

Annual review 2022

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eSett in brief
Year 2022 highlights
CEO's review

eSett in brief

21 (1 part timer) was the **Number of full-time employees** at year-end 2022.

Electricity market settlement operations **started in May 2017.**

Turnover for 2022 was **EUR 8.5 million.**



Headquartered in Helsinki, Finland.

Jointly owned by the Nordic Transmission System Operators – (TSO) Energinet (Denmark), Fingrid (Finland), Statnett (Norway), and Svenska kraftnät (Sweden) – all have equal shares.

TOTAL SETTLED AMOUNT FOR 2022 was **EUR 5,079 million.**

Serves more than **1,000** electricity market participants.

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.

Responsible for imbalance settlement and invoicing the Balance Responsible Parties (BRP) in Denmark, Finland, Norway, and Sweden.

eSett in brief

Year 2022 highlights

CEO's review

Year 2022 highlights

Datahub

The Fingrid Datahub went live on February 21, 2022 and reported the first values to eSett on February 23, 2022.

New system and maintenance announcement newsletter

In addition to the regular newsletters, eSett sends System and Maintenance Announcements also by email.

Annual Review 2021

eSett published Annual Review for 2021.

Close to Customer

The first Close to Customer meeting took place in March. The goal of the program is to improve dialogue with BRPs, find ways to help them succeed in their business, and get concrete ideas to develop eSett's services.

Customer Committee meeting

eSett's Customer Committee meeting was held on May 12, 2022. The main topics were eSett news, BSP model's technical go-live, and an introduction to UX in Online Service.

Changes in eSett's Board of Directors

Lowina Lundström started as the Chair of the Board and Kari Suominen replaced Asta Sihvonen-Punkka as Board member in April 2022. Ole Jacob Høyland and Signe Horn Rosted continued their work in the Board of Directors.

eSett's 5-year anniversary

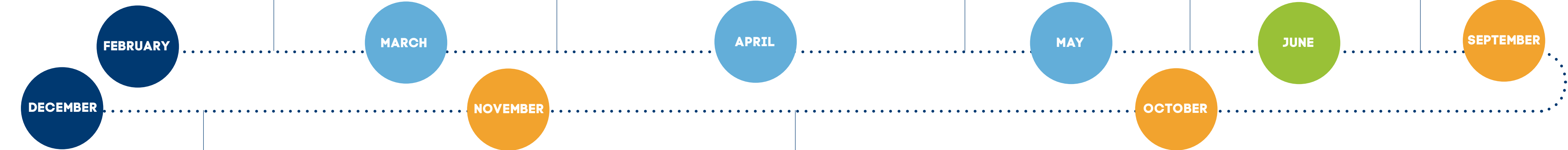
eSett celebrated its 5-year go-live anniversary together with TSOs, old colleagues, and people who were involved in the company in the early days.

Archiving settlement data

Settlement data was archived and old archives deleted, limiting the amount of data available. There will always be at least two previous full years of settlement data available in the settlement system.

New account model

eSett started using the new account model. The essential difference between the original and the new model is splitting the collateral account and invoicing accounts into two separate accounts.



Employee Satisfaction Survey

The results of the employee survey showed that eSettlers are satisfied with their employer – our Employee Net Promoter Score (eNPS) is 83.

Settlement conference in Norway

At the Settlement conference organized by Statnett, eSett gave an update on its latest news and projects and met its Norwegian customers.

Fingrid's Day for Balance Responsible Parties

eSett participated in Fingrid's event where eSett gave a presentation about its latest news as well as an overview of the 15-minute ISP project and met its Finnish customers.

Trainee Program

eSett, Fingrid, and FG Datahub started a new joint trainee program. Two trainees will gather experience from all companies during a period of 10 months.

Technical go-live of the BSP model

A technical change in eSett's imbalance settlement system on October 10, 2022 at 00:00 CET was the first step towards a common Nordic BSP settlement and invoicing model for eSett and the TSOs.

Settlement conference in Sweden

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

Customer Committee meeting

eSett's Customer Committee meeting was held on October 13, 2022. The main topics were an overview of the electricity market in the NBS countries, capacity challenges in the Swedish transmission system, and Online Service development roadmap.

Customer Satisfaction Survey

Our yearly Customer Satisfaction Survey was sent to active Online Service account holders, and 161 responses were received. Satisfaction was at an all-time high, with an average of 4.33 out of five.

CEO's review

2022 was an exceptional year. The energy crisis in Europe and uncertainty over the energy supply made electricity a topic of general conversation in a way we have not experienced before. Despite the turmoil, eSett has been able to perform well in its daily operations and work towards the upcoming market changes as planned. Most importantly, we have enjoyed working together.

Among all the turbulence, we also had reason to celebrate: we reached the 5th anniversary of our operations and had a get-together with our employees and people involved in the project five years back.

Preparing for 15-minute settlement

In everyday work, our focus was on the 15-minute imbalance settlement period whose go-live date was set last year to May 22, 2023.

We have been working hard to make sure our systems are ready by this date, and they will be. However, due to circumstances beyond our control, the 15-minute settlement cannot be started in full in May. The implementation will take place gradually over the year and may continue to 2024.

Luckily, our scenario work has made it possible for us to prepare for this eventuality. In fact, gradual implementation allows us to see the distribution of

energy over 60-minute period in 15-minute slots before the 15-minute imbalance pricing will be taken into use.

Managing increased risks

The higher energy prices of 2022 increased the money flows we manage and hence our risks, even though the imbalance energy has not grown.

This is why we have honed our processes and ways of working further to make sure our operations can continue under all circumstances. Our risk management, in particular, has been under close scrutiny.

Moreover, the geopolitical situation has increased our security risks, so we have improved our systems to keep all our data safe. We have also gained security knowhow in our Board members.

From data to insights

To be able to understand the market better and support our customers, we have started developing our data analysis capabilities and will continue to do so in the future.

By working the data we have in our systems, we can provide market participants with insights into the market and so give them better decision-making tools. At the same time, we may learn new ways to improve the imbalance settlement model further.

Some data is already available on our new website <https://opendata.esett.com/> where we share information about Nordic imbalance settlement and market participant structures.

Important customer input

To develop our operations to meet client needs, we started a new Close to Customer program. During the year, we visited eight BRPs to tell them about eSett's operations and plans for the future and especially to hear their wishes and ideas for improvement.

We have already received great ideas and heard some concerns, but even more importantly, we have gotten to know each other, and this will make cooperation much easier.

We are particularly happy that our clients are satisfied with our customer service. The satisfaction survey of 2022 brought us a rating of 4.3 out of 5, a new record for us. The feedback shows we are eager to help quickly, and we follow our values in our work.

Happy people get results

Our good results can be attributed to a large part to our efforts towards to well-being and happiness of our employees. We have managed to create an atmosphere of collaboration, with every one of us happy to lend a hand.



Despite the turmoil, eSett has been able to perform well in its daily operations.

Similarly, we have good relationships with our owners, service providers, and other stakeholders in our network. We have built trust, making it easy to work together.

So, I would like to thank our committed employees as well as all our stakeholders for the year 2022. We will strive to strengthen our cooperation further in 2023.

We settle together,
Minnakaisa Ahonen

Strategy



Vision

Strategy

Values

Operating environment

Case: One of a kind
in the electricity market

Vision

eSett's vision is to be forerunner in providing advanced settlement services for the energy market across borders. Our vision steers us towards a better tomorrow in many ways.

The vision is turned into strategy in close collaboration between eSett's employees and Board members, and we also listen to our stakeholders for their ideas for our future. In our updated strategy, the following focus areas have been chosen to clearly reflect our will to be the forerunner.

These form the basis for our timely and reliable settlement services for over 1,000 market participants in Denmark, Finland, Norway, and Sweden. Timeliness and reliability of our services are our key performance indicators and measure of our responsibility towards the market participants.

We add value to the electricity market and stakeholders by analyzing and understanding the settlement data and providing them information for decision-making and market improvements.

We keep employees happy by creating a good atmosphere among the employees and providing them with meaningful tasks.

We support the green energy transition by delivering the necessary market initiatives in a timely manner and keeping our customers informed about these changes.

We ensure the overall security of our services, and we are a trusted partner.

We strengthen the core and increase the agility of operations by keeping the focus on stable settlement and continuous improvement of our processes and tools.

We have a close dialogue with customers to understand their needs, so we are able to service them in the best possible manner.



Vision

Strategy

Values

Operating environment

Case: One of a kind in the electricity market

Strategy

In 2022, eSett reflected its strategy against future IT trends. Some of the most relevant trends for eSett were seamless user experience, value delivery becoming independent of location and time, the importance of data in all businesses, processes changing at an ever faster pace, and on-demand infostructure. eSett's strategy and capabilities are well aligned with these technology trends.

The Close to Customer meetings initiated in 2022 help eSett to adjust our strategy, develop our services further, and learn to know customer needs better. We have an exciting challenge ahead of us in putting the strategy into practice – implementing the big market changes, but also adjusting our operations to customer needs and utilizing opportunities of modern IT technology.



Vision

Strategy

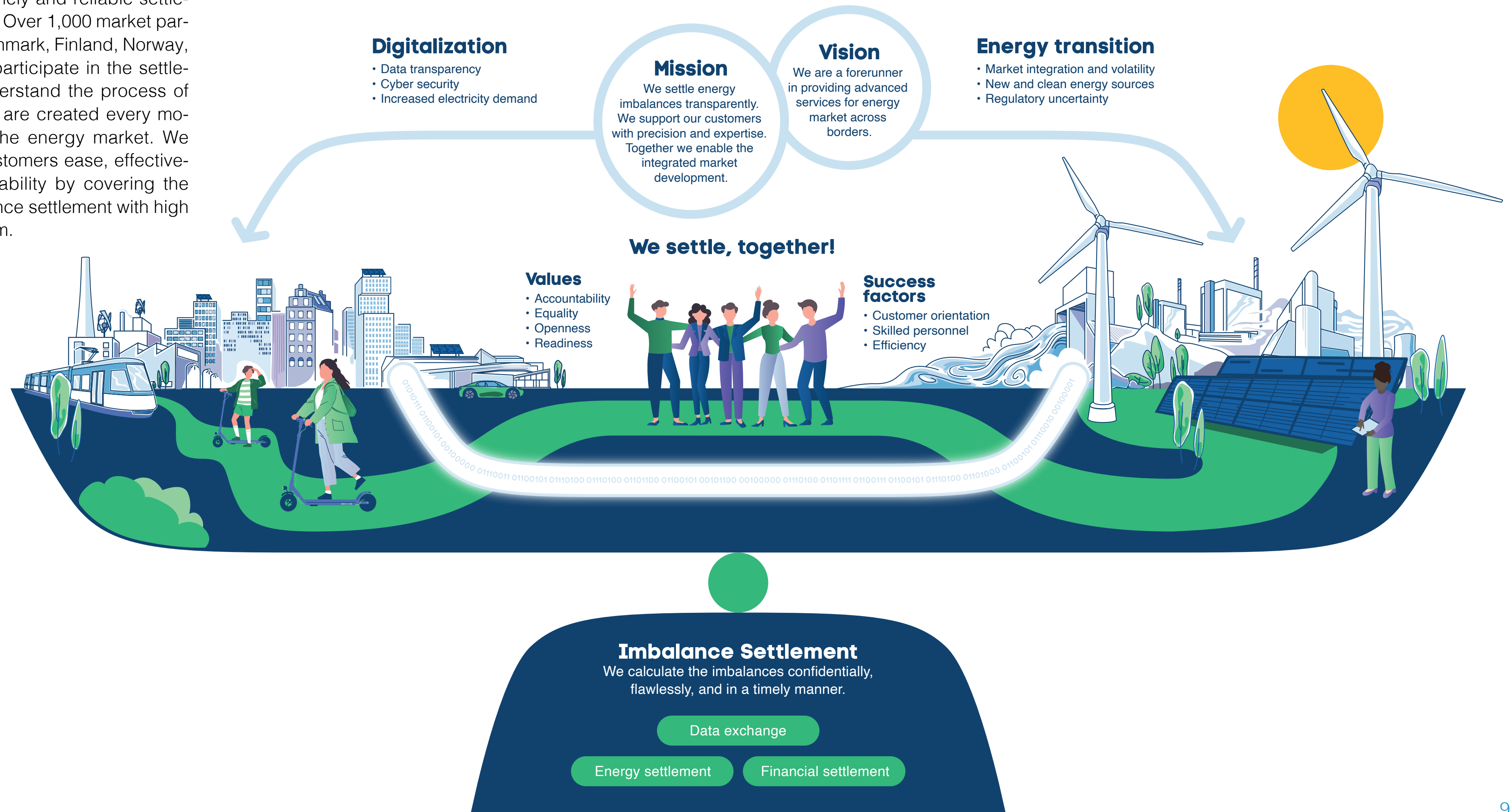
Values

Operating environment

Case: One of a kind in the electricity market

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
Strategy

Values

Operating environment

Case: One of a kind
in the electricity market

Values

Our values drive us to settle energy imbalances reliably and transparently and to serve our customers with precision and expertise. Working together, eSettlers have defined descriptions what our values mean for us.

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.

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.

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.

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 develop our expertise in a systematic way.



- Vision
- Strategy
- Values

Operating environment

Case: One of a kind in the electricity market

Operating environment

In 2022, the European electricity market experienced unprecedented turmoil. Energy prices rose rapidly and concerns over electricity availability loomed large on the horizon due to the war in Ukraine and Russia using its natural gas reserves as means of political leverage.

Collaterals under scrutiny

This situation has led to a new interest in all aspects of the electricity market, including eSett's role in it.

High prices created a substantial counterparty risk for us, so we have been paying special attention on our risk management and scenario work.

To mitigate counterparty risk, our dynamic collateral model calculates collateral requirements daily for each BRP, based on latest settlement and price data. Since the prices are high, the collateral requirements were higher than ever before.

15-minute settlement for green transition

Our operating environment is getting greener, as EU's Green Deal and general market development are driving sustainable energy sources, like solar and wind power.

We want to be a part of developing the energy system to better accommodate the use of these new sources,

making sure the imbalance settlement is compatible with them. This is one reason behind the 15-minute settlement we have been working on this year, as it makes it easier to react to sources whose output can change quickly.

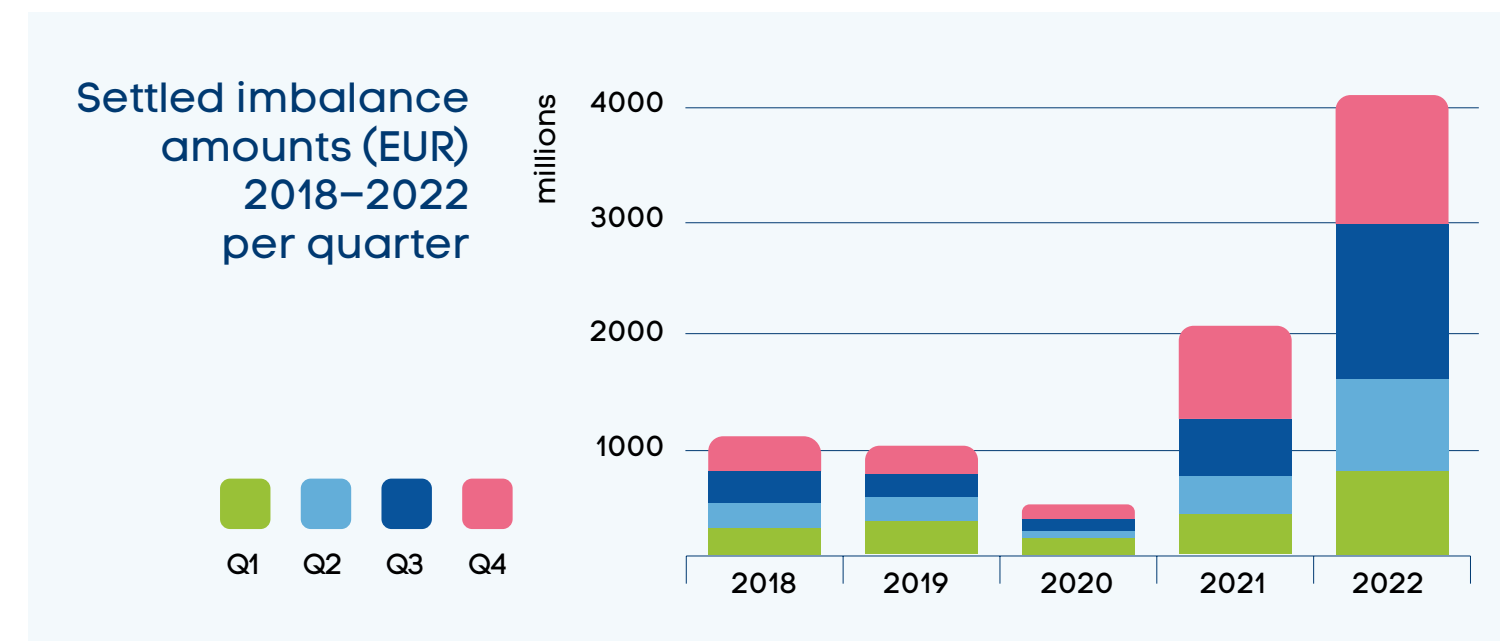
From the very beginning, eSett has been involved in large-scale projects such as the single balance and single price settlement model deployed last year and the 15-minute settlement. Going forward, however, these major undertakings are coming to an end, with smaller projects coming to the fore.

Efficiency from data

Supporting the green transition can also be served through digitalization and structured use of data.

Through digitalization, we can help make the energy market more efficient by facilitating and automating information exchange between us and our clients. We are also looking into possible cases for using artificial intelligence.

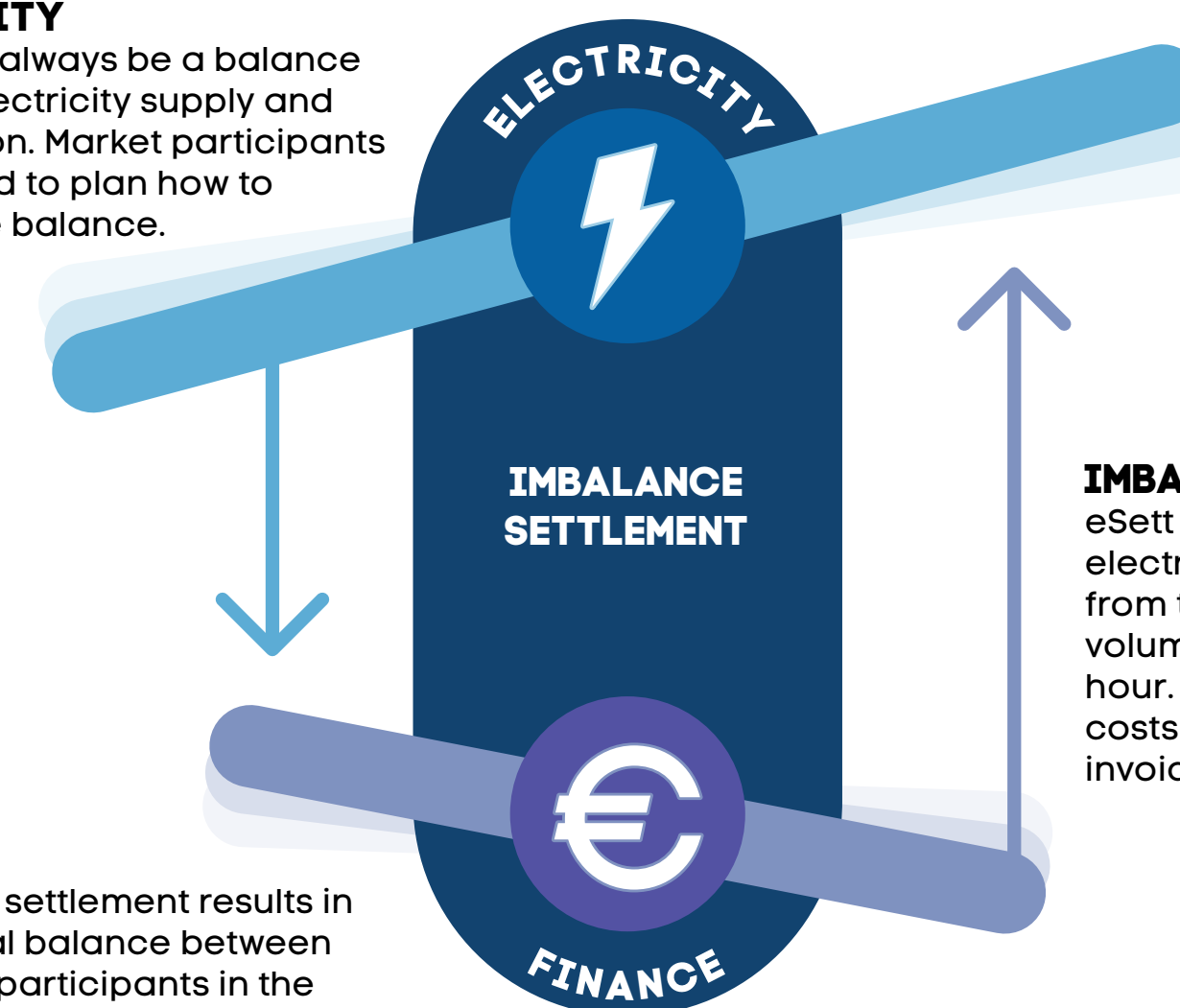
In our operations, we have amassed large quantities of data over the year. Now, we are investing in analyzing, using, and refining it to be able to provide market participants insights into the behavior of the market and give them better tools to make informed decision. We are also developing our data portal where we will make relevant data publicly available.



eSett maintains the financial balance in the Nordic electricity market

ELECTRICITY

There must always be a balance between electricity supply and consumption. Market participants are required to plan how to achieve the balance.



FINANCE

Imbalance settlement results in the financial balance between the market participants in the electricity market.

Vision

Strategy

Values

Operating environment

Case: One of a kind
in the electricity market

CASE / One of a kind in the electricity market



The Board of Directors has an important supervisory role in any organization. Each of the four Nordic Transmission System Operators (TSOs) as eSett owners appoints their representative to eSett's Board, so it has the most insightful advisors to keep eSett on track for continuous improvement.

Lowina Lundström, Executive Vice President of Svenska kraftnät, has been the Board's Chair since April 2022. The Board is responsible for strategic governance, defining risk appetite, policies, and goals as well as making sure the company is heading in the right direction at the right speed.

"It is clear to us all on the Board that we do not represent the TSOs there, but we are eSett and thinking only about what is best for eSett," Lundström underlines.

In her opinion, eSett is a forerunner in imbalance settlements and possibly one of a kind. The Nordics have been pioneers in cooperation in the electricity market. There is nothing similar in Europe. The Nordic cooperation makes the market more efficient – after all, electricity does not stop at country borders.

The demands on eSett are high, and they will become even higher in the future with the 15-minute settlement. The electricity market is also becoming more complex, and legislation in the European Union is changing. Even though eSett's tasks stay the same, it will need to keep up with the changes.

"I am very proud of eSett. It is a company with very high standards and exceptional expertise in settlements. They have an excellent track record, good control of their systems, and they have created an inspiring working environment for the employees," says Lundström.

Going forward, eSett will deepen their expertise and collaboration with its clients further. This way it can support the market participants even better and provide them with data that helps them keep the electricity market stable and efficient."

"Even though customer satisfaction is high, we need to continue to listen to our clients closely and ask them what they expect of us. Only then can eSett provide the services and support needed in the future."

Business



Customer Committee represents the market participants

Case: Seamless communication

Customer satisfaction in 2022

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 Balance Responsible Parties (BRP) and retailers, Distribution System Operators (DSO), and Transmission System Operators (TSO).

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.



Customer Committee represents the market participants

Case: Seamless communication

Customer satisfaction in 2022

CASE / Seamless communication



In Finland, UPM is best known for producing paper and other wood-based products. Few people know that UPM is also the second largest electricity producer in the country in addition to being a major consumer of electricity. As such, it is active in all the electricity markets.

UPM produces hydropower as well as nuclear power through co-owned companies and procures electricity for its factories. UPM Energy also has services to third parties, mostly large industrial energy consumers. Services cover, for example, digital solutions to optimize consumption flexibility in all markets.

UPM's balance settlement team is constantly in contact with eSett with everyday settlement questions as well as in bigger changes and development projects, such as the 15-minute settlement.

"It is easy to communicate with eSett's experts, they are very helpful, and the systems are good. In the future, we would like to have open system interfaces, so we could increase automation in our operations," says **Teija Pelkonen**, Senior Manager, Back-Office and Balance Settlement at UPM Energy.

eSett is also getting to know its clients and their needs better by arranging Close to customer meetings.

"I think it is a good concept. It is often easier to talk face to face, especially since the topics are quite complex. And having met the people makes it always easier to work with them."

Pelkonen is also involved in the Stakeholder Reference Group for the Nordic Balancing Model (NBM) program, so she has a good view of the changes that are about to take place in the market.

The reference group is a forum where Transmission System Operators (TSO) can present their ideas on, for example, technical solutions, new legislation, or market structures and how different implementation alternatives would affect industries, producers, and consumers.

Since the group has a wide range of market participants, including Nordic regulators, it is an efficient way to convey their views to the TSOs.

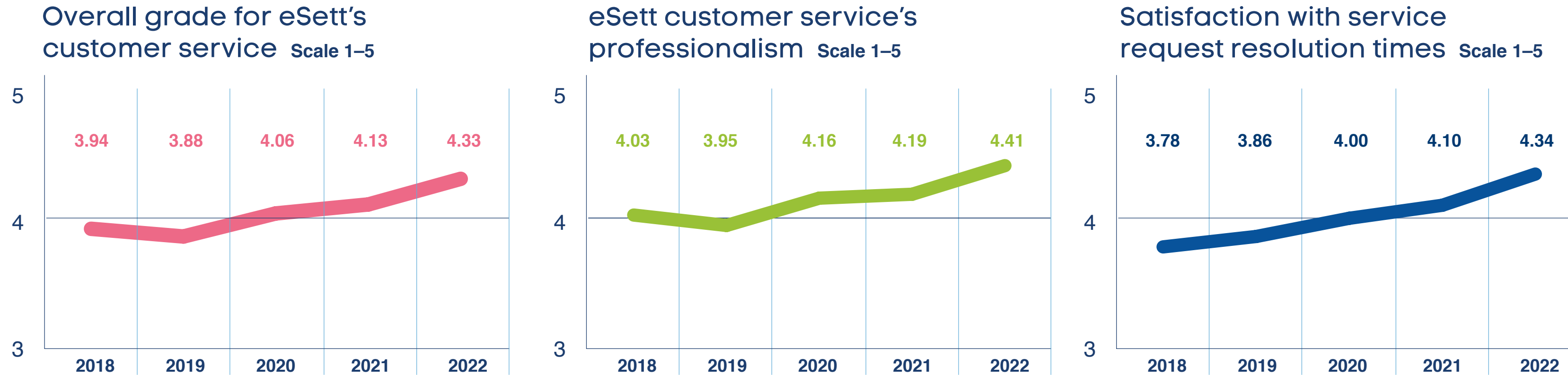
"Our aim is to increase transparency, so that all market participants can have the same information available to them. We also want to make sure we can keep the Nordic market unified even in the future. Here cooperation is key."

Customer Committee represents the market participants

Case: Seamless communication

Customer satisfaction in 2022

Customer satisfaction in 2022



For many years, it has been a tradition of eSett's to conduct an annual customer satisfaction survey in the fall. The reason is simple: 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. It is always a highly anticipated moment at eSett when the results are revealed, as it tells us what we have done well or if there are issues we need to focus on the next year.

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 questions have been part of the survey from the beginning, making it possible to identify changes and trends.

In addition, we also ask for feedback with open-ended questions, which usually tend to give us the most valuable input. The answers provide important insight and help us really get to the details on what and how we could improve our system and services.

Feedback drives development

Many of the development ideas we received related to eSett's data interfaces and data communication practices giving us good information on how the

market participants experience our service and how we should develop it.

Some of the ideas, such as a more sophisticated notification management ability, are already in our development roadmap.

Additionally, we received once again great feedback and tips on how our Online Service platform could better support our customers' daily routines. Based on the feedback, we will, for instance, evaluate the possibility to add new widgets on the front page or create additional data packages that could benefit the market participants.

Ever better service experience

In terms of grades, the results from 2022 were excellent – once again the

best we have ever received. We feel this is something special, given the fact that we have been successfully advancing with major market changes, such as 15-minute imbalance settlement period and support for new market role, Balancing Service Provider, to name some accomplishments.

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. However, as the bar has been set high, we acknowledge the challenge ahead of us and know we need to congratulate ourselves if we can keep the same high level even in the coming years.

Sustainability



Sustainability at eSett
Implementing UN's SDGs
Sustainability in figures

Sustainability at eSett

Our values, mission, and vision lay the foundation for our corporate responsibility. The management of corporate responsibility is based on our management system and its customer, financial, governance, human resource, ICT, and imbalance settlement policies.

Sustainability is embedded in our business practices and daily decisions. CEO is responsible for the management of corporate responsibility.

We are developing our corporate responsibility systematically. 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.

We maintain a close dialog with our key stakeholders, including our employees, customers, and partners, to understand their evolving needs and expectations and to develop our operations accordingly.

Energy key in green transition

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.

We are involved in developing the energy system to better accommodate the use of these new sources, making sure the imbalance settlement is compatible with them. The 15-minute settlement to be launched in 2023 makes it easier to react to energy sources whose output can change quickly.

Electrification is a strong trend; to make it possible, more electricity and flexibility will be needed within the power system.

The increased use of electric technology and digitalization will increase electricity consumption, but on the other hand, ICT is a major enabler of less carbon intensive energy production and energy efficiency. We need to seize the huge potential of digitalization but also manage its risks.

As a key player in the electricity market, eSett gathers a lot of data. This can be turned into insights that help us and the market players optimize their operation and make the whole Nordic electricity market more efficient.

Efficient electricity markets make it possible to use the limited resources available in the most useful manner.



Sustainability is embedded in our business practices and daily decisions

Sustainability at eSett
 Implementing UN's SDGs
 Sustainability in figures

Implementing UN's SDGs

We have identified the UN Sustainable Development Goals (SDGs) that eSett can impact the most. These goals guide our sustainability initiatives and prepare 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's contribution	KPIs and relevant policies
	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.	<ul style="list-style-type: none"> • Timely and reliable imbalance settlement • Waterproof financial processes
	Our digital settlement services underpin the electricity market infrastructure and make it functional. We constantly look for new ways to improve the efficiency of the services.	<ul style="list-style-type: none"> • Reliable ICT and availability of services 24/7 • Professional customer service
	Our services are developed to handle the increasing amount of renewable energy in the Nordic power system, helping reduce carbon emissions.	<ul style="list-style-type: none"> • Ready for the future – implementing market development project on time, with high quality

eSett's contribution

KPIs and relevant policies



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

- Annual employee survey



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

- Compliance with Code of Conduct



We contribute to economic growth by helping make the electricity market as efficient as possible. We offer equal employment opportunities and equal pay for work of equal value.

- Compliance with Code of Conduct



For eSett, all customers are equally important. All employees are provided equal opportunities and they treated similarly whatever their status or tasks are.

- Compliance with Code of Conduct



When procuring products and services, we consider their sustainability, for example, we have relocated our data center services to a carbon neutral operator. We urge our suppliers and service providers to consider sustainability in their operations.

- Ready for the future with sustainable value chain



eSett is a trustworthy partner and takes care of the assets of the customers and complies with laws and regulations. We promote access to information through our imbalance settlement data portal.

- Compliance with Code of Conduct

Sustainability in figures

In 2022, eSett's carbon footprint was 421 (2021: 341) tons of carbon dioxide equivalent (CO₂e).

Carbon footprint was calculated based on the GHG Protocol Corporate Accounting and Reporting Standard. The carbon footprint presented here is market-based. The calculation was executed by OpenCO2net Oy on the [OpenCO2.net](https://www.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 98% of the carbon footprint.

Emissions have increased slightly from the previous year. Possible reasons for this are more spending included in Scope 3 calculations and uncertainties related to the emissions of ICT services and their value chains. In addition, inflation is not included in the current spend-based emission factors which might increase the emissions even though the same service is still purchased.



We continue our efforts to reduce our impact on the climate. For example, we are already working with multiple carbon neutral service providers. We have reduced our carbon footprint by shifting to green electricity, and only Guarantee of Origin certified renewable electricity has been used since 2021. We are planning to decrease our emissions further by having access to renewable district heating.

Key figures of sustainability

Key figure	2022	2021	2020	Unit
Social				
Number of employees	21	18	16	person
Women	29	39	44	person (%)
Men	71	61	56	person (%)
Employees under 30 y/o	33	28	19	person (%)
Employees 30–50 y/o	57	61	75	person (%)
Employees over 50 y/o	10	11	6	person (%)
Employee turnover	5	17	7	%
Sickness absence rate	1.8	0.4	0.6	%
Training/employee	19	20	3	h/a
Employee Net Promoter Score	83	88	n/a	
Environmental				
Electricity consumption	11	10.7	11.3	MWh
Heat consumption*	48	52.7	58.2	MWh
Greenhouse gas emissions Scope 1	0	0	0	t CO ₂ e
Greenhouse gas emissions Scope 2	8.1	14.1	18.6	t CO ₂ e
Greenhouse gas emissions Scope 3	413	327	374	t CO ₂ e
Economic				
Turnover	8.5	7.5	7.7	MEUR
Profit	0.87	0.18	0.41	MEUR
Availability rate of services	99.61	99.62	99.61	%

*estimate based on the floor space

Employees



Meaningful and inspiring working environment

Development and well-being

Case: From summer employee to software developer

Meaningful and inspiring working environment

Our vision is to be the forerunner in international energy settlement. This cannot be achieved without strong focus on people: skilled employees are 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 learning and development opportunities for our people.

Minor restructuring

In 2022, we adjusted the organizational structure. eSett organization is still divided into three teams: Digital Office, Finance and Risk Management, and Operations and Customers. With small changes during the year, we were able to clarify roles especially in the Digital Office team and focus more on utilizing the vast amount of data eSett has. Risk management duties are now handled by the Finance team.

The changes in the external environment also had an effect on eSett people. After two years of COVID-19 pandemic, we were finally able to con-

tinue life without major restrictions. For eSett, this meant people working again in the office much more. As remote work clearly offers some benefits, it is still possible to work partly from home.

Work more meaningful than ever

Another big change was the war in Ukraine and its effects on the global energy markets. Before the events in Ukraine, people in general did not pay much attention to how energy markets work. This year it was normal to find news titles or articles about the different phenomena on the electricity market, placing eSett in the spotlight for a larger audience, too.

eSett people have even before felt that their work is meaningful, but during 2022 this feeling was stronger than ever. Risk and continuity management have always been important but organizing the related trainings and exercises this year seemed to have a special meaning in people's mind.



Skilled employees are one of the three success factors in our strategy.

Meaningful and inspiring working environment

Development and well-being

Case: From summer employee to software developer

Development and well-being

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.

Building team spirit

eSett does a yearly employee survey to monitor the level of employee satisfaction. The 2022 results were again excellent, showing us that we have taken the right kind of actions during the year.

Good team spirit, working actively together, and helping each other are some of the things that eSettlers value a lot and list as the biggest strengths at eSett.

During the year, teamwork was supported by facilitated team sessions, which helped team members learn about their individual differences and focus on each team member's strengths. eSett also continues to support some joint leisure activities, promoting both individual well-being and team spirit.

Learning on the job

People at eSett are ambitious and eager to develop themselves. 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. 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.

During 2022, eSett has again offered development possibilities for students as summer trainees, part-time employees during semesters, and an opportunity to make their final thesis project for eSett.

Focus on market knowledge

In addition to on-the-job learning, eSett has also offered different training opportunities for eSettlers. In 2022, we focused on deepening our market knowledge.

People have actively participated in external seminars and organized knowledge-sharing sessions inside the organization. We were also very pleased to have external visitors from electricity market parties giving lectures on interesting topics.

There has also been training on more general topics, e.g. artificial intelligence and presentation and communication skills.

eSettlers value good team spirit, working actively together, and helping each other.

Promoting mental well-being

Well-being of our employees – both physical and mental – has always been very important to eSett. Our employees have access to comprehensive occupational healthcare services.

Due to the increased uncertainty in the world in 2022, we focused on tools promoting mental well-being. We had lectures from work psychologist and launched a new external service to lower the threshold to get support early enough.

According to the employee survey eSett employees feel they have a good balance between work and other life and our goal is to maintain this state of affairs.



Meaningful and inspiring working environment

Development and well-being

Case: From summer employee to software developer

CASE / From summer employee to software developer



During my first year studying at Aalto University, a fellow student told me good things about eSett, and that got me to apply for a summer job here. Now, I have been working for eSett from 2018 and have since moved on to become a full-time software developer.

The first summer I assisted the Operations and Customers team, for example, in imbalance settlement tasks, development projects, system testing, and customer service. During my second summer, I was able to take on the responsibility for daily imbalance settlement for certain weeks.

I also worked part time for during the academic year, often working on tasks that had a flexible deadline. This way I could combine the work with my studies. I also had the opportunity to do my thesis work for eSett on improving user experience of our client portal.

After my graduation, I was happy to join full-time as a software developer. Now I am a part of the Digital Office team, maintaining and developing a web application that provides open data for Nordic electricity market participants. I am also involved in designing and testing the imbalance settlement system.

Our organization is flat and small, so it is easy to share things about your work or even your weekend. Everyone is interested in what you have to say and is ready to help you.

When working in IT, there is an abundance of things you can learn, and for me that is the best thing: every day I get to learn something new. And that is something eSett encourages us all to do. We can all have a say in how we develop and grow.

SASU SAALASTI

Job: Software Developer

Education: M.Sc. in Computer, Communication, and Information Sciences

Previous work experience: summer employee and trainee as eSett, machine operator at BMI Group

Hobbies: Photography and videography, music, and vintage synthesizers

Governance

An aerial photograph of a winding road through a dense forest of snow-covered evergreen trees. The road is dark and curves through the white landscape. The word "Governance" is overlaid in white text on the upper left portion of the image.

Governance

Board of Directors

Board of Directors
2022–2024

Duties of the Board

Board of Directors

Management Group

Governance

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 Chairpersonship

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 2022–2024

On April 7, 2022, the Annual General Meeting elected four (4) members to the Board of Directors for the term 2022–2024. Each Board Member was appointed a deputy member.

Board of Directors for 2020–2022:

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

Lowina Lundström serves as the Chair of the Board. Raisa Mölkänen serves as the Secretary to the Board of Directors. Minnakaisa Ahonen serves as CEO of the company.

PricewaterhouseCoopers Oy was re-elected as the auditor for eSett. Taru Mäenpää acts as the company's main auditor.

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

Board of Directors

Board of Directors
2022–2024

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Board of Directors 2022–2024



eSett Board of Directors
(from the left):
Ole Jacob Høyland,
Signe Horn Rosted,
Lowina Lundström
and Kari Suominen

Governance

Board of Directors

Board of Directors
2022–2024

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Board of Directors

Management Group

Board of Directors 2022–2024

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–)

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–)

Signe Horn Rosted

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

Primary working experience

Energinet, Tech & Innovation, CIO,
Group Senior Vice President (2022–)

Energinet, Vice President, Business
and Markets (2019–2022)

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
Eltransmission (2022–)

Member of the Board, Energinet
DataHub (2019–)

Member of the Board, TSO Holding
(2018–2022)

Member of the Board, Gas Storage
Denmark (2018–2021)

Kari Suominen

M.Sc. (Tech.), MBA, CBM
Born in 1964
Finnish citizen
Member of the Board since 2022

Primary working Experience

Fingrid Oyj, CIO (2013–)

Ahlstrom Oyj, CIO (2009–2013)

Konecranes Oyj, CIO (2002–2009)

STERIS Finn-Aqua,
Head of Production (1997–2002)

Aquamaster-Rauma,
Aquamaster-Rauma Korea Ltd,
several positions (1989–1997)

Other positions of trust

Member of the Board,
DigiFinland Oy (2020–2022)

ICTC Committee, member (2022–)

Governance

Board of Directors

Board of Directors
2022–2024

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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

Ville Rahkonen

Development Manager

At eSett since 2022

M.Sc. (Tech.), M.Sc. (Econ.),
born in 1981

eSett Management Group (from the left):

Ville Rahkonen, Jonni Laine, Minnakaisa

Ahonen, Tuomas Lahti, and Antti Niemi



Report on operations 2022



Report on operations 2022

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- Risk management
- Imbalance Settlement
- Nordic Imbalance Settlement Handbook
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Report on operations 2022

In 2022, eSett made a profit of EUR 880,111.86. 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 8,492,597.54, consisted of TSO service fees. The biggest expenses during the fiscal year comprised of depreciation, personnel, and ICT expenses.

Capital expenditures

In 2022, 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 5,990,604.45 as per December 31, 2022.

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.

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 the 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

Operating expenses	MEUR
Depreciation	1,708
Personnel	1,816
Imbalance settlement	1,226
ICT expenses	1,541
Communication	0,132
Finance and Administration	0,903
Other operating expenses	0,058
Finance expenses	0,005
Total expenses	7,390

Non-current assets	MEUR	Notes
Intangible assets total	5,991	
Intangible rights	0,256	Licenses
Other intangible assets	5,711	Software
Tangible assets	0,024	ICT infrastructure

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 the 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 October, eSett put its preparedness plan and organization to the

test. A comprehensive one-day business continuity exercise driven by risk scenarios was conducted to validate eSett's business continuity plans and procedures. The exercise was an excellent chance for the organization to test its skills in crisis management, and it gave us valuable ideas how to improve our resilience further.

In 2022, eSett continued its ISAE audit with Type II audit performed by PricewaterhouseCoopers (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.

Report on operations 2022

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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.

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.

Collaterals

eSett is the financial counterparty in the imbalance settlement towards all BRPs. In practice, this means significant counterparty risk for us, so each BRP must 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 the 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 their 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 required 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.

Market monitoring

Market behavior monitoring is one of eSett's tasks with three main objectives. Firstly, to monitor that the imbalances of BRPs are kept as low as possible, secondly to monitor possible market abuse, and thirdly to mitigate the counterparty risk which eSett has towards each of the BRPs.

eSett has increased its monitoring efforts to reduce the counterparty risks during the period of high electricity prices.

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 and invoiced include the BRPs' imbalances and fees charged from the

BRPs as well as payments for activated reserves. 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 2022 proved to have many great achievements and interesting events. Perhaps the biggest achievements from development perspective have been reaching technical capability for 15-minute imbalance settlement period and technical readiness for Balancing Service Provider model. Reflecting on these, the next year will definitely be very interesting when we will hopefully see the commissioning of both projects.

The price trend from the previous year continued, hence the market prices have been very volatile and generally high, peaking at exceptional levels especially during the latter part of the year. This has also kept the counterparty risk towards eSett volatile.

The past year also marked first full year of operation with the new single balance single price model. eSett

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has not seen any significant changes in the behavior of market participants compared to the previous two balance model. We will keep focusing on increasing our knowledge and understanding of the market as well as on open and transparent sharing of important information and interesting market insights, valuing our customers but respecting their privacy.

Finally, the core operations of eSett have been carried out reliably and successfully; only twice has our weekly invoicing processes been delayed slightly during the whole year. In addition to that, our services reached a very high availability rate, matching the levels achieved during the previous years.

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.

Digital Office

2022 saw eSett's ICT unit renamed Digital Office, to better reflect the role

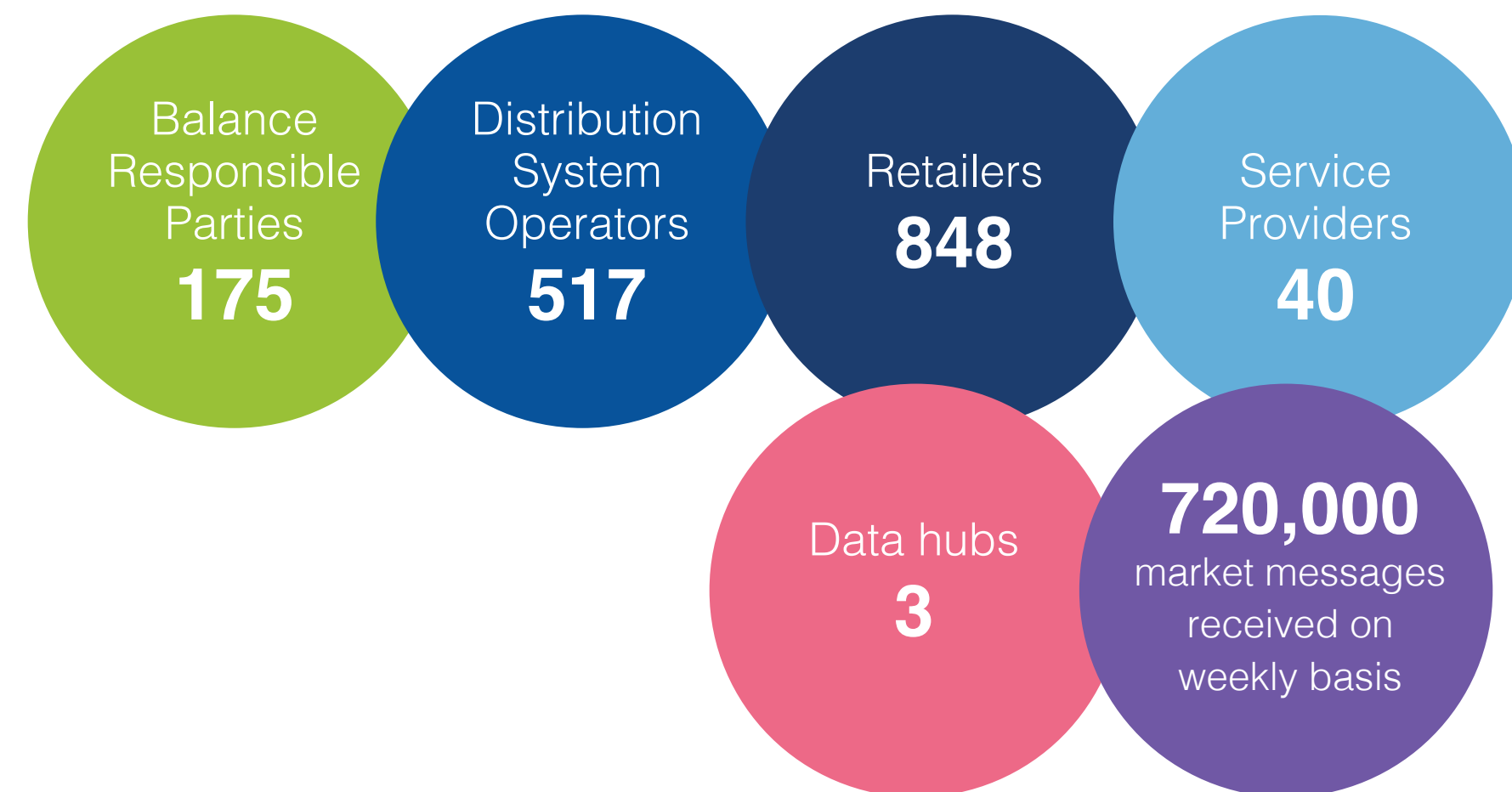
the unit has in eSett. Digital Office provides digital solutions and ICT services for eSett's stakeholders and ensures that the operating environment of the balance settlement system is safe and secure.

During the year, Digital Office concentrated mostly on ensuring technical compatibility with the upcoming shift from 60-minute to 15-minute settlement periods. The change significantly increases the settlement data growth rate, so several enhancements to the balance settlement system and its operating environment were done to ensure a smooth transition.

In the second half of 2022, the development team in Digital Office took over the responsibility of developing and maintaining the public data solution offered to the market parties. The solution is currently being rebuilt, and we look forward to releasing this first internally produced service to the market in Q2/2023.

Operationally 2022 was as stable as the previous year, and there were very few incidents leading to customer-facing problems. We are confident that 2023 will be another successful year of robust balance settlement services.

Key figures of the Nordic Imbalance Settlement at year end 2022



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INCOME STATEMENT		Jan.1–Dec. 31, 2022	Jan.1–Dec. 31, 2021
	Notes		
TURNOVER	12	8,492,597.54	7,468,999.81
Other operating income		57.20	320.16
Personnel costs	1	-1,815,524.39	-1,443,235.06
Depreciation and write-off	2	-1,708,302.48	-2,541,891.77
Other operating expenses	3, 12	-3,861,071.50	-3,212,988.88
OPERATING PROFIT		1,107,756.37	271,204.26
Finance income and costs	4, 12,13	-5,332.97	-56,449.52
PROFIT BEFORE PROVISIONS AND TAXES		1,102,423.40	214,754.74
Income taxes	5	-222,311.54	-33,469.83
PROFIT FOR THE FINANCIAL YEAR		880,111.86	181,284.91

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ASSETS		Dec. 31, 2022	Dec 31, 2021
	Notes		
NON-CURRENT ASSETS			
Intangible assets			
Intangible rights	6	255,958.56	420,597.06
Other intangible assets		3,752,882.75	3,297,594.06
Investments in process		1,957,765.31	2,219,483.95
		5,966,606.62	5,937,675.07
Tangible assets			
Machinery and equipment	7	23,997.83	14,853.86
		23,997.83	14,853.86
TOTAL NON-CURRENT ASSETS		5,990,604.45	5,952,528.93
CURRENT ASSETS			
Short term			
Other receivables	8	148,720,831.31	124,829,952.68
Deferred assets	9	306,581.88	180,794.14
		149,027,413.19	125,010,746.82
Cash and cash equivalents	10	2,117,255.35	6,831,145.71
TOTAL CURRENT ASSETS		151,144,668.54	131,841,892.53
TOTAL ASSETS		157,135,272.99	137,794,421.46

EQUITY AND LIABILITIES		Dec. 31, 2022	Dec 31, 2021
	Notes		
EQUITY	11		
Share capital		3,750.00	3,750.00
Paid-up unrestricted equity reserve		5,998,950.00	5,998,950.00
Retained earnings		1,434,606.91	1,253,322.00
Profit for the year		880,111.86	181,284.91
TOTAL EQUITY		8,317,418.77	7,437,306.91
LIABILITIES			
Non-current liabilities			
Shareholder loans	12	0.00	750,000.00
		0.00	750,000.00
Current liabilities			
Trade payables		371,105.49	235,306.11
Other liabilities	13	147,802,429.68	128,906,302.81
Accrued liabilities	14	644,319.05	465,505.63
		148,817,854.22	129,607,114.55
TOTAL LIABILITIES		148,817,854.22	130,357,114.55
TOTAL EQUITY AND LIABILITIES		157,135,272.99	137,794,421.46

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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 from February 1, 2021, the Imbalance settlement for the 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	3–5 years

Machinery and equipment

Computers and servers	5 years
Equipment	5 years

Activating personnel expenses to balance sheet

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

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1. PERSONNEL COSTS	2022	2021
Salaries and bonuses	-1,509,877	-1,205,780
Pension expenses	-266,287	-208,480
Other personnel expenses	-39,360	-28,975
Total	-1,815,524	-1,443,235

Personnel costs activated to Fixed Assets	41,113	102,916
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Number of salaried employees in the company during the financial year:

Personnel, average	21	18
Personnel, Dec. 31	21	20

2. DEPRECIATION ACCORDING TO PLAN		
Intangible rights	-164,639	-11,426
Other intangible assets	-1,530,755	-2,311,977
Tangible assets	-12,909	-218,488
Total	-1,708,302	-2,541,892

3. OTHER OPERATING EXPENSES		
Other personnel related expenses	-165,835	-82,672
IT and telecommunications	-1,541,138	-1,282,645
Customer service	-132,144	-158,276
Imbalance settlement and administration	-1,963,739	-1,611,087
Other operating expenses	-58,216	-78,310
Exchange rate differences	0	1
Total	-3,861,072	-3,212,989

4. FINANCE INCOME AND -EXPENSES	2022	2021
Interest and other financial income from others	35,346	-4,089
Interest and other financial expenses to others	-40,679	-52,361
Total	-5,333	-56,450

5. INCOME TAXES		
Income taxes for the financial year	-222,312	-33,470
Total	-222,312	-33,470

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6. INTANGIBLE ASSETS	2022	2021
Intangible rights		
Cost at Jan. 1	1,153,133	1,160,063
Increases Jan. 1–Dec. 31	0	0
Decreases Jan. 1–Dec. 31	0	-6,930
Cost at Dec. 31	1,153,133	1,153,133
Accumulated depreciation according to plan at Jan. 1	-729,410	-520,978
Decreases, Depreciation according to plan 1 Jan – 31 Dec	-3,126	-3,126
Depreciation according to plan Jan. 1–Dec. 31	-164,639	-208,432
Carrying amount Dec. 31	255,959	420,597
Other intangible assets		
Cost at Jan. 1	12,719,818	10,858,283
Increases Jan. 1–Dec. 31	1,986,043	1,876,470
Decreases Jan. 1–Dec. 31	0	-14,935
Cost at Dec. 31	14,705,861	12,719,818
Accumulated depreciation according to plan at Jan. 1	-9,403,015	-7,125,182
Decreases, Depreciation according to plan 1 Jan – 31 Dec	-19,209	-19,209
Depreciation according to plan Jan. 1–Dec. 31	-1,530,755	-2,277,833
Carrying amount Dec. 31	3,752,883	3,297,594
Investments in process		
Cost at Jan. 1	2,219,485	1,396,665
Increases Jan. 1–Dec. 31	1,746,378	2,699,290
Decreases Jan. 1–Dec. 31	-2,008,097	-1,876,470
Cost at Dec. 31	3,965,863	4,095,955
Carrying amount Dec. 31	1,957,766	2,219,485

7. TANGIBLE ASSETS	2022	2021
Cost at Jan. 1	943,708	943,708
Increases Jan. 1–Dec. 31	22,053	0
Decreases Jan. 1–Dec. 31	0	0
Cost at Dec. 31	965,762	943,708
Accumulated depreciation according to plan at Jan. 1	-928,855	-917,428
Depreciation according to plan Jan. 1–Dec. 31	-12,909	-11,426
Carrying amount Dec. 31	23,997	14,854

8. OTHER RECEIVABLES	2022	2021
Imbalance settlement receivables	146,834,300	124,829,954
Tax receivable	0	0
Other receivable	1,886,531	0
Total	148,720,831	124,829,954

9. DEFERRED ASSETS	2022	2021
Accruals of purchases	306,582	180,794
Total	306,582	180,794

10. CASH AND CASH EQUIVALENTS	2022	2021
Cash and bank receivables	2,117,255	6,831,146
Total	2,117,255	6,831,146

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11. EQUITY	2022	2021
Share capital at Jan. 1	3,750	3,750
Share capital at Dec. 31	3,750	3,750
Paid-up unrestricted equity reserve at Jan. 1	5,998,950	5,998,950
Change	0	0
Paid-up unrestricted equity reserve at Dec. 31	5,998,950	5,998,950
Profit/loss from previous financial years	1,434,607	1,253,322
Profit/loss for the financial year	880,112	181,285
Retained earnings Dec. 31	2,314,719	1,434,607
Equity Dec. 31	8,317,419	7,437,307
Number of shares Dec. 31	15,000	15,000

12. RELATED PARTIES	2022	2021
Energinet AS		
Fingrid Oyj		
Statnett SF		
Affärsverket Svenska kraftnät		
Loans from shareholders	750,000	2,250,000
Total	750,000	2,250,000
Service fees from shareholders (turnover)	8,492,600	7,469,000
Total	8,492,600	7,469,000
Service fees to shareholders (expenses)	18,380	45,878
Loan interest to shareholders	19,188	37,777
Service fees to shareholders related to fixed assets	0	0
Total	37,568	83,655

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13. OTHER LIABILITIES	2022	2021
Short term:		
Imbalance settlement liabilities	146,834,300	124,829,954
Shareholder loan installment paid back in year 2021	750,000	1,500,000
Other liabilities	218,130	2,576,349
Total	147,802,430	128,906,303

14. ACCRUED LIABILITIES	2022	2021
Short term:		
Accrued vendor invoices	81,280	105,794
Interest and financing accruals	8,029	6,761
Payroll accruals	426,648	336,792
Accrued income tax liabilities	128,361	16,159
Total	644,319	465,506

15. GUARANTEES AND LIABILITY COMMITMENTS	2022	2021
Commitments according to service agreements		
Payments in the coming year (2023)	671,198	917,931
Payments later	8,500	289,468
Total	679,698	1,207,400
Derivative contracts		
Forward contracts		
Market value, positive		
Market value, negative	0	0
Value of the asset	0	0

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 the monitoring after the crises started.

17. ANNUAL REPORT INFORMATION REQUIRED BY COMPANIES ACT

eSett Oy is owned by Fingrid Oyj, Affärsverket Svenska kraftnät, Statnett SF, and Energinet Elsystemansvar A/S (starting May 14, 2019). It was founded to manage national imbalance settlement. Each shareholder has 3,750 shares and they all have equal voting 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 Elsystemansvar A/S started as a shareholder on 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 Sept. 16, 2019.

The Board of Directors will propose to the Annual General Meeting of Shareholders that no dividend is paid and that the profit 880,111.86 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	1,434,607
Profit/loss for the period	880,112
Total	8,313,669

The Board of Director's proposal for distribution of profit

The profit for the period is 880,111.86 euros.

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

In Helsinki, March 21, 2023

Lowina Lundström

Chair

Kristina Bernseter

Deputy Member

Signe Horn Rosted

Board member

Kari Suominen

Board member

Minnakaisa Ahonen

Chief Executive Officer

AUDITOR'S NOTATION

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

Helsinki, March 21, 2023

PricewaterhouseCoopers Oy
Authorized Public Accountants

Taru Mäenpää

Authorized Public Accountant, APA

