried out in spring 2021. The objective of the analysis was to understand the expectations and business environment changes of our stakeholders and to lay the foundation for making strategic choices.

Some twenty stakeholders, including balance responsible parties, national regulators, and eSett's owners, were interviewed to find out 1) how we are seen as an imbalance settlement partner, 2) if we are acting in accordance with our values, 3) what should we focus on in the future, and 4) what are our strengths, weaknesses, opportunities, and threats.

## Our three success factors

### Customer orientation

- We focus on reliable and timely imbalance settlement. We have continuous dialogue with our customers. We are a trusted and transparent partner.
- We deliver value to all our stakeholders and develop our services for the electricity markets.

### Skilled personnel

- We respect and take care of our personnel. We provide an interesting and challenging work environment.
- We ensure that we have the right number of skilled personnel to offer high-quality services.
- We strengthen our expertise with external resources but keep the understanding of core processes in-house. We respect and take care of our external partners.

### Efficiency

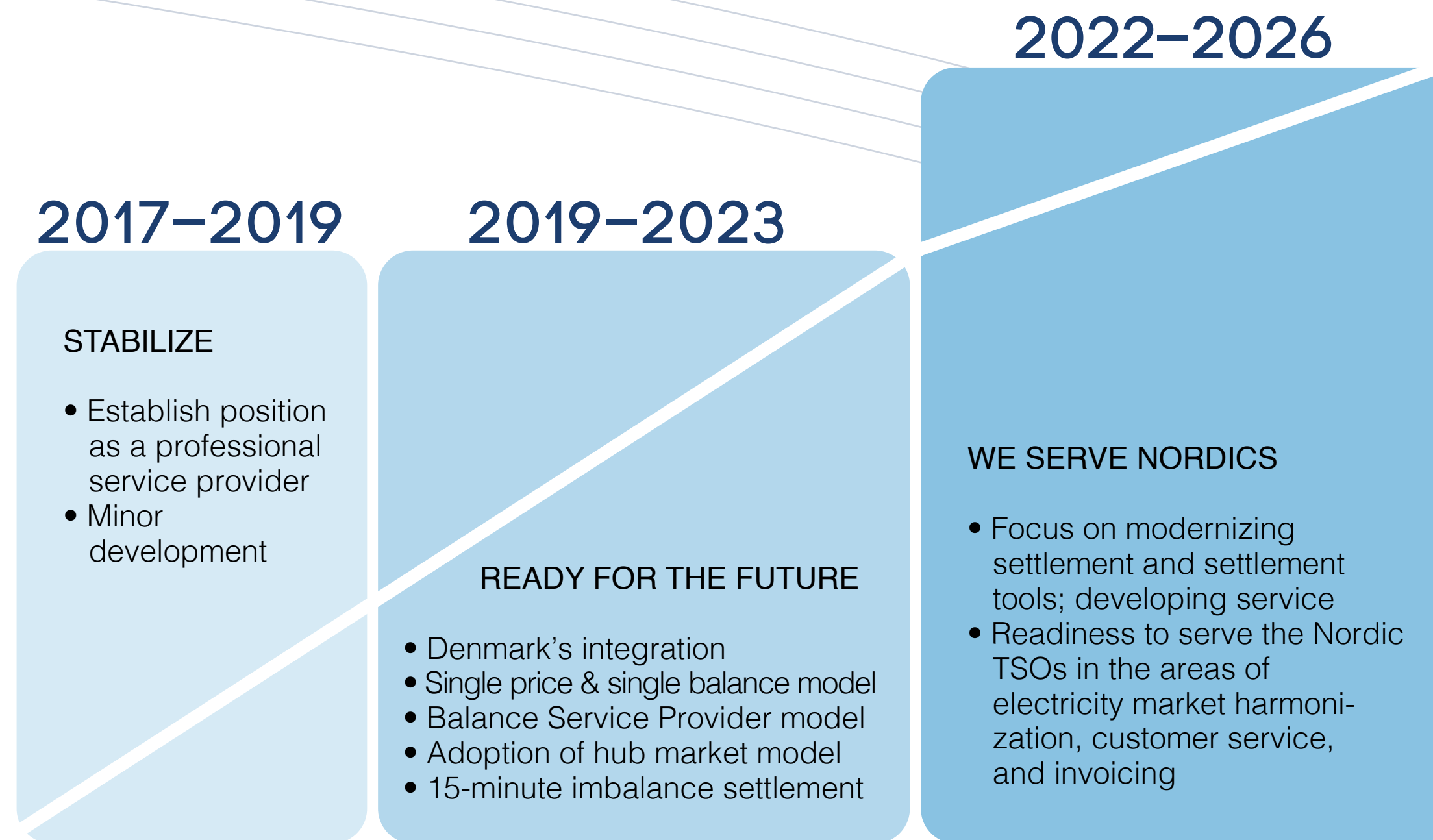
- We enhance the efficiency of our operations by using appropriate information systems and modern communication tools.
- We facilitate the efficiency of market operations by making data easily and clearly accessible to the market.



## Strategy

- > Vision and values
- Strategy
- > Operating environment
- > Case: Denmark and single balance up and running

# We serve Nordics by providing high-quality, low entry services.



The main message from our stakeholders was clear:

- The majority thought that eSett has done an excellent job and core settlement is in good hands. Centralizing imbalance settlement has improved efficiency and service to market participants.
- eSett is operating in accordance with its values.
- eSett should focus on implementing the market changes in a timely and reliable manner.
- Future harmonization of the electricity market services was also welcomed.

Our new strategy – We serve Nordics – focuses on meeting the market expectations by providing high-quality and low entry services for the Nordic area. The goal is to strengthen eSett to be able to help the Nordic TSOs to provide services in the areas where electricity market harmonization initiatives are being implemented or the Nordic-wide customer and invoicing services are seen beneficial from the socio-economic point of view.

Still, the goal is to achieve stable core settlement, and the timely

implementation and commissioning of market initiatives are at the core of the strategy as per the wishes of the market participants.

Our strategy is based on three success factors: customer orientation, skilled personnel, and efficiency. Our customer orientation is manifested in our focus on reliable and timely imbalance settlement. To prosper, we need skilled personnel. Efficiency is vital to us, so we enhance our operations by using appropriate information systems and modern communication tools.



## Strategy

- > Vision and values
- > Strategy
- > Operating environment
- > Case: Denmark and single balance up and running

# Operating environment

The Nordic electricity market is moving towards a green, harmonized, and integrated market in Europe. In the coming years, a higher time resolution settlement will be introduced, and the single balance model was already successfully launched in November 2021. Imbalance settlement is now and will be the backbone of a well-functioning electricity market.

The purpose of imbalance settlement is to establish a financial balance in the market. eSett's customers, i.e., balance responsible parties, are financially responsible of their imbalances which are controlled by imbalance power. In the single balance model, there is only one price for imbalances regardless of the direction of the Balance Responsible Party's (BRP) position.

Based on this price, imbalance volumes are priced for each imbalance settlement period, according to the prices that are generated in the regulation power market together with the incentivizing component. Power exchange day-ahead price has a strong connection to regulation power prices and imbalance prices.

Year 2020 is remembered as an extreme year for the Nordic electricity

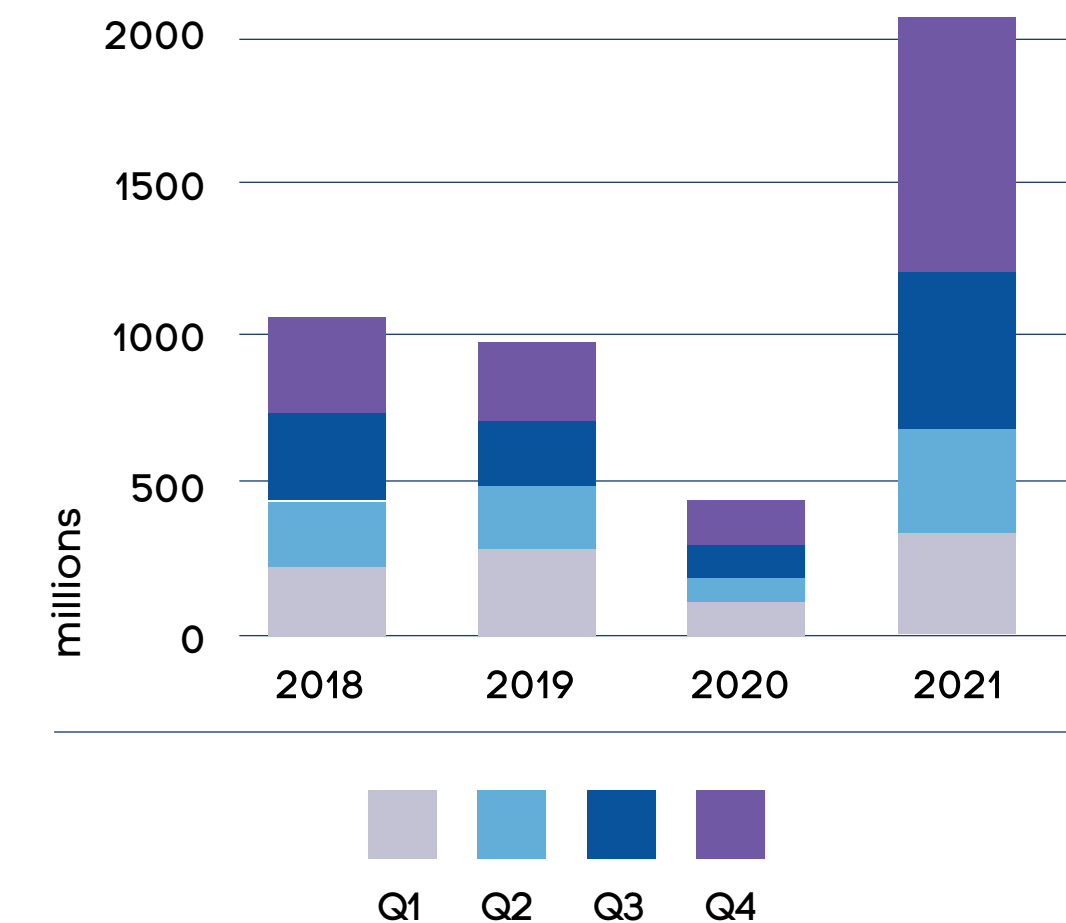
market, with the monthly average system price below EUR 10/MWh for six months in a row. Negative prices in some price areas were not exceptional, and average prices were very low. This was mainly due to the shutdowns of the region's economies and the heavy rainfall in the Nordics.

As opposed to this, in 2021 the Nordic system price rose to record highs in November, and average prices were exceptionally high in the second half of the year. Also, the regulation power market price cap (EUR 5,000/MWh) was reached for the first time in November.

The imbalance price is reflected in the cash flow managed by eSett, and high prices give rise to a significant counterparty risk for eSett. Therefore, each BRP must provide collateral to eSett as a security against the risk that the BRP is unable to fulfil its financial obligations against eSett.

eSett uses a dynamic collateral model: collateral requirements are calculated daily for each BRP, based on latest settlement and price data. Because of the high prices, eSett's collateral requirements were higher than ever before in the second half of 2021.

Settled imbalance amounts (EUR)  
2018–2021 per quarter





## Strategy

- > Vision and values
- > Strategy
- > Operating environment

Case: Denmark and single balance up and running



# CASE

## Denmark and single balance up and running

**2** 021 saw the completion of two important project for eSett: Denmark joined the Nordic imbalance settlement at the beginning of February, and the single price and single balance model went live on November 1.

To bring Denmark into the Nordic imbalance settlement, eSett needed to get a better understanding of the Danish market. It differed somewhat from the other Nordic countries, being more liberal and having fewer rules and regulations.

“This meant that Energinet wanted some modifications to the settlement model, so we needed to find a solution that would be acceptable for all parties,” says Advisor **Tuomas Pulkkinen**, who was in charge of the project.

The modifications made in the settlement system can be and are in fact

already utilized in other countries, too.

Now the same harmonized system is used in Finland, Sweden, Norway, and Denmark; this makes it easier for balance responsible parties to operate in more than one country and even to expand their operations to new areas.

Introducing the single balance model is a step towards harmonizing the imbalance calculation and pricing principles on the European level, as EU regulation requires.

Previously, imbalances were calculated and settled separately for both production and consumption. After the implementation of the single balance model, only one imbalance is calculated and settled, and a single price is used instead of two.

“This allows market operators to streamline their operations. Single

balance model makes it easier to make accurate forecasts and manage imbalances more efficiently,” says Advisor **Kim Saarijärvi**.

The two projects were successful: they were completed on time and the feedback has been good. Both project managers agree that the one thing still requiring more work is communication.

“From the Customer Committee we have heard that even though they were happy with the single balance project, information could be shared even more actively. I also find that it is important to keep people up-to-date internally, so we can react to possible challenges in any project more quickly,” Saarijärvi sums up.



## Business

Customer Committee represents the market participants

- > Case: Markets getting their voice heard
- > Customer satisfaction in 2021

# Customer Committee represents the market participants

The purpose of eSett's Customer Committee is to provide a possibility for dialogue between eSett and its stakeholders. Furthermore, the Committee provides a forum for customers to bring up their viewpoints on developing and improving the Nordic Imbalance Settlement model and eSett's services.

The Committee Members are appointed for a two-year term to represent their market roles, namely distribution system operators (DSO), transmission system operators (TSO), and balance responsible parties (BRP)/retailers. In addition, regulators are invited to participate in the meetings.

In the Committee, both eSett and the market participants can address relevant issues in relation to the market roles they represent. Topics discussed regularly in the meetings included recent operational news from eSett, customer satisfaction survey results, and developments related to the market or balance model.

## MARKETS GETTING THEIR VOICE HEARD

In eSett's Customer Committee, **Bård Mageli**, Head of Physical Portfolio Management at Volue Market Services, represents Norwegian BRPs, but he has a much broader view of the Norwegian market and its needs.

"Norwegian Transmission System Operator Statnett has a similar committee, so I hear the views of BRPs, producers, consumers, and larger industrial customers. I can take all their view onboard and bring them to eSett," Mageli says.

eSett's Customer Committee is an important forum in building common understanding of a very complex system between the different parties in the four countries.

The goal is to harmonize the way the markets work in Finland, Norway, Denmark, and Sweden. With similar methods and ways of working, market

participants will find it easier to expand to new markets, and this will increase competition and give consumers more choices.

"We all have the same goal of harmonizing the markets, but it is evident that it is a challenge. That is why this forum is so important. We can get input and give input – that is the best thing!"

The topics discussed in the committee meetings can then be relayed to market participants to get their feedback and help them prepare for future changes.

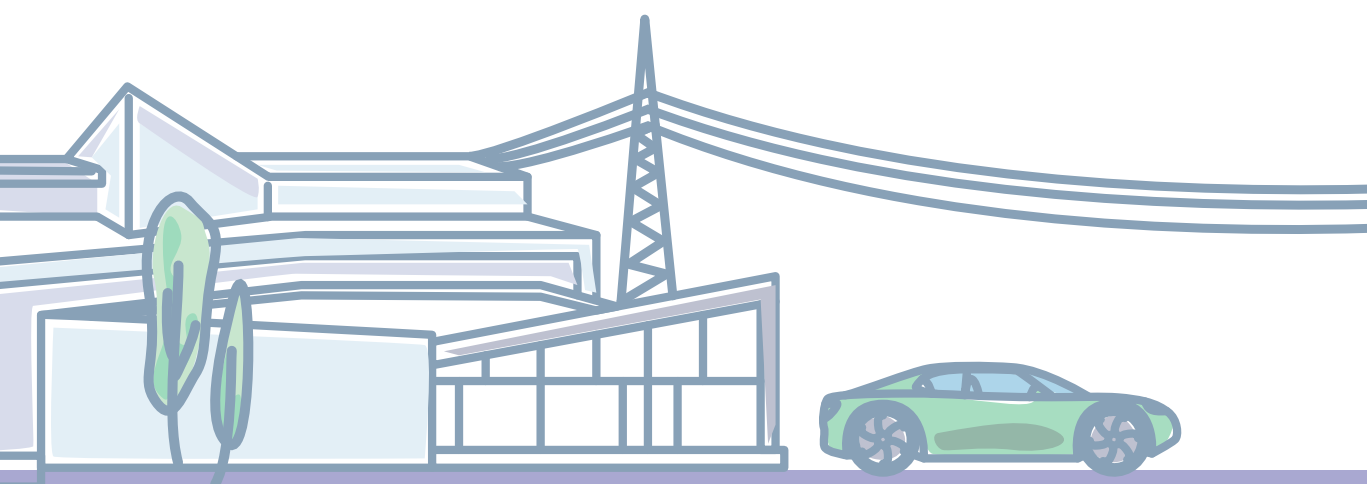
Going forward, Bård Mageli would like to see even more players having the opportunity to get their voices heard.

The minutes of the meetings can be found on eSett website, but market participants need to contact committee members to get their ideas



conveyed to the committee. There could be a more structured way to give feedback and ideas to the committee.

"I think we should make the Customer Committee better known among the market participants, as the more input we get, the more efficient we can become in developing the electricity market for the future. After all, interest in the electricity market is growing right now and becoming of interest to everyone."





## Business

> Customer Committee represents the market participants

> Case: Markets getting their voice heard

Customer satisfaction in 2021

# Customer satisfaction in 2021

For many years now, eSett has arranged an annual customer satisfaction survey in the fall. We always wish to deliver the best service to our customers, and this method has proven to be a great way to benchmark and evaluate our success.

As in previous years, the survey contained questions about eSett's customer service and how market participants have experienced it.

The three most important results in the survey are the overall grade for eSett's customer service, professionalism

of eSett's customer service, and satisfaction with service request resolution times. These three items have been a part of the survey from the beginning, making it possible to identify changes and trends. Naturally, we also ask for feedback with open-ended questions, which usually tend to give us the most valuable input. The answer help us really get to know what works and what we should focus on.

Many of the ideas we received related to communication practices, and this is certainly something that we will still focus on in the future. We

will organize more webinars on market changes, create new tutorial videos about the efficient use of our system, and will strive to have even more dialogue with our customers. Furthermore, the answers proved that it is important to investigate possibilities of expanding message and information exchange methods.

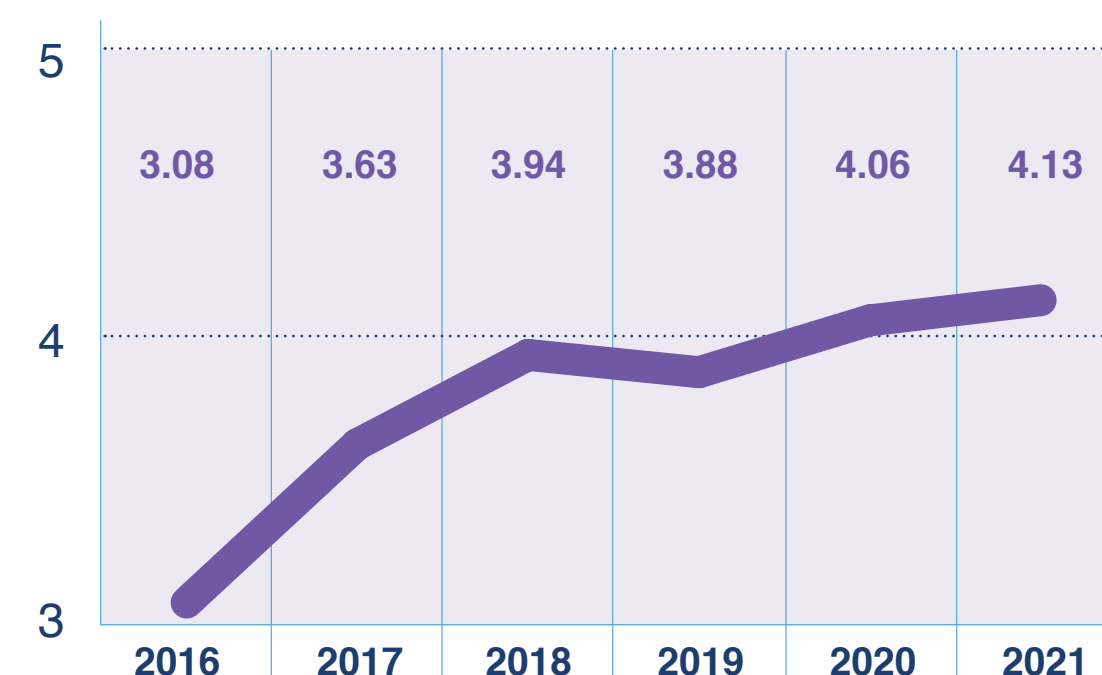
Also, we received once again great feedback and tips on how our Online Service platform could support better our customers' daily routines. Based on the feedback, we will, for instance, extend possibilities to customize

specific preferred column selections in certain views.

In terms of grades, the results from 2021 were excellent – the best we have ever received. We feel this is something special, given the fact that we have been successfully progressing with major market changes while the pandemic continued to affect the way we work.

Even though it is proving to be more difficult each year, our goal for the future remains the same: to deliver ever improving service experience to our customers.

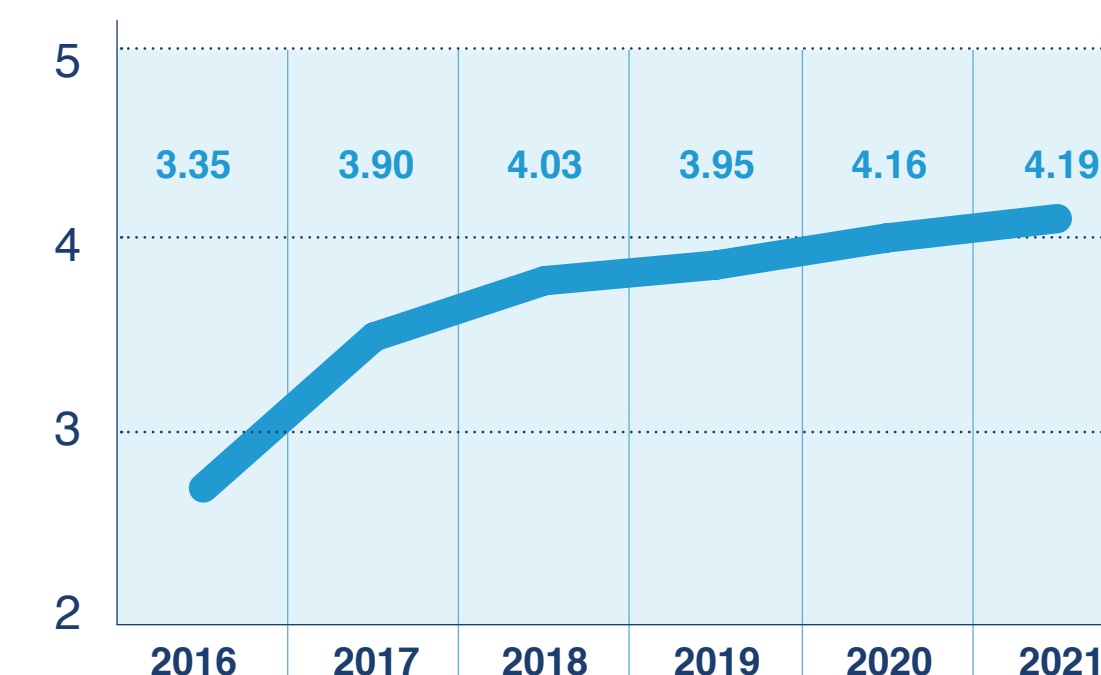
Overall grade for eSett's customer service Scale 1–5



eSett customer service's professionalism Scale 1–5



Satisfaction with service request resolution times Scale 1–5





Sustainability at eSett

- How eSett contributes to a sustainable future
- > eSett's carbon footprint

Sustainability

Corporate responsibility is based on our values, mission, and vision. Our aim is to be the forerunner in providing advanced services to Nordic energy markets across borders. The management of corporate responsibility is based on our management system and embedded in our business practices and daily decisions. CEO is responsible for the management of corporate responsibility.

The world is changing, and businesses change with it. Climate change affects the whole economy, and this has already affected companies and their strategies and goals. Emission reduction and carbon neutrality targets are already at the very core of business.

The energy sector is in the forefront of climate change mitigation, and energy transition is already in progress. The share of electricity generated from carbon neutral sources is increasing due to improved competitiveness of wind and solar power. Electrification is a strong trend; to make it possible, more electricity and flexibility will be needed within the power system. ICT is a major enabler of less carbon intensive energy production, so there is a huge potential in digitalization but also risks that need to be managed.

We maintain a close dialog with our key stake-

holders, including our employees, customers, and partners, to understand their evolving needs and expectations.

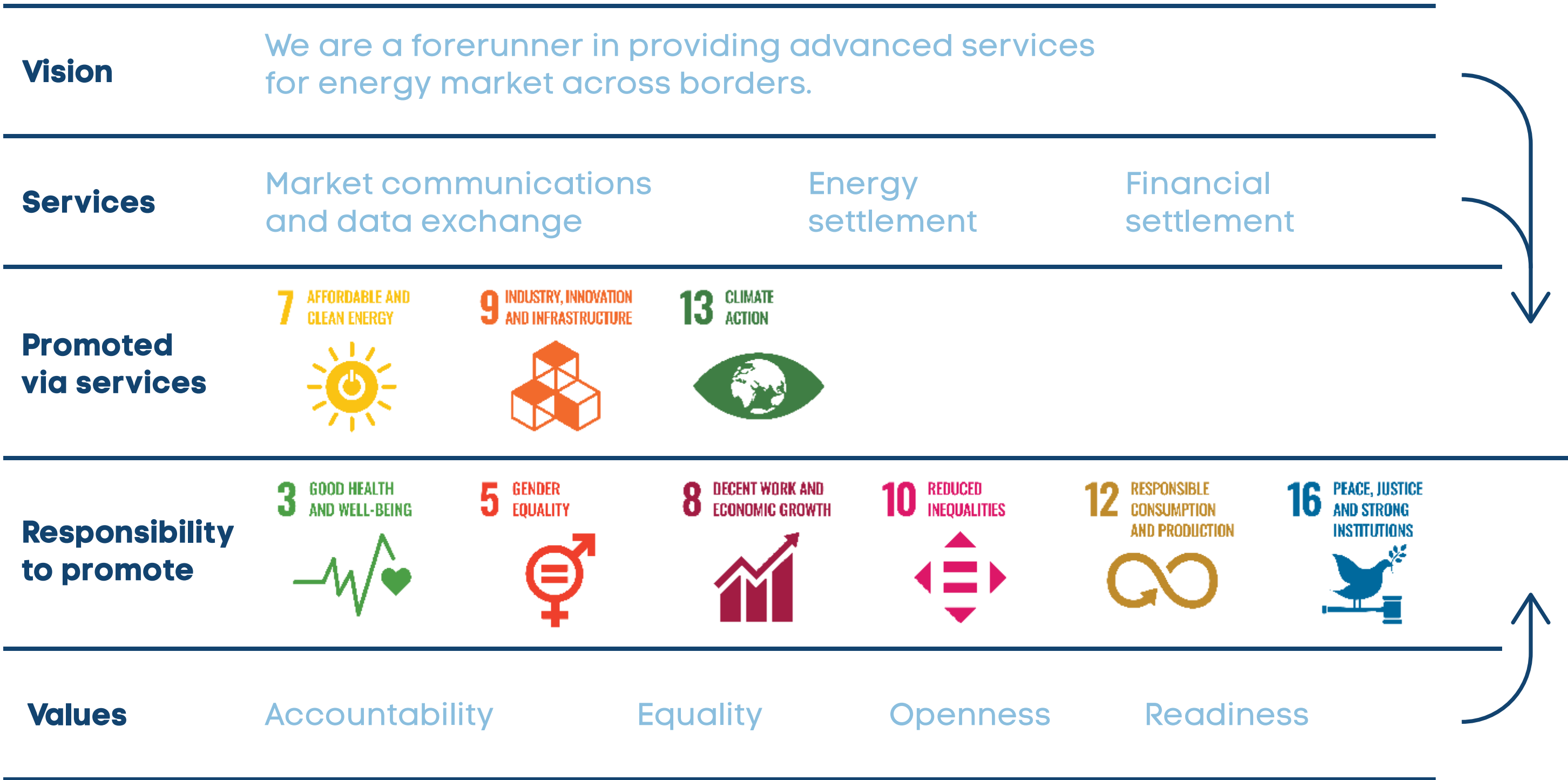
We are developing our corporate responsibility constantly. Our performance and progress made towards reaching our targets is monitored during the year and assessed at the end of the year.

Sustainability work and progress are reported using GRI Standards (Global Reporting Initiative) but not in accordance with them.

Implementing UN's Sustainability Development Goals at eSett

We have identified the UN Sustainable Development Goals (SDGs) that eSett can have the most impact on. Implementing these goals directs our corporate responsibility initiatives and prepares us for future changes in the business environment. The selected SDGs are implemented in our services, our business operations, and in our stakeholder interactions.

eSett is enabling the transition to a sustainable future with the SDGs presented on the next page.





## Sustainability at eSett

How eSett contributes to a sustainable future

> eSett's carbon footprint



### Affordable and clean energy

Our reliable and cost-effective settlement services, with harmonized rules for all participants, increase competition and so help keep the price of energy affordable while providing possibilities to increase the amount of clean energy used.



### Industry, innovation, and infrastructure

Our digital settlement services underpin the electricity market infrastructure and make it functional.



### Climate action

Our services are developed to handle the increasing amount of renewable energy in the Nordic power system, helping reduce carbon emissions.



### Good Health and Wellbeing

Supporting and improving employee wellbeing is fundamental for eSett. We provide comprehensive healthcare services for all employees and support leisure activities.



### Gender Equality

We promote gender equality at the workplace. We believe that only the competencies and potential of our employee's matter.



### Decent work and economic growth

Efficiency is the basis for the services eSett provides. We provide settlement services for Finnish, Norwegian, Swedish, and Danish market participants.



### Reduced inequalities

For eSett, all customers are equally important, and all employees are treated similarly whatever their status or tasks are.



### Responsible consumption and production

To mitigate our environmental impact, we have relocated our data center services to a carbon neutral operator.



### Peace, justice, and strong institutions

eSett is a trustworthy partner and takes care of the assets of the customers and complies with laws and regulations.



Sustainability at eSett

- > How eSett contributes to a sustainable future
- eSett's carbon footprint

eSett's carbon footprint

For the first time, eSett's carbon footprint was calculated for the years 2020 and 2021. eSett's carbon footprint was 341 tons of carbon dioxide equivalent (CO2e) in 2021 and 374 tons in 2020).

Carbon footprint was calculated based on the GHG Protocol Corporate Accounting and Reporting Standard. The calculation was executed by Clonet Oy on the [OpenCO2.net](#) carbon footprint platform. The calculation included Scope 1 and Scope 2 emissions as well as all Scope 3 emission categories estimated to be significant. Scope 3 emissions accounted for 96% of the carbon footprint. However, there are uncertainties related to the emissions of ICT services and their value chains as well as euro-based emission factors.

We continue our efforts to reduce our climate impact. For example, we are already working with multiple carbon neutral service providers. We have reduced our carbon footprint by shifting to green electricity, and so guarantee of origin certified hydropower was used in 2021.

Key figure	Value	Unit
Social		
Number of employees	18 (16)	person
Women	39 (44)	person (%)
Men	61 (56)	person (%)
Employees under 30 y/o	28 (19)	person (%)
Employees 30–50 y/o	61 (75)	person (%)
Employees over 50 y/o	11 (6)	person (%)
Employee turnover	17 (7)	%
Sickness absence rate	0.4 (0.6)	%
Training/employee	20 (3)	h/a
Employee Net Promoter Score	88	
Environmental		
Electricity consumption	10.7 (11.3)	MWh
Heat consumption	52.7 (58.2)*	MWh
Greenhouse gas emissions Scope 1	0 (0)	t CO2e
Greenhouse gas emissions Scope 2	14.1 (18.6)	t CO2e
Greenhouse gas emissions Scope 3	327 (374)	t CO2e
Economic		
Turnover	7.5 (7.7)	MEUR
Profit	0.18 (0.41)	MEUR
Availability rate of services	99.62 (99.61)	%



\*) estimate based on the floor space



## Employees

Meaningful and interesting working environment

> Development and well-being

> Case: Versatility and great colleagues

# Meaningful and interesting working environment

The vision of eSett is to be the forerunner in international energy settlement. This cannot be achieved without strong focus on people: skilled personnel is one of the three success factors in our strategy. We need to be able to attract new talent, keep our current employees engaged, and to invest in continuously developing our people.

In 2021, we have recruited new people to all our teams. It has been a pleasure to see that eSett has been able to develop an attractive employer brand within the energy sector employee market. During the recruitment processes, we learned that the strong culture of eSett is something that people outside the company recognize. Our aim to promote environmental and social sustainability was also seen as an important factor especially for the younger candidates.

A lot is demanded of all our employees but, on the other hand, we strive to offer a lot in return. This balance creates a working environment where

everyone is giving their best to achieve our goals together.

Looking at the number of employees, eSett is still a small company. This means that we can offer interesting roles with varied tasks. As there is no bureaucracy or silos between the teams, everyone can focus on the real work. People at eSett feel they are valued by their colleagues and their work is meaningful. Every eSettler can take responsibility and participate in the development and improvement of imbalance settlement practices and this way support the efficient and sustainable operation of the Nordic electricity market.

Due to the demanding working environment, it is important that we are constantly able to keep all eSettlers highly engaged and motivated. To monitor their level of satisfaction, we made a larger employee survey in November. The results were excellent. Employee Net Promoter Score was measured for the first time for eSett, and the score of +88 is something to be very proud of.



**Skilled personnel is one of our three success factors.**



## Employees

> Meaningful and interesting working environment

Development and well-being

> Case: Versatility and great colleagues

# Development and well-being



People at eSett are ambitious and eager to develop themselves.

Development plans are made individually for all employees. Everything starts with well-planned onboarding process for new eSettlers. Even though there is always one main responsible person for each onboarding process, there is a wide group of eSettlers helping their new colleague to get up to speed. More senior employees can get help with their career and development plans by using eSett's development framework.

As the year 2021 included some major changes to operations – welcoming Denmark and implementing single balance model – it also offered many interesting development opportunities for everyone working in these projects. People at eSett are ambitious and eager to develop themselves. Working in market change projects, rotating responsibility areas, and participating in internal development projects are efficient ways to deepen their skills or build new ones.

In addition to on-the-job learning, eSett professionals participated in seminars and trainings. After one exceptional year due to the COVID-19 pandemic, seminars were again organized as

physical events. Networking and knowledge sharing with different market participants was again possible – and happily welcomed.

In 2021, we continued with our training program “How to become a top team”, which started in 2020 and was tailored for eSett. Themes for this year's workshops were clarifying responsibilities and increasing effective communication and information sharing. Leadership team also participated in a long virtual training on coaching mindset and conversation skills.

Well-being – both physical and mental – has always been very important to eSett. This year we encouraged individuals to find good work-life balance by offering Firstbeat analysis and lectures on recovery and sleep. eSett personnel have access to comprehensive occupational healthcare services, and employees are encouraged to take care of their well-being at their leisure. eSett supports this by organizing and subsidizing some of the activities taken. Having fun and doing sports together was more meaningful this year than ever before, as people had been working remotely for such a long time.



## Employees

- > Meaningful and interesting working environment
- > Development and well-being

Case: Versatility and great colleagues

## VERSATILITY AND GREAT COLLEAGUES

I have been an Imbalance Settlement Specialist at eSett for two years now. I have a Master's in Electrical Power and Energy Engineering, and I worked for Schneider Electric when I was offered the possibility to join the team at eSett.

What I find best in my job is helping our clients and answering their questions, as they really appreciate the support we give them. The normal work of serving clients, doing the imbalance settlement, and monitoring the market is enriched further by being involved in projects.

Since last spring, I have been in charge of our Finnish Datahub project which has been an interesting challenge to me professionally as well as a lot of responsibility. Getting ready for the go-live in February 2022 is a big effort for the whole team.

Another big plus is eSett's working atmosphere. We have a flat organization, and we are all on an equal footing, no matter what your title is.

eSett is full of active, like-minded people who are always ready to give a helping hand to their colleagues. We like working together as well as spending time with each other out of the office, too. After-work activities have included golf and squash, and tried our hand at archery, for example.

I also appreciate the benefits which show that the company wants to take good care of us.

### VIIVI LEMSTRÖM

**Job:** Imbalance Settlement Specialist

**Education:** M.Sc. (Tech.)

**Previous work experience:** Sales engineer at Schneider Electric

**Hobbies:** Gym and climbing



# CASE



## Governance

### Governance

- > Board of Directors 2021
- > Management Group

# Governance

The operation of eSett is based on its Articles of Association, the Limited Liability Companies Act, and shareholder agreements as well as corporate values, strategy, and principles of responsible operation.

The eSett management system is based on policies approved by the Board of Directors, providing guidelines for corporate operations. The time horizon of the policies is long-term and strategic. Normally, they are updated every two years, but can be updated more often, if required. All policies are approved by the Board.

The following policies form eSett's management system

- Customer Policy
- Financial Policy
- Governance Policy
- Human Resource Policy
- ICT Policy
- Imbalance Settlement Policy

## Board of Directors

eSett's Annual General Meeting elects a Board of Directors which shall consist of 2–5 members with personal deputies for each of them. The selection is made for a two-year term.

The general meeting elects one Board member to serve as the Chair of the Board. The Chairmanship circulates every two (2) years among eSett's owners.

As a general principle, the Board strives to reach unanimity in all important matters. If voting is needed, a qualified majority of 2/3 of the votes will be required to reach a decision. Each Board Member has one (1) vote. However, a unanimous decision must be reached in the following matters:

- proposals to offer new services to existing and new customers, TSOs, or authorities;
- proposals to discontinue services offered to existing customers, TSOs, or authorities; and
- when appointing a Managing Director for the Company.

## Board of Directors 2020–2022

On April 16, 2020, the Annual General Meeting elected four (4) members to the Board of Directors for the term 2020–2022. Each Board Member was an appointed deputy member.

The shareholders meeting on April 16, 2021 elected Marie Budtz Pedersen as a new deputy member of the Board of Directors to replace the current

deputy member of Board of Directors, Johannes Bruun.

Board of Directors for 2020–2022:

- Lowina Lundström (Deputy Member: Anna Jäderström),
- Ole Jacob Høyland (Deputy Member: Kristian Bernseter)
- Asta Sihvonen-Punkka (Deputy Member: Kari Suominen)
- Signe Horn Rosted (Deputy Member: Marie Budtz Pedersen)

Ole Jacob Høyland serves as the Chair of the Board. Raisa Mölkänen serves as the Secretary to the Board of Directors. PricewaterhouseCoopers Oy was re-elected as the auditor for eSett. Minnakaisa Ahonen serves as CEO of the company.

## Duties of the Board

Under the Finnish Limited Liability Companies Act, it is the task of the Board to supervise the company's administration and organization of its operations. The Board must also ensure that there is due monitoring of the Company's accounting and financial administration.

It is the task of the Board to promote the interests of the Company and all its shareholders. To carry out its tasks the Board shall:

- convene the shareholder's meeting
- supervise and monitor the Company's active management
- appoint and dismiss the CEO, when necessary
- approve the CEO's contract and other benefits
- approve the Company's basic organization
- appoint the customer committee in accordance with the shareholders' agreement. The purpose of the customer committee is to provide dialogue between the Company and its stakeholders.
- decide upon the rules to be applied in relation to the customer committee
- hold a meeting with the Company's auditor at least once a year
- approve annually the strategy, business plan, and budget of the Company
- review regularly the risks relating to the Company's operations and the management of such risks
- review and approve annual financial statements and the annual report by the Board
- evaluate its performance once a year
- discuss properly all issues brought before the Board by the Chairman, any Member of the Board, or the CEO.



Governance

- > Governance
- Board of Directors 2021
- > Management Group

# Board of Directors 2021



*eSett Board of Directors  
(from the left):  
Ole Jacob Høyland,  
Asta Sihvonen-Punkka,  
Lowina Lundström, and  
Signe Horn Rosted.*



Governance

- > Governance
- Board of Directors 2021
- > Management Group

Ole Jacob Høyland

M.Sc. Science and Technology  
Born 1966  
Norwegian citizen  
Member of the Board since 2013

Primary working experience

Statnett, Director Market Operations (2014–)  
Statnett, Director Market Settlement, Customer Relations and Tariff Strategy (2010–2014)  
Statnett, different leading positions (1995–2010)  
Norwegian Water Resources and Energy Directorate (1994–1995)  
HelgelandsKraft (DSO Company), Project Leader (1991–1994)

Other positions of trust

Member of Board, elhub AS (2015–)  
TSO Chair Joint Steering Committee Multi Regional Market Coupling (2017–)  
Statnett GA representative Joint Allocation Office, Luxemburg (2016–)

Asta Sihvonen-Punkka

Lic.Sc. (Econ.) and M.Sc.(Forestry)  
Born 1962  
Finnish citizen  
Member of the Board since 2016

Primary working experience

Fingrid Oyj, Executive Vice President (2018–)  
Fingrid Oyj, Senior Vice President, Market (2016–2019)  
Fingrid Datahub Oy, CEO (2018–)  
Finnish Communications Regulatory Authority, Director General (2011–2015)  
Energy Market Authority, Director General (2007–2011)  
Energy Market Authority, Director (1998–2007)

Other positions of trust

Member of the Board, Gasgrid Finland Oy (2020–)

Lowina Lundström

M.Sc. BA  
Born 1967  
Swedish citizen  
Member of the Board since 2019

Primary working experience

Affärsverket Svenska Kraftnät, Executive Vice President, Electricity System Operator (2018–)  
Ellevio Ab (DSO) (former Fortum Distribution Ab), Senior Vice President, Customers (2011–2018)  
Fortum Distribution Ab, Head of Process and Business Efficiency (2009–2011)  
Capgemini Sverige Ab (Consulting), Staffing and Resource Manager (1999–2009)

Other positions of trust

Member of the Board, Fifty A/S (2019–)  
Member of the Board, Power Circle AB (2021–)  
Member of the Advisory Board at Center for Executive Education, Stockholm Business School (2018–)

Signe Horn Rosted

M.Sc. Scient. Soc.  
Born 1977  
Danish citizen  
Member of the Board since 2019

Primary working experience

Energinet, Vice President, Business and Markets (2019–)  
Energinet, Director, Electricity Markets (2017–2019)  
Energinet, Head of Retail Market Development (2013–2017)  
Energinet, Chief consultant/consultant (2009–2013)  
Ministry of the Environment, Head of Section (2004–2009)

Other positions of trust

Member of the Board, Energinet DataHub (2019–)  
Member of the Board, TSO Holding (2018–)  
Member of the Board, Gas Storage Denmark (2018–)



## Governance

- > Governance
- > Board of Directors 2021
- Management Group

# Management Group

The eSett Management Group assists the CEO in implementing the actions required to reach strategic targets within the framework approved by the Board of Directors. Each member of the Management Group is responsible for the day-to-day operations and the implementation of operational decisions in their respective areas.

## Minnakaisa Ahonen

CEO

At eSett since 2013

M.Sc. (Tech.), MBA, born in 1970

## Jonni Laine

Executive Vice President

At eSett since 2013

M.Sc. (Tech.), born in 1984

## Tuomas Lahti

Head of Operations and  
Customer Service

At eSett since 2014

M.Sc. (Tech.), born in 1988

## Antti Niemi

Head of Digital Office

At eSett since 2020

M.Sc. (Tech.), born in 1980



*eSett Management Group  
(from the left):  
Minnakaisa Ahonen, Antti Niemi,  
Tuomas Lahti, and Jonni Laine*



## Report on operations 2021

### Report on operations 2021

Capital expenditures

Financing

Risk management

Imbalance Settlement

Nordic Imbalance Settlement Handbook

ICT

Settlement Statistics

# Report on operations 2021

In 2021, eSett made a profit of EUR 181,285. The company's Board of Directors will propose to Annual General Meeting of Shareholders that the profit be carried over as unrestricted equity. No dividends will be paid. The income for the fiscal year, EUR 7,468,999, consisted of TSO service fees. The biggest expenses during the fiscal year comprised of depreciation, personnel, and ICT expenses.

Operating expenses	EUR million
Depreciation	2,542
Personnel	1,443
Imbalance settlement	0,963
ICT expenses	1,283
Communication	0,158
Finance and Administration	0,731
Other operating expenses	0,078
Finance expenses	0,056
Total expenses	7,254

### Capital expenditures

In 2021, eSett continued to invest in the Imbalance Settlement Model and replaced the old on-premise finance ERP with a cloud-based system. Total non-current assets were EUR 5,952,529 as per December 31,

2021. The breakdown of non-current assets is shown below.

### Financing

#### Shareholder and capital loan

The shareholders have granted eSett two loans, a shareholder loan and a capital loan which is already repaid. The shareholder loan of EUR 7.5 million was utilized by the end of 2015 and will be paid back in March 2023.

Non-current assets	EUR million	Notes
Intangible assets, total	5,938	
Intangible rights	0,421	Licenses
Other intangible assets	5,517	Software
Tangible assets	0,015	ICT Infrastructure

#### Share Capital

eSett Oy was originally owned by TSOs Fingrid Oyj in Finland, Affärsverket Svenska kraftnät in Sweden, and Statnett SF in Norway. On May 14, 2019, the Danish TSO Energinet signed an agreement with other TSOs, making it one of eSett's shareholders.

eSett's share capital had been raised to 15,000 shares at the beginning of May 2019; when Energinet became a shareholder, 3,750 shares were sold to it. Each of the four shareholders has equal shareholdings of 3,750 shares, which have equal rights.

The invested unrestricted equity fund of eSett Oy is EUR 5,998,950. Each owner has invested an equal amount.

#### Service fees

eSett's income consists of imbalance settlement service fees collected from the TSOs on a regular basis. The fee covers the costs of eSett's daily operations, i.e., customer support, imbalance settlement, collecting payments, and performing other services on behalf of the TSOs. The fee ensures the future operational capability of the company. eSett's basic service fee is set to cover our long-term operational costs and future investments, and to provide a fair profit. The service fee is approved yearly by the Board.

### Risk management

At eSett, overall enterprise risk management is comprehensive, aiming to identify, assess, monitor, and protect against or mitigate the wide range of

threat factors and risks relating to the company's operation, environment, personnel, and property. Due to the nature of our primary purpose, the risks are also examined from the perspective of society or electricity market.

Continuity management is an element of comprehensive risk management. The purpose is to improve our organization's preparedness and ability to respond in an optimal way to the realization of various risks and to ensure operational continuity in special situations.

In 2021, eSett continued ISAE audit with Type II audit performed by PwC. ISAE is an international assurance standard used in service organizations to give assurance to customers and service users that the organization has adequate internal controls.

Type II audit is done by reviewing several samples of data to ensure that the defined controls are complied with during the whole audit period (H2/2021).

Our whole personnel are obliged but also motivated to maintain a high level of risk and continuity management at all times. Work is guided by internal policies with reporting and controlling principles.



## Report on operations 2021

### Report on operations 2021

[Capital expenditures](#)
[Financing](#)
[Risk management](#)
[Imbalance Settlement](#)
[Nordic Imbalance Settlement](#)
[Handbook](#)
[ICT](#)
[Settlement Statistics](#)

### Collaterals

eSett is the financial counterparty in the imbalance settlement towards all BRPs. In practice, this means significant counterparty risk for us. Each BRP must therefore provide collateral to eSett as a security against the risk of the BRP being unable to fulfil its obligations to eSett. The collateral helps to ensure that we can always complete imbalance settlement in an orderly manner.

Collateral can be provided in the form of a cash deposit into a pledged bank account or by bank guarantee. The required collateral must be in place before a BRP can start the operations.

The Nordic Imbalance Settlement Model has a dynamic collateral model. The collateral requirements are recalculated daily based on the latest available settlement and pricing data, and BRPs are obligated to always keep their collateral on the demanded level.

### Hedging

Currency risk in imbalance settlement is hedged with foreign exchange transactions. The weekly settlement result is calculated in euros but the BRPs can choose to be invoiced either in euros or in local currency (NOK, SEK, or DKK). The foreign currency

items are hedged weekly with foreign exchange forward contracts; these derivative contracts are hedging financial instruments.

### Imbalance Settlement

eSett operates the imbalance settlement and manages its invoicing and money transfers in accordance with the harmonized Nordic Imbalance Settlement model. The amounts to be settled include the BRPs' imbalances, fees charged from the BRPs as well as payments for activated reserves between the TSO and the BRP. In addition, eSett settles and invoices capacity reserves on behalf of Energinet in Denmark.

The TSOs are legally responsible for the imbalance settlement, but eSett carries out the settlement and invoicing on their behalf. Nevertheless,

all transfers pass through eSett which guarantees the financial settlement. The net proceeds from the imbalance settlement in each country will be transferred to the respective TSO.

The year 2021 proved to have many great achievements and interesting events. Perhaps the biggest reason for celebration was Denmark's completed integration in the Nordic Imbalance Settlement and eSett's starting to carry out the imbalance settlement for the Danish market in February. Moreover, a new messaging channel called Energy Communication Platform (ECP) became one of the main channels for market message exchange.

We commissioned successfully the new single balance model on November 1, integrating the Nordics more closely with the European market.

This evolution is likely to lower the barriers for geographical expansion for the market participants across Europe.

Also, some unusual events occurred in 2021. Two BRPs were excluded from the market due to an agreement violation. The market prices have been very volatile, peaking at exceptional levels especially during the latter part of the year. This has resulted in a very high counterparty risk towards eSett and hence extreme collateral requirements towards our customers.

Luckily, the core operations of eSett have been carried out very reliably and successfully: none of our weekly invoicing processes were delayed during the year. In addition to that, our services reached a very high availability rate, matching the levels achieved during the previous years.

## New single balance model integrates the Nordics more closely with Europe.



## Report on operations 2021

### Report on operations 2021

Capital expenditures

Financing

Risk management

Imbalance Settlement

Nordic Imbalance Settlement Handbook

ICT

Settlement Statistics

### Nordic Imbalance Settlement Handbook

The Handbook provides market participants with a comprehensive overview of the Nordic Imbalance Settlement Model from the market participant's perspective. The Handbook is updated at least twice a year or on a per need basis.

The official version of the Handbook is published in English and can be found on eSett's webpage.

### ICT

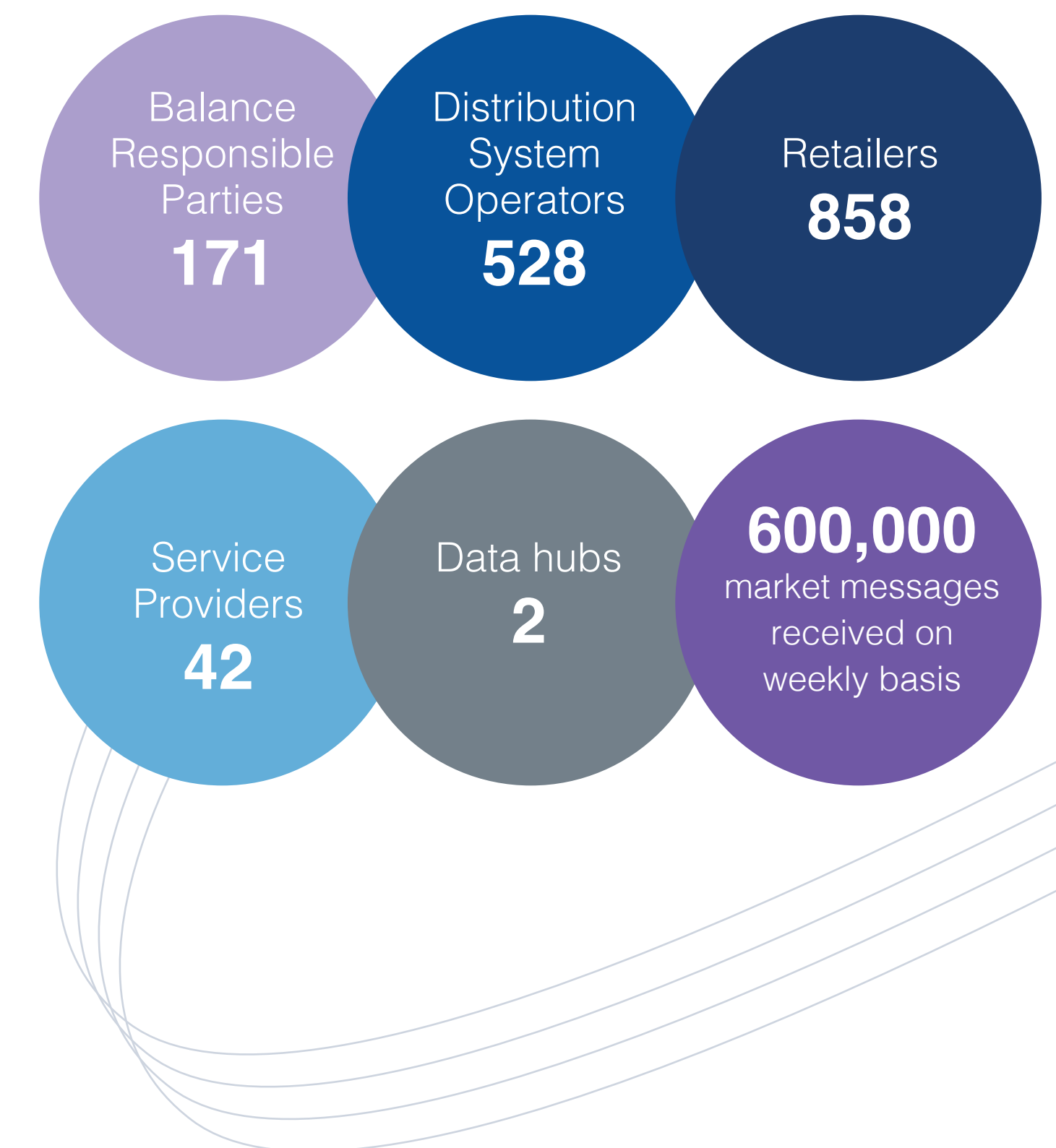
eSett operates a critical service for the Our ICT processes enable eSett to provide settlement services with the desired operational quality. Secure and stable infrastructure has a key role in our ability to offer the market a stable Imbalance settlement system. During the year, there were no major incidents in our infrastructure. Minor development work was carried out in several areas. We are proud of ensuring our services are safe and secure to use and available 24/7/365.

In 2021, we renewed our financial solutions, and we took important steps towards utilizing cloud services. Maintaining and improving the security of our services will remain a focus area for us.

**eSett's core operations  
have been carried out  
very reliably.**

## Settlement Statistics

Key figures of the Nordic Imbalance Settlement at year end 2021:





# Financial statements





## Financial Statements

Income statement

> Balance sheet

> Accounting principles

> Notes to financial statements

> The Board of Director's proposal  
for distribution of profit

# Income statement

EUR	Notes	Jan. 1 – Dec. 31, 2021	Jan. 1 – Dec. 31, 2020
<b>TURNOVER</b>	12	7,468,999.81	7,726,000.27
Other operating income		320.16	20.00
Personnel costs	1	-1,443,235.06	-1,241,375.42
Depreciation and write-off	2	-2,541,891.77	-2,457,357.43
Other operating expenses	3, 12	-3,212,988.88	-3,445,617.75
<b>OPERATING PROFIT</b>		<b>271,204.26</b>	<b>581,669.67</b>
Finance income and costs	4, 12,13	-56,449.52	-77,997.74
<b>PROFIT BEFORE PROVISIONS AND TAXES</b>		<b>214,754.74</b>	<b>503,671.93</b>
Income taxes	5	-33,469.83	-93,096.33
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<b>181,284.91</b>	<b>410,575.60</b>



## Financial Statements

- > Income statement
- > Balance sheet
- > Accounting principles
- > Notes to financial statements
- > The Board of Director's proposal for distribution of profit

# Balance sheet

ASSETS, EUR	Notes	Dec. 31, 2021	Dec. 31, 2020
<b>NON-CURRENT ASSETS</b>			
<b>Intangible assets</b>			
Intangible rights	6	420,597.06	639,085.45
Other intangible assets		3,297,594.06	3,733,100.84
Investments in process		2,219,483.95	1,396,664.69
		<b>5,937,675.07</b>	<b>5,768,850.98</b>
<b>Tangible assets</b>			
Machinery and equipment	7	14,853.86	26,280.27
		<b>14,853.86</b>	<b>26,280.27</b>
<b>TOTAL NON-CURRENT ASSETS</b>			
		<b>5,952,528.93</b>	<b>5,795,131.25</b>
<b>CURRENT ASSETS</b>			
<b>Short term</b>			
Other receivables	8	124,829,952.68	23,298,059.02
Deferred assets	9	180,794.14	254,727.51
		<b>125,010,746.82</b>	<b>23,552,786.53</b>
<b>Cash and cash equivalents</b>			
	10	<b>6,831,145.71</b>	<b>21,658,343.40</b>
<b>TOTAL CURRENT ASSETS</b>			
		<b>131,841,892.53</b>	<b>45,211,129.93</b>
<b>TOTAL ASSETS</b>			
		<b>137,794,421.46</b>	<b>51,006,261.18</b>

EQUITY AND LIABILITIES, EUR	Notes	Dec. 31, 2021	Dec. 31, 2020
<b>EQUITY</b>			
	11		
Share capital		3,750.00	3,750.00
Paid-up unrestricted equity reserve		5,998,950.00	5,998,950.00
Retained earnings		1,253,322.00	842,746.40
Profit for the year		181,284.91	410,575.60
<b>TOTAL EQUITY</b>			
		<b>7,437,306.91</b>	<b>7,256,022.00</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
	12		
Shareholder loans		750,000.00	2,250,000.00
		<b>750,000.00</b>	<b>2,250,000.00</b>
<b>Current liabilities</b>			
Trade payables		235,306.11	305,996.86
Other liabilities	13	128,906,302.81	40,523,463.31
Accrued liabilities	14	465,505.63	670,779.01
		<b>129,607,114.55</b>	<b>41,500,239.18</b>
<b>TOTAL LIABILITIES</b>			
		<b>130,357,114.55</b>	<b>43,750,239.18</b>
<b>TOTAL EQUITY AND LIABILITIES</b>			
		<b>137,794,421.46</b>	<b>51,006,261.18</b>



## Financial Statements

- > Income statement
- > Balance sheet
- > Accounting principles
- > Notes to financial statements
- > The Board of Director's proposal for distribution of profit

# Accounting principles

There must always be a balance between supply and consumption of electricity. To achieve this, the TSOs use balancing power procured in the balancing power market. Imbalances arise from uncertainties in plans and failures in generation, consumption, and grid. Imbalance settlement is therefore a necessary function in a commercially based electricity market.

Historically TSOs Fingrid, Svenska kraftnät, and Statnett each have been operating their own imbalance settlement. Since May 2017, eSett Oy, owned jointly by the TSOs, has been responsible for imbalance settlement and invoicing the balance responsible parties. A harmonized model which offers common business processes for reporting, performing settlement, invoicing, and collateral management was introduced in May 2017. Denmark joined the Nordic Balance Settlement in two phases. In the first phase, starting on September 1, 2020. eSett took over the capacity settlement and starting on February 1, 2021 the Imbalance

settlement for Danish market started. eSett invoices the balance responsible parties in its own name on behalf of the TSOs. These invoices are not part of eSett's turnover according to the accounting rules. eSett's turnover consists of service fees invoiced to the TSOs.

eSett's financial statements are prepared according to Finnish Accounting Standards, FAS. Balance sheet items are valued to the original purchase price. Financial statements are prepared according to the small business legislation (PMA chapters 2 and 3) in current and previous fiscal year.

## Foreign currency transactions

Transactions and financial items denominated in foreign currency are recognized at the foreign exchange mid-rate quoted by the European Central Bank (ECB) at the transaction date. The exception are the receivables and debts hedged by forward contracts

which are valued at forward contract rate. Foreign exchange gains and losses from business are included in exchange gains and losses in Other operating expenses.

## Currency derivatives

eSett protects the foreign currency items by hedging them weekly with foreign exchange forward contracts. The company uses derivatives to protect against currency risk of foreign currency transactions in imbalance settlement. These derivative contracts are hedging financial instruments. The currency risk is fully hedged.

## Intangible and tangible assets

Intangible and tangible assets generating revenue during several financial years are valued at the original acquisition cost. Depreciation according to plan is calculated over the useful life of the item using straight-line method. Depreciation on intangible and tangible assets taken into use during

the financial year is calculated on an item by item basis from the month of introduction.

The depreciation periods are as follows:

## Other intangible assets

Other intangible rights according to useful life, at the maximum	5 years
Software	5 years

## Machinery and equipment

Computers and servers	3 years
Equipment	5 years

## Activating personnel expenses to balance sheet

Hours used to the investment projects are activated to balance sheet starting January 1, 2019.



## Financial Statements

- > [Income statement](#)
- > [Balance sheet](#)
- > [Accounting principles](#)
- > [Notes to financial statements](#)
- > [The Board of Director's proposal for distribution of profit](#)

# Notes to financial statements

1. PERSONNEL COSTS, EUR	2021	2020
Salaries and bonuses	-1,205,780	-1,057,079
Pension expenses	-208,480	-156,983
Other personnel expenses	-28,975	-27,313
<b>Total</b>	<b>-1,443,235</b>	<b>-1,241,375</b>
Personnel costs activated to Fixed Assets	102,916	108,591
<b>Number of salaried employees in the company during the financial year</b>		
Personnel, average	18	16
Personnel, Dec. 31	20	16

2. DEPRECIATION ACCORDING TO PLAN, EUR	2021	2020
Intangible rights	-11,426	-180,206
Other intangible assets	-2,311,977	-2,080,908
Tangible assets	-218,488	-196,243
<b>Total</b>	<b>-2,541,892</b>	<b>-2,457,357</b>

3. OTHER OPERATING EXPENSES, EUR	2021	2020
Other personnel related expenses	-82,672	-55,041
IT and telecommunications	-1,282,645	-1,771,502
Customer service	-158,276	-88,252
Imbalance settlement and administration	-1,611,087	-1,470,633
Other operating expenses	-78,310	-60,192
Exchange rate differences	1	1
<b>Total</b>	<b>-3,212,989</b>	<b>-3,445,618</b>

4. FINANCE INCOME AND EXPENSES, EUR	2021	2020
Interest and other financial income from others	-4,089	1,792
Interest and other financial expenses to others	-52,361	-79,790
<b>Total</b>	<b>-56,450</b>	<b>-77,998</b>

5. INCOME TAXES, EUR	2021	2020
Income taxes for the financial year	-33,470	-93,096
<b>Total</b>	<b>-33,470</b>	<b>-93,096</b>



## Financial Statements

- > [Income statement](#)
- > [Balance sheet](#)
- > [Accounting principles](#)
- > [Notes to financial statements](#)
- > [The Board of Director's proposal for distribution of profit](#)

# Notes to financial statements

6. INTANGIBLE ASSETS, EUR	2021	2020
<b>Intangible rights</b>		
Cost at Jan. 1	1,160,063	674,162
Increases Jan. 1–Dec. 31	0	485,902
Decreases Jan. 1–Dec. 31	-6,930	
<b>Cost at Dec. 31</b>	<b>1,153,133</b>	<b>1,160,063</b>
Accumulated depreciation according to plan at Jan. 1	-520,978	-340,772
Depreciation according to plan Jan. 1–Dec. 31	-208,432	-180,206
<b>Carrying amount Dec. 31</b>	<b>420,597</b>	<b>639,085</b>
<b>Other intangible assets</b>		
Cost at Jan. 1	10,858,283	9,724,018
Increases Jan. 1–Dec. 31	1,876,470	1,134,266
Decreases Jan. 1–Dec. 31	-14,935	
<b>Cost at Dec. 31</b>	<b>12,719,818</b>	<b>10,858,283</b>
Accumulated depreciation according to plan at Jan. 1	-7,125,182	-5,044,274
Depreciation according to plan Jan. 1–Dec. 31	-2,277,833	-2,080,908
<b>Carrying amount Dec. 31</b>	<b>3,297,594</b>	<b>3,733,101</b>
<b>Investments in process</b>		
Cost at Jan. 1	1,396,665	514,022
Increases Jan. 1–Dec. 31	2,699,290	2,502,810
Decreases Jan. 1–Dec. 31	-1,876,470	-1,620,167
Cost at Dec. 31	4,095,955	3,016,832
<b>Carrying amount Dec. 31</b>	<b>2,219,485</b>	<b>1,396,665</b>

7. TANGIBLE ASSETS, EUR	2021	2020
Cost at Jan. 1	943,708	943,708
Increases Jan. 1–Dec. 31	0	0
Decreases Jan. 1–Dec. 31	0	
<b>Cost at Dec. 31</b>	<b>943,708</b>	<b>943,708</b>
Accumulated depreciation according to plan at Jan. 1	-917,428	-721,185
Depreciation according to plan Jan. 1–Dec. 31	-11,426	-196,243
<b>Carrying amount Dec. 31</b>	<b>14,853</b>	<b>26,280</b>

8. OTHER RECEIVABLES, EUR	2021	2020
Imbalance settlement receivables	124,829,954	23,298,058
Tax receivables	0	0
<b>Total</b>	<b>124,829,954</b>	<b>23,298,058</b>

9. DEFERRED ASSETS, EUR	2021	2020
Accruals of purchases	180,794	254,728
<b>Total</b>	<b>180,794</b>	<b>254,728</b>

10. CASH AND CASH EQUIVALENTS, EUR	2021	2020
Cash and bank receivables	6,831,146	21,658,343
<b>Total</b>	<b>6,831,146</b>	<b>21,658,343</b>



## Financial Statements

- > Income statement
- > Balance sheet
- > Accounting principles
- > Notes to financial statements
- > The Board of Director's proposal for distribution of profit

# Notes to financial statements

11. EQUITY, EUR	2021	2020
Share capital at Jan. 1	3,750	3,750
<b>Share capital at Dec. 31</b>	<b>3,750</b>	<b>3,750</b>
Paid-up unrestricted equity reserve at Jan. 1	5,998,950	5,998,950
Change		
<b>Paid-up unrestricted equity reserve at Dec. 31</b>	<b>5,998,950</b>	<b>5,998,950</b>
Profit/loss from previous financial years	1,253,322	842,746
Profit/loss for the financial year	181,285	410,576
<b>Retained earnings Dec. 31</b>	<b>1,434,607</b>	<b>1,253,322</b>
<b>Equity Dec. 31</b>	<b>7,437,307</b>	<b>7,256,022</b>
<b>Number of shares Dec. 31</b>	<b>15,000</b>	<b>15,000</b>

12. RELATED PARTIES, EUR	2021	2020
Energinet AS		
Fingrid Oyj		
Statnett SF		
Affärsverket Svenska kraftnät		
Loans from shareholders	2,250,000	3,750,000
<b>Total</b>	<b>2,250,000</b>	<b>3,750,000</b>
Service fees from shareholders (turnover)	7,469,000	7,726,000
<b>Total</b>	<b>7,469,000</b>	<b>7,726,000</b>
Service fees to shareholders (expenses)	45,878	107,486
Loan interest to shareholders	37,777	55,693
Service fees to shareholders related to fixed assets	0	0
<b>Total</b>	<b>83,655</b>	<b>163,179</b>



## Financial Statements

- > [Income statement](#)
- > [Balance sheet](#)
- > [Accounting principles](#)
- > [Notes to financial statements](#)
- > [The Board of Director's proposal for distribution of profit](#)

# Notes to financial statements

## 13. OTHER LIABILITIES, EUR

2021

2020

### Short term

Imbalance settlement liabilities	124,829,954	38,973,732
Loan installment paid back in year 2022	1,500,000	1,500,000
Other liabilities	2,576,349	49,731
<b>Total</b>	<b>128,906,303</b>	<b>40,523,463</b>

## 14. ACCRUED LIABILITIES, EUR

2021

2020

### Short term

Accrued vendor invoices	105,794	281,103
Interest and financing accruals	6,761	12,316
Payroll accruals	336,792	288,485
Accrued income tax liabilities	16,159	88,876
<b>Total</b>	<b>465,506</b>	<b>670,779</b>

## 15. GUARANTEES AND LIABILITY COMMITMENTS, EUR

2021

2020

### Commitments according to service agreements

Payments in the coming year (2022)	917,931	752,753
Payments later	289,468	555,287
<b>Total</b>	<b>1,207,399</b>	<b>1,308,040</b>

### Derivative contracts

#### Forward contracts

Market value, positive		
Market value, negative	0	-12,530
Value of the asset	0	4,258,096

Company has no open forward contracts at the closing date.

## 16. EVENTS AFTER THE REPORTING PERIOD

eSett has analyzed the potential effects that the crisis in Ukraine could have on eSett's operations. Increasing energy prices and sanctions can create challenges for BRPs in meeting collateral demands or in payments. It is also seen that the crisis can increase the data security risks.

eSett has processes in place that cover situations where BRPs have challenges with payments or collateral demands. Also, the data security at eSett is on high level and service providers have enhanced their monitoring after the crisis started.



Financial Statements

- > Income statement
- > Balance sheet
- > Accounting principles
- Notes to financial statements
- > The Board of Director's proposal for distribution of profit

# Notes to financial statements

## 17. ANNUAL REPORT INFORMATION REQUIRED BY LIMITED LIABILITY COMPANIES ACT

eSett Oy is owned by Fingrid Oyj, Affärsverket Svenska kraftnät, Statnett SF and Energinet AS (starting May 14, 2019). It was founded to manage national imbalance settlement. Each shareholder has 3,750 shares and they all have equal power.

Each original owner granted a loan of 1,875,000 euros (7,500,000 euros in total). The whole loan was utilized by the end of 2015. Repayment of loan started 2018.

Energinet started as a shareholder May 14, 2019 and the loan agreements were renegotiated. Each owner granted a loan of 1,500,000 euros (6,000,000 euros in total). The loan is subordinated to eSett's loans from other institutions. The loan is not secured. Interest according to market rate will be paid on the loan twice a year. The loan is paid back in 8 equal installments, 2 installments per year. The first repayment date was September 16, 2019.

The Board of Directors will propose to the Annual General Meeting of Shareholders that no dividend is paid and that the profit 181,284.91 euros be carried over as unrestricted equity.

Company's distributable funds are:

Invested unrestricted equity fund	5,998,950
Profit/loss from previous financial years	1,253,322
Profit/loss for the period	181,285
<b>Total</b>	<b>7,433,557</b>



## Financial Statements

- > Income statement
- > Balance sheet
- > Accounting principles
- > Notes to financial statements
- The Board of Director's proposal for distribution of profit

# The Board of Director's proposal for distribution of profit

The profit for the period is 181,284.91 euros.

The Board of Directors will propose to the Annual General Meeting of Shareholders that the profit will be carried over as unrestricted equity.

In Helsinki, March 17, 2022

**Ole Jacob Høyland**

Chairman

**Asta Sihvonen-Punkka**

Board member

**Lowina Lundström**

Board member

**Signe Horn Rosted**

Board member

**Minnakaisa Ahonen**

Chief Executive Officer

## AUDITOR'S NOTATION

The Auditor's Report was issued today on an audit conducted.

Helsinki, March 17, 2022

PricewaterhouseCoopers Oy  
Authorized Public Accountants

**Heikki Lassila**

Authorized Public Accountant, APA



[< Back](#)



**eSett Oy**

Läkkisepäntie 23  
FI-00620 Helsinki, Finland  
+358 10 501 8500  
[settlement@esett.com](mailto:settlement@esett.com)