

# Annual review 2023

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eSett in brief

Year 2023 highlights

CEO's review

# eSett in brief

eSett started imbalance settlement operations in **May 2017**.

**22** was the **number of full-time employees** at year-end 2023.



**Headquartered** in Helsinki, Finland.

Turnover for 2023 was **EUR 8.5 million**.

Total settled amount for 2023 was **EUR 2,879 million**.

**Jointly owned by the Nordic Transmission System Operators**

(TSO) Energinet (Denmark), Fingrid (Finland), Statnett (Norway), and Svenska kraftnät (Sweden) – all have equal shares.

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

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

Employee Net Promoter Score in 2023 was **100**.

**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.

eSett in brief  
 Year 2023 highlights  
 CEO's review

# Year 2023 highlights

## Crisis communication

Our crisis communication tools and templates were updated based on the lessons learned from the previous year's trainings and exercises.

## Systematic development of customer service

We started a project to further improve our customer experience. Improvements made included e.g. tutorial videos and enhanced ServiceNow ticketing.

## Business continuity exercise

Cybersecurity-related exercise was arranged to improve business continuity management..

## Annual Review 2022

We published our Annual Review for 2022.

## Crisis communication

A second wave of crisis communication training was arranged for our personnel as a continuation from the one in January.

## Customer Committee

eSett's Customer Committee had its meeting on May 11, 2023. The main topics discussed were our news, future imbalance price design, and 15-minutes status.

## 15-minute Imbalance Settlement go-live

At eSett, the go-live for the 15-minute imbalance settlement period (ISP) was on May 22, 2023, at 00:00 CET in Finland and Denmark.

## Changes in Open data

Due to the transition to 15-minute resolution, a new version of the Open data service was published. The update also included improvements to graphics and overall performance.

## Elhub visited eSett

We welcomed the Norwegian datahub colleagues from Elhub to Helsinki to exchange ideas, co-innovate, and to synchronize our roadmaps for the future.

## Datahub cooperation meeting

We got together with Fingrid Datahub for brainstorming and information sharing. One of the main topics was the improvement of our customer services processes.

JANUARY

FEBRUARY

MARCH

APRIL

MAY

AUGUST

SEPTEMBER

## Settlement Conference in Trondheim

At the Settlement conference organized by Statnett, we presented our latest news and projects and met our Norwegian clients.

## Employee Satisfaction Survey

The results of the employee survey showed that eSettlers are satisfied with their employer – our Employee Net Promoter Score (eNPS) is 100, which is an all-time high.

## mFRR invoicing

The invoicing process of the Finnish BSPs active in the mFRR market (Manual Frequency Restoration Reserve) was transferred from Fingrid to eSett on November 20, 2023.

## Svenska kraftnät outsourced its reconciliation

The complete reconciliation and invoicing process in Sweden was delegated to eSett on November 1, 2023. November 2023 was the first month fully managed by eSett.

## 15-minute Imbalance Settlement go-live in Sweden

Starting from November 1, 2023, Sweden adopted 15-minute ISP reporting, enhancing precision in market operations.

## Settlement conference in Stockholm

At the Ediel and settlement conference, we gave a presentation about the latest news on the market and the implementation of 15-minute reporting in Sweden.

## New eSett Online Service tutorial videos

Our new tutorial videos help customers use the Online Service effectively. The User Guide provides an overview of the entire platform and assists new users in getting started.

## Customer Committee meeting

The meeting's main topics were an overview of the electricity market, analysis of 15-minute settlement data, and discussion about future communication channels.

## Go-live of Swedish balancing capacity

Svenska kraftnät delegated its balancing capacity settlement to eSett on October 1, 2023. This streamlines the settlement of balancing services and their invoicing, with eSett as one point of contact and information source.

## Customer satisfaction survey

Our yearly survey was sent to active Online Service account holders, and we received 196 responses. Satisfaction was at an all-time high, with an average of 4.39 out of five.

eSett in brief

Year 2023 highlights

CEO's review

# CEO's review

After the eventful year of 2022, the electricity market calmed down last year. Even so, large variations in production volumes, prices, and risks are here to stay, making the market substantially more volatile.

One reason for this volatility is a good one: the transition to clean energy will bring in more energy sources whose output is difficult to predict. This will also mean more risk in the market, and we need to be ready for this.

## 15-minute settlement work continues

The 15-minute settlement period is a step towards addressing these market changes. Finland, Denmark, and Sweden are already onboard, but the work continues, as Norway will adopt the 15-minute period in early 2024 and the pricing needs yet to be changed from hourly to quarter-hourly.

The shorter imbalance settlement period paves the way for a more dynamic pricing model in the market, making it easier to handle the variable new energy sources.

## Always prepared

In the midst of these changes, we have improved our capabilities to understand the market and its movements even better. This allows us to better plan our operations as well as prepare for exceptional situations in the market.

Being prepared and having up-to-date continuity and contingency plans in place has been one of our focus areas in 2023. As a company critical for security of supply, we must strengthen our ability to function even in abnormal circumstances.

Since our operations are heavily reliant on information technology, being prepared means upping our game in cybersecurity. We have had cybersecurity exercises with our partners and gained valuable insight into improving our security policies and everyday practices.

## Boosting efficiency

To make the electricity market more efficient and the life of our clients easier, we have expanded our service portfolio and are looking into developing new services. We want to be a one-stop-shop as far as possible, helping to create more unified processes and providing market parties one place for finding their own data.

To facilitate cooperation with us, we have developed our customer service further, applying service design to it for the first time. The work continues, but

## Being prepared has been one of our focus areas in 2023

we have already had good results – our customer satisfaction score was higher than ever!

## New opportunities from data

The volumes of data we amass in our operations are key in providing better service to our clients. We are looking into how to turn this data into insights for market parties as well as for ourselves and provide access to it as widely as possible.

This is why we have improved our data governance, and we are looking into using artificial intelligence in automating routine functions. With the 15-minute settlement our data quantities have quadrupled, so we need automation to find anomalies in it, for example.

## Fostering cooperation

By bringing the market parties together, we help develop the Nordic electricity market. In our Customer

Committee, and TSO expert group, people from different countries have a chance to discuss their needs and wishes in a collaborative spirit for the benefit of all markets.

The same kind of cooperation we like to cultivate in our own eSett team. By helping and taking care of each other, we can be sure we can have real job satisfaction and reach our potential.

Our employees are very committed to success and are happy to get feedback and ideas from each other and from stakeholders.

For this collaborative outlook on life, I want to thank all eSettlers as well as our stakeholders. Together, we can only get better!

We settle together,  
*Minnakaisa Ahonen*



# Strategy



Vision

Strategy

Values

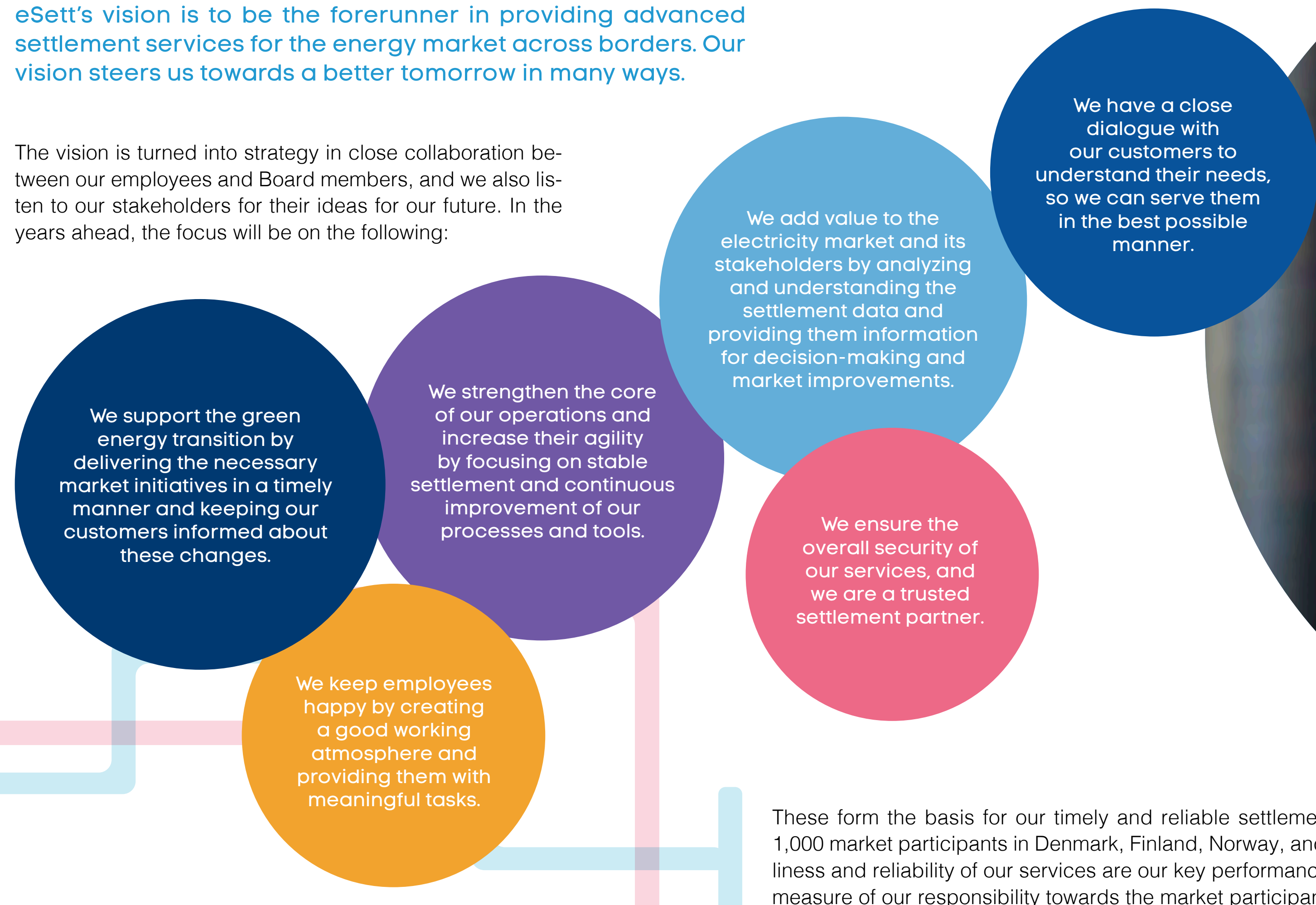
Operating environment

Case: Adapting to new market conditions

# Vision

eSett's vision is to be the 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 our employees and Board members, and we also listen to our stakeholders for their ideas for our future. In the years ahead, the focus will be on the following:



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



Vision

Strategy

Values

Operating environment

Case: Adapting to new market conditions

# 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

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Operating environment

Case: Adapting to new market conditions

# Strategy

During the years ahead, we have decided to keep our focus on the Nordic electricity market. We continue to build our readiness to serve the Nordic TSOs and market participants in the areas of electricity market harmonization, customer service, and invoicing.

We have also decided to start the modernization of settlement and settlement tools and to develop our services to better respond to customer expectations. To do this, we will be diving into the data we gather – we are eager to find a ways to create value from our data.

We still believe that the foundation of our success is based on our customer-oriented culture, skilled and innovative personnel, and efficient and adaptive processes.

**Customer focused and service-oriented culture**

We provide reliable and timely service for the electricity market. We have continuous dialogue with customers. We are a trusted and transparent partner.

We develop our services together with our stakeholders to deliver the best value.

**Skilled and innovative personnel**

We respect and take care of our personnel. We provide interesting and challenging tasks in a supportive working environment.

We ensure that we have the right amount of skilled personnel to offer high-quality services which are continuously developed.

We strengthen our expertise with external resources but keep the understanding of core processes in house and respect and take care of our external partners.

**Efficient and adaptive processes**

We enhance the efficiency of our operations by using modern information systems and communication tools.

We facilitate the efficiency of market operations by making the data easily and clearly accessible for the market.

We are ready for change and enable market development.

- Vision
- Strategy
- Values
- Operating environment
- Case: Adapting to new market conditions

# Values

Our values give guidance to our work and decision making, with the goal of serving our stakeholders in a good and reliable manner.

## 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.

# Operating environment

Green transition defines our operating environment, and the shift to renewable energy sources changes the electricity market profoundly. The Nordic countries are showing the way, so eSett needs to stay in the forefront with its services.

After the turmoil over electricity production and prices caused by the actions by Russia, 2023 was a return to a more normal situation. The turbulence of the previous year has left its mark, and electricity prices especially are still in the headlines.

## Variable energy sources

There is more to report about the transition towards clean energy. Energy sources like wind and solar rely on the weather, which means there will be more variation in the production on electricity as well as prices.

Electricity production becoming cleaner is a positive development, even for energy prices: when it is windy and sunny, there will be more periods of very cheap electricity.

The 15-minute imbalance settlement period will allow the system to take this variability better into account, making it easier to react to energy sources whose output can change quickly.

The adoption of the 15-minute settlement is still ongoing, but it has already made it possible to monitor changes in the market at a more granular level.

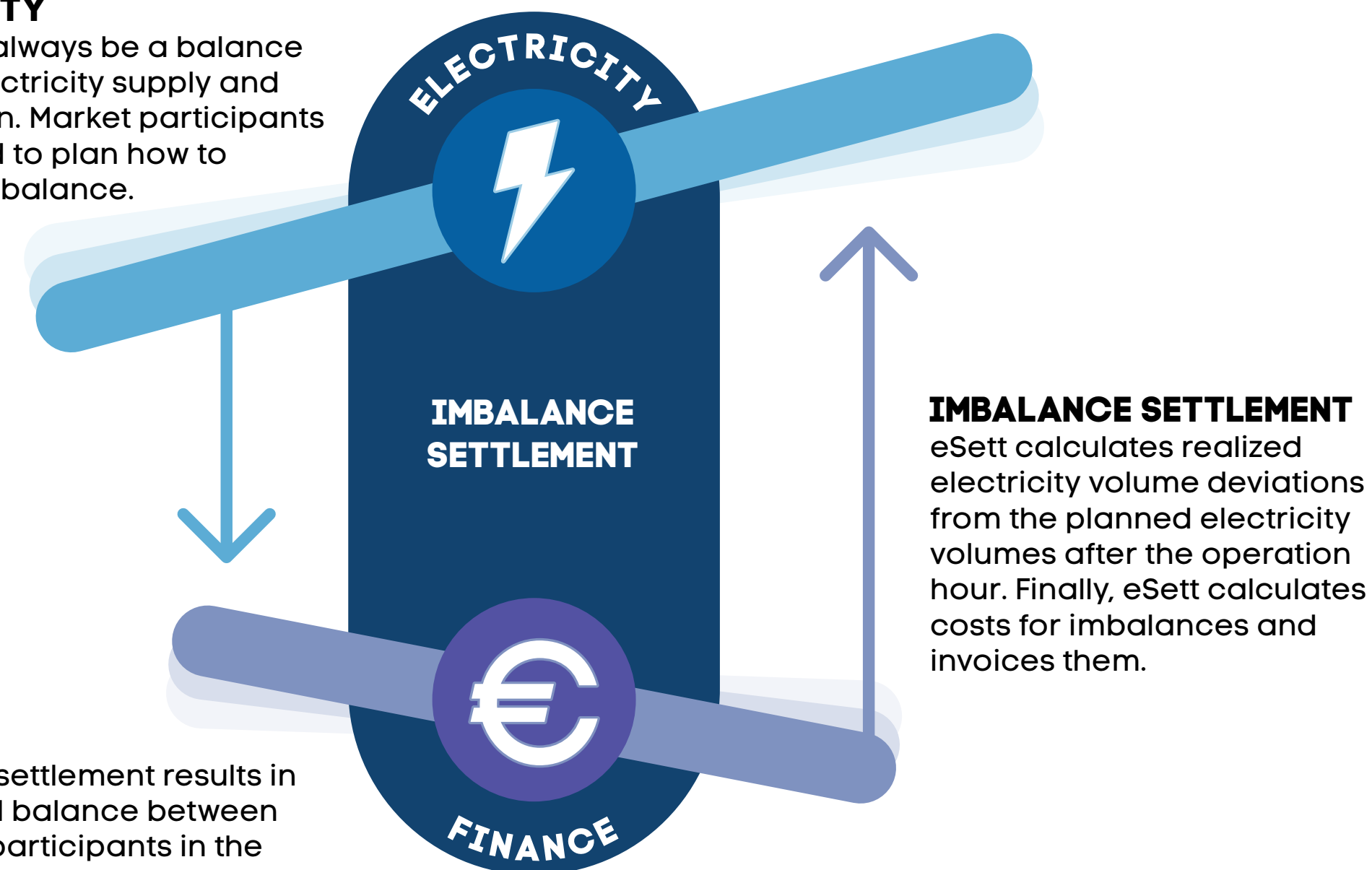
## eSett maintains the financial balance in the Nordic electricity market

### 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.



### IMBALANCE SETTLEMENT

eSett calculates realized electricity volume deviations from the planned electricity volumes after the operation hour. Finally, eSett calculates costs for imbalances and invoices them.

- Vision
- Strategy
- Values

Operating environment

Case: Adapting to new market conditions

This information can be utilized more fully once the pricing starts to take place in 15-minute periods.

New roles in the market

Due to the changes taking place, new parties are emerging onto the market. Balancing Service Provider (BSP) and independent aggregators can make it more flexible, and they need to be included in the imbalance settlement process efficiently. We are already preparing for more BSPs and handling their invoicing.

It is also evident that market participants want to make the electricity market settlement processes as streamlined as possible. Using eSett as a one-stop-shop for all settlement-related information makes daily work easier for all parties.

To this end, our clients are considering adopting more widely services has already in use in one or more countries, such as the capacity settlement in Denmark and Sweden.

Harnessing data

We can also support the green transition by providing market participants with more data, information, and insights into the behavior of the market. This is possible thanks to the high volumes of data we have amassed through the years.

Our Open Data portal already provides access to many types of electricity market data. We will continue developing and improving it to make it as easy as possible for our stakeholders to use it.

Data plays a key role in market monitoring, which has become more

important than ever. We will continue to invest in our ability to spot anomalies in the market and to react to them quickly. Since the amount of data is growing rapidly with the 15-minute settlement, the way to go about this may be using artificial intelligence.

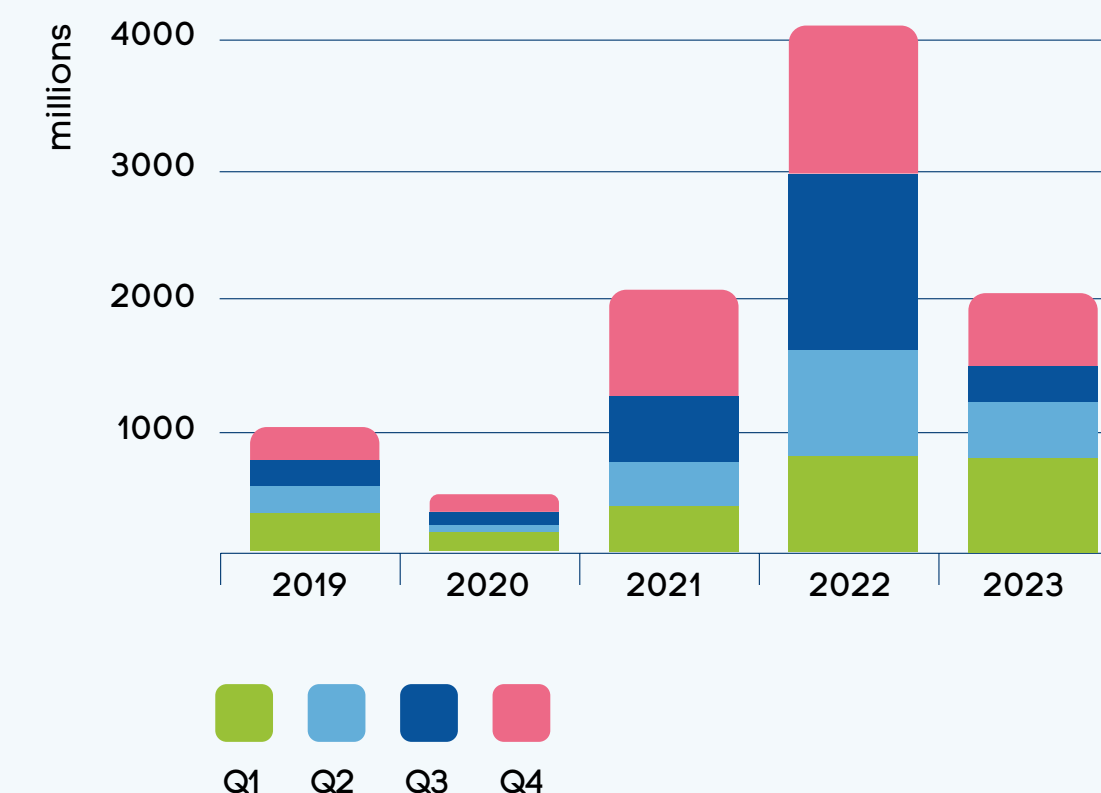
Security highlighted

The geopolitical situation is still tense, and the increasing cyberthreats and measures of hybrid warfare make it more important than ever to be prepared.

This is why we have paid special attention to cybersecurity as well as continuity and contingency planning. Even though our preparedness has been good, it needs to be improved constantly to stay ahead and be able to stave off attacks and influencing methods.

Supporting the green transition by providing more data, information, and insights

Settled imbalance amounts (EUR) 2019–2023 per quarter



Vision

Strategy

Values

Operating environment

Case: Adapting to new market conditions

## CASE / Adapting to new market conditions



**The Nordic electricity markets have built a strong foundation for cooperation. One of its manifestations is eSett.**

Recent decades have been full of major changes in the electricity market.

“As part of each country’s essential infrastructure, Nordic grid companies have their own views and challenges. Even so, they are moving in the same direction, so coordination and finding common solutions is important to keep the market operating smoothly,” says **Juha Hiekkala**, former Manager of Market Solutions at Fingrid.

This is especially important during the market transformation we are going through: moving into a carbon-free, clean energy system. Fossil fuels are being replaced by clean wind, nuclear, and solar energy.

Wind and solar power depend on external conditions, making them less

predictable. The electricity system needs to become much more flexible, so there will be new ways of working, such as sector integration and other flexibility solutions.

Bottlenecks will challenge power system and markets, and it will be even more difficult to predict them. This requires huge network investments, new market solutions and electricity users being more active in the market. It demands a new kind of thinking and looking ahead.

“I think the change into a clean energy system is a major possibility for the Nordic countries. We have our own energy sources and potentials to draw from, and our societies enable a market-driven transformation.”

eSett’s role in bringing the Nordic market parties to the same table is important. It acts as an interpreter, conveying the needs of the imbalance settlement clients to grid companies and again explaining their limitations to imbalance responsible parties.

To be an effective coordinator, eSett needs to keep settling imbalances effectively, keep taking good care of its clients, and look to expanding services that help its clients streamline their processes.

The imbalance settlement process has given eSett a good understanding of the market, excellent IT capabilities, and large volumes of data that could provide new insights into the market, making it more efficient and understandable.

“Above all, eSett needs to stay awake and stay on the frontline of the market changes.”

# Business



Customer Committee represents the market participants

Case: Settlement knowledge hub

Customer satisfaction in 2023

# Customer Committee represents the market participants

The purpose of our 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 our 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 imbalance model.



Customer Committee represents the market participants

Case: Settlement knowledge hub

Customer satisfaction in 2023

## CASE / Settlement knowledge hub



Vattenfall has many roles in the Nordic countries, Balance Responsible Party being one of them, so it has been eSett's client from the beginning in 2017.

The number of tasks handled by eSett has grown over the years. In November 2023, the calculation of Swedish profiled consumption data and the monthly reconciliation settlement were also transferred to eSett.

"I believe Transmission System Operators benefit from eSett handling more services, but it is also good for us, as it is helpful to have one interface for as many services as possible," says **Lena Ingårda**, who heads Vattenfall's Reconciliation department.

Vattenfall is active in the whole Nordic market, so before eSett, it had to deal with four interfaces, one for each country.

"Now we have one point of contact which really simplifies things. We minimize the different development needs with a common Nordic interface and can also synchronize processes and controls to be similar in the different countries and handled by one department."

Working with eSett is easy: the availability of systems is high, data

packages come on time, and the personnel is very service-minded; they respond quickly to questions and possible problems.

As a member of eSett's Customer Committee, Ingårda has a structured forum for giving feedback and ideas for further development.

"They are very receptive to suggestions, and they have done several changes based on the wishes of market participants. They may not be able to do them right away, but after a year or so, they will happen."

According to Ingårda, one way to further improve eSett's services and make their contribution even better would be to make access to their data easier and build APIs so that market participants can make their own requests of available data, both their own and open data.

"From our point of view, they have a very important role as a common Nordic settlement knowledge hub. They are and will be involved in most electricity market changes, and they always come up with well-prepared implementation plans helping us as market participants to be ready in time."



Customer Committee represents the market participants

Case: Settlement knowledge hub

Customer satisfaction in 2023

# Customer satisfaction in 2023

Our goal is to deliver the best service to our customers, and this method has proven a great way to benchmark and evaluate our success.

For us, the results are always highly anticipated, as they tell us where we have succeeded or if there are areas that require special attention. The survey also gives us insight into whether our services are going in the right direction.

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

The three most important results in the survey are the overall grade for our customer service, professionalism of our 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 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 to drill down to how we could improve our service offerings.

### Feedback drives development

Many of the development ideas we received related to eSett's customer

information sharing and other 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 an improved data package management overview, are already in our development roadmap. We were also encouraged to send our news updates to the market more frequently.

Additionally, we received once again great feedback and tips on how our Online Service platform could better support our customers' daily routines. Based on this feedback, we will, for instance, evaluate the possibility of optimizing the system performance in certain use cases to improve the user experience and add automation where it enhances the workflow.

During the year, we have put extra emphasis on customer service development and given more attention to honing our processes and related systems. Often improvements can be small, but we believe they add up and contribute to a great customer experience in the long run.

We also continued to have bilateral discussions with our customers to

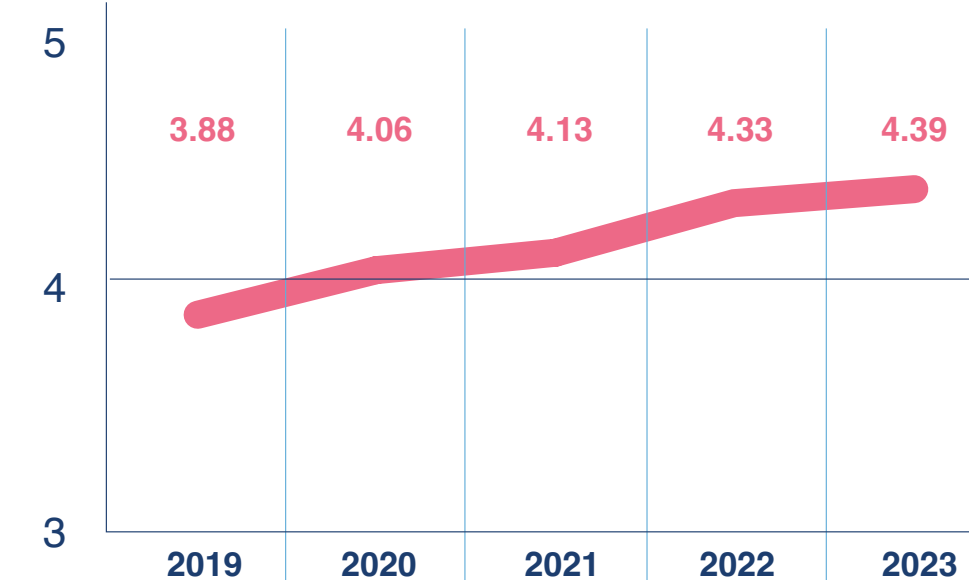
strengthen our cooperation and improve our understanding of their business as well as current and future needs. We feel this is the most efficient way to learn about the industry, which is nowadays more diverse than ever.

### Ever better service experience

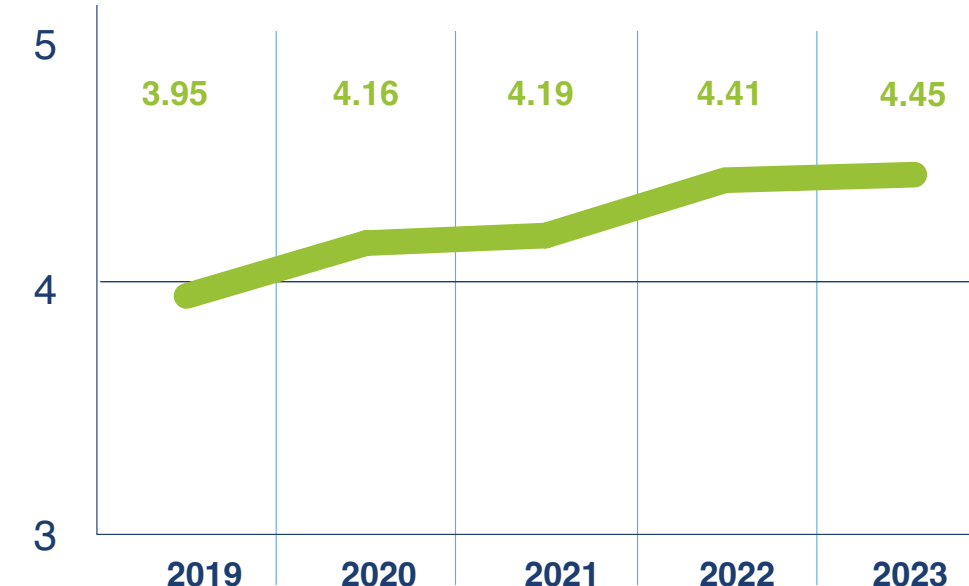
In terms of grades, the results from 2023 were superb – once again the best we have ever received. We feel this is something special, given the fact that we have been successfully taking into use a 15-minute imbalance settlement period and started to support TSOs with several new services, such as settlement of balancing capacities in Sweden.

Our goal for the future remains the same: to deliver an ever-improving service experience to our customers. This, however, seems to be becoming increasingly more difficult since the bar is already high. Nevertheless, we are happy to accept the challenge and are ready to continue the work together.

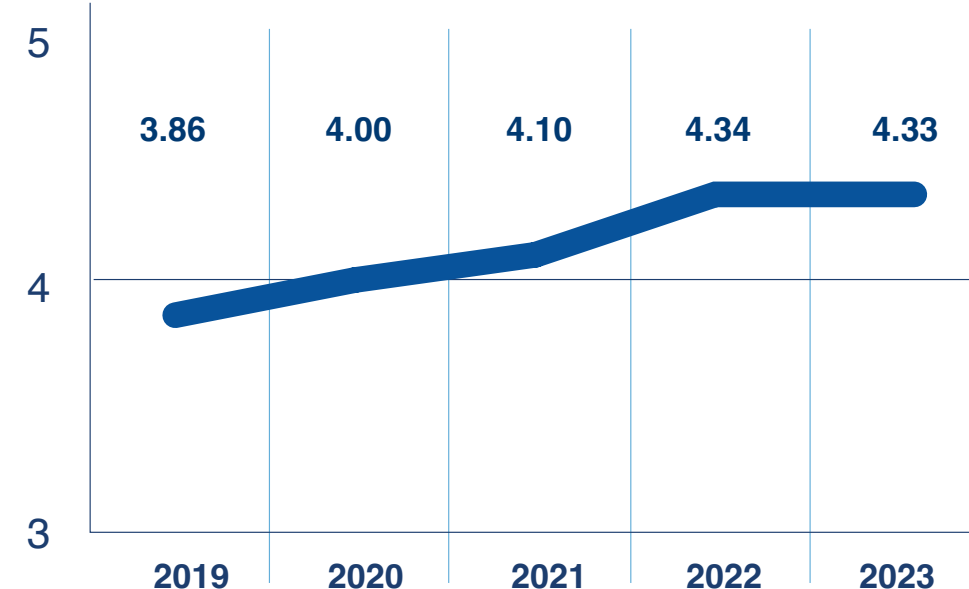
Overall grade for eSett's customer service Scale 1–5



eSett customer service's professionalism Scale 1–5



Satisfaction with service request resolution times Scale 1–5



# Sustainability



## Sustainability at eSett

Implementing UN's SDGs

Sustainability in figures

Case: Staying alert to ward of cybersecurity threats

# Sustainability at eSett

Our corporate responsibility is derived from our values, mission, and vision.

At eSett, corporate responsibility management is based on our management system and its customer, financial, governance, human resource, ICT, and settlement policies, and it is the responsibility of the CEO.

Sustainability is embedded in our business practices and decisions we make in our daily work, and we develop our corporate responsibility continuously and 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.

### Accommodating variable energy sources

The energy sector is in the forefront of climate change mitigation, and energy

transition is in progress right now. The amount of electricity from carbon neutral sources like solar and wind is increasing rapidly.

We contribute to this development by making sure the imbalance settlement is compatible with the use of new and inherently more volatile energy sources and continues to work with the same reliability and efficiency as before. The 15-minute settlement launched in 2023 makes it easier to react to energy sources whose output can change quickly.

Electrification is a strong trend worldwide; to make it possible, more electricity and flexibility will be needed within the power system. The increased use of electric technology and digitalization will raise 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, we gather 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. This makes it possible to use the limited resources available in the most useful manner.

### Cooperation key to development

To be able to do our job effectively and prepare for the future, we need to attract and retain the best talent. This is why we pay special attention to the work atmosphere at eSett and providing our employees with interesting and challenging tasks to keep us all motivated.

We encourage our people to take responsibility for their work as well as help each other whenever and however they can. A supportive environment helps us collaborate and share ideas to generate the best ideas for further development.

We try to build the same kind of collaboration with our owners and clients in order to see the market from different points of view and find solutions that serve all parties as well as possible. By building the Nordic electricity market together, we make it more efficient and cost-effective.



Sustainability at eSett  
 Implementing UN's SDGs  
 Sustainability in figures  
 Case: Staying alert to ward of cybersecurity threats

# Implementing UN's SDGs

We have identified the UN Sustainable Development Goals (SDGs) that we 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"> <li>• Timely and reliable imbalance settlement</li> <li>• Robust financial processes</li> </ul>             |
|  | 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"> <li>• Reliable ICT and availability of services 24/7</li> <li>• Professional customer service</li> </ul>    |
|  | 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"> <li>• Ready for the future – implementing market development projects on time, with high quality</li> </ul> |

## 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 employees 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, e.g., 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 at eSett  
Implementing UN's SDGs

Sustainability in figures

Case: Staying alert to ward  
of cybersecurity threats

# Sustainability in figures

eSett's carbon footprint was 483 tons of carbon dioxide equivalent (CO<sub>2</sub>e) in 2023 (421 tons of CO<sub>2</sub>e in 2021).

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 carbon footprint platform. The calculation included Scope 1, Scope 2 and Scope 3 emissions. Scope 3 emissions accounted for 98% of the carbon footprint. No significant recognized emissions were excluded from calculation.

Emissions have increased slightly from the previous year. This is mainly due to 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 current spend-based emission factors which might increase the emissions, while same service is still purchased at higher price.



We continue our efforts to reduce our climate impacts. For example, we are already working with multiple carbon neutral service providers. We have reduced the greenhouse gas emissions of energy purchase by shifting to green electricity, and so 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 and requesting more detailed emission reports from our suppliers.

## Key figures of sustainability

| Key figure                       | 2023  | 2022  | 2021  | Unit                |
|----------------------------------|-------|-------|-------|---------------------|
| <b>Social</b>                    |       |       |       |                     |
| Number of employees              | 21    | 21    | 18    | person              |
| Women                            | 29    | 29    | 39    | person (%)          |
| Men                              | 71    | 71    | 61    | person (%)          |
| Employees under 30 y/o           | 33    | 33    | 28    | person (%)          |
| Employees 30–50 y/o              | 57    | 57    | 61    | person (%)          |
| Employees over 50 y/o            | 10    | 10    | 11    | person (%)          |
| Employee turnover                | 5     | 5     | 17    | %                   |
| Sickness absence rate            | 0.9   | 1.8   | 0.4   | %                   |
| Training/employee                | 35    | 19    | 20    | h/a                 |
| Employee Net Promoter Score      | 100   | 83    | 88    |                     |
| <b>Environmental</b>             |       |       |       |                     |
| Electricity consumption          | 13    | 11    | 10.7  | MWh                 |
| Heat consumption*                | 43    | 48    | 52.7  | MWh                 |
| Greenhouse gas emissions Scope 1 | 0     | 0     | 0     | t CO <sub>2</sub> e |
| Greenhouse gas emissions Scope 2 | 9.3   | 8.1   | 14.1  | t CO <sub>2</sub> e |
| Greenhouse gas emissions Scope 3 | 456   | 413   | 327   | t CO <sub>2</sub> e |
| <b>Economic</b>                  |       |       |       |                     |
| Turnover                         | 8.5   | 8.5   | 7.5   | MEUR                |
| Profit                           | 0.65  | 0.87  | 0.18  | MEUR                |
| Availability rate of services    | 99.66 | 99.61 | 99.62 | %                   |

\*estimate based on the floor space

Sustainability at eSett

Implementing UN's SDGs

Sustainability in figures

Case: Staying alert to ward  
of cybersecurity threats

## CASE / Staying alert to ward off cybersecurity threats



When a company is critical for security of supply, all aspects of its operations must be scrutinized closely and secured to the highest standard. In eSett's case, this means special attention to our cybersecurity.

"Our purpose is to help keep the electricity market settled, and this takes place in IT systems. The availability, integrity, and confidentiality of data in them is essential," says **Jari Taskinen**, Cybersecurity Manager at eSett.

By keeping the imbalance settlement process up and running, eSett helps electricity market participants function efficiently and so benefits society as a whole.

"Taking responsibility of the imbalance settlement goes towards our values, as accountability is one of them, and cybersecurity is actually the foundation of our work," **Olli Komulainen**, ICT Specialist, underlines.

In 2023, special attention was paid to developing continuity and contingency management to enable normal operations even in exceptional situations – to find workarounds and recover quickly. Further, a business

impact analysis for eSett's whole value chain was made to find which parts of the chain and our systems are most critical.

In addition to policies and guidelines, this work requires anticipation and monitoring, redundant systems, up-to-date recovery plans, and practice. The preparedness exercises are based on eSett's incident response plan and its scenarios for different incidents.

"This year we have had, for example, an exercise with an outsider trying to get into our systems. This way we can see how we react in a crisis and what needs to be improved. It is the best way to find out how we would handle a real-life incident," says Development Manager **Ville Rahkonen**.

eSett's cybersecurity is based on continuous improvement and assessing risks regularly to guide further development.

"What is gratifying is that the most difficult part of cybersecurity – our culture – is in good shape at eSett. Our people understand the importance of cybersecurity, and this can be seen in their everyday work," Taskinen praises.

# Employees



Meaningful and inspiring  
working environment

Case: Exceptional  
atmosphere

# Meaningful and inspiring working environment

2023 was a year of growth and progress for eSett. Our vision to be the forerunner in international energy settlement continued to guide our efforts.

We believe that this vision cannot be achieved without a strong focus on people. Retaining our skilled workforce is a key pillar of our success, enabling us to maintain operational efficiency and high standards of service delivery.

Supported by the results from eSett's workplace satisfaction surveys, we have succeeded in our commitment to providing a secure and supportive workplace for our employees.

In 2023, the whole energy market was in the spotlight because of the war in Ukraine. Despite the challenges, our employees remained committed to our vision and worked tirelessly to ensure our operations continued to run smoothly.

Also, we were finally able to continue life without major restrictions due to the pandemic, so people were again working in the office much more. While remote work clearly offers some benefits, we believe that working together in person is essential for building strong relationships and fostering collaboration.

## First trainee program

A completely new chapter in eSett's history was the trainee program in

cooperation with Fingrid Oyj and Fingrid Datahub Oy. Two trainees worked three months in each company, and gained working experience and knowledge of the Nordic electricity market and imbalance settlement.

There were many drivers behind launching this program. Some of these were to give a fair chance for young professionals to grow and gain experience, to create future specialists for the electricity market, to get experience in mentoring and, of course, to deepen cooperation with the two companies.

Based on the feedback from the company mentors and trainees, the trainee program was very successful and filled their expectations.

## Increasing engagement

To increase employee engagement and discussion in matters concerning employees' safety, health, and ability to work, we established the Occupational Health and Safety and Cooperation committee.

The committee enhances proactive occupational safety and systematically improves working conditions at the workplace. It also ensures employees



**Our vision cannot  
be achieved without  
a strong focus on  
people**



## Meaningful and inspiring working environment

### Case: Exceptional atmosphere

have the possibility to influence decision-making, especially when the decisions concern their employment, working conditions, or position.

#### Development and well-being

Attracting new talent, keeping our current employees engaged, and investing in learning and development opportunities for our people remained our top priorities in 2023.

With the help of on-site and online trainings, we continued to invest in our employees' learning and development, providing them with opportunities to enhance their skills and knowledge.

We also continued to invest in Electricity Market trainings and IT trainings. All our operations are based on our IT system, and we need to be competent owners of IT solutions as well as understand how to benefit from AI in our business.

#### Well-being through fitness

This year has been a challenging year, and a lot was demanded of all our employees. That is why we do our best to offer a lot in return.

In 2023, we continued to invest in employee well-being and creating a working environment where everyone can work healthy and happy. For example, everyone had an opportunity to

## We are proud of our good team spirit and mutual support

have a fitness test arranged by an occupational physiotherapist.

Ongoing support for our well-being is provided by eSUS, eSett's sports committee, which organizes sporting activities to make it easy for the employees to try out new sports – ranging from indoor cycling to Kangoo Jumps – and possibly find a new hobby for themselves.

#### Team spirit stayed high

Our yearly employee survey showed that the level of employee satisfaction remained high in 2023. We are proud of our good team spirit and mutual support that our employees demonstrated throughout the year. In Employee Net Promoter Scores (eNPS), we achieved the maximum of 100.

Our Party Committee has a big impact on the team spirit. It organizes

different activities for eSettlers, such as Christmas and Summer parties as well as eSett's birthday celebration each year, but also fun afterwork activities. The activities have included cultural experiences like circus opera, more hands-on activities like painting, and team building activities like Amazing Race.

We want that coming to work is always meaningful and fun. We believe that our focus on people, commitment to learning and development, and emphasis on employee well-being and team spirit will continue to drive our success in the future.



Meaningful and inspiring  
working environment

Case: Exceptional  
atmosphere

## CASE / Exceptional atmosphere



Electricity has always been in my life: my father built electrical networks, and I got to visit his work as a kid. Since high school, I have worked in the business myself.

Earlier, I worked for fifteen years as a metering manager, measurement service manager, and project manager in Finland's largest electricity distribution company. Headhunters called me and suggested jobs in two interesting companies, but they fell through, as my family did not want to move.

But the idea of changing jobs stayed with me, and when I came across eSett's job announcement on LinkedIn, it felt like a sign – it is now or never.

I knew the concept of Nordic imbalance settlement well, having been involved in its planning from the very beginning, so I knew what eSett does and found the service manager position interesting.

Now, two years later, my responsibilities include managing our balance settlement system, its maintenance and new software versions, and I am in charge of contacts with our IT suppliers.

We are all working with the same thing, which is especially important

when talking with your manager or CEO. They can give good feedback to what I am working on – not just manage on a general level.

What makes eSett really stand out is its exceptionally good work atmosphere. We have knowledgeable and professional people, and there are also enthusiastic young people, eager to make a difference. We are not set in our ways, but flexible and ready to adapt.

It all starts with the most basic of things: how well people treat each other at everyday work.

### SAKU RUOTTINEN

**Job:** Service Manager

#### **Previous work experience:**

Team Leader, Team Manager, Metering Manager, AMM Service Manager and Measurement Service Manager in Fortum; Measurement Service Manager and Project Manager in Caruna

**Hobbies:** Basketball as player and coach, e-mountain bikes, motocross

# Governance

The image features a dense, vibrant green background of foliage, including various types of trees and bushes. The leaves are in sharp focus, creating a rich texture of different shades of green. Overlaid on the upper left portion of this natural scene is the word "Governance" in a large, bold, white sans-serif font. The text is clearly legible against the darker green background.

## Governance

### Board of Directors 2023

### Management Group

# Governance

## Governance model

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
- 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 role of the chairperson rotates 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.

## 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 with the purpose of providing 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.

## Board of Directors 2023

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

Board of Directors for 2023:

- 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 Mõlkänen 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.

Governance

Board of Directors 2023

Management Group

# Board of Directors 2023



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

# Board of Directors 2023

## 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 (2018–2024)

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 leadership positions  
(1995–2010)

Norwegian Water Resources and  
Energy Directorate (1994–1995)

Helgeland Kraft (DSO Company),  
Project Leader (1991–1994)

### Other positions of trust

Chair Board TSO Holding (2023–)

Chair Supervisory Board Joint  
Allocation Office Luxemburg (2024–)

## Signe Horn Rosted

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

### Primary working experience

Energinet, CIO (2022–)

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–)

## 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

Information and Communication  
Technologies Committee ICTC,  
member (2022–)

# Management Group

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

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

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

At eSett since 2013

**Jonni Laine**

Executive Vice President

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

At eSett since 2013

**Tuomas Lahti**

Head of Operations and Customer Service

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

At eSett since 2014

**Antti Niemi**

Head of Digital Office

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

At eSett since 2020

**Ville Rahkonen**

Development Manager

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

At eSett since 2022



# Report on operations





Report on operations

Capital expenditures

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# Report on operations 2023

In 2023, eSett made a profit of EUR 650,439. 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 8,492,001, consisted of TSO service fees. The biggest expenses during the fiscal year comprised of depreciation, personnel, and ICT expenses.

| Operating expenses         | MEUR  |
|----------------------------|-------|
| Depreciation               | 1,716 |
| Personnel                  | 1,963 |
| Imbalance settlement       | 1,014 |
| ICT expenses               | 1,981 |
| Communication              | 0,136 |
| Finance and Administration | 1,082 |
| Other operating expenses   | 0,033 |
| Finance expenses           | 0,249 |
| Total expenses             | 8,174 |

## Capital expenditures

In 2023, eSett continued to invest in the Imbalance Settlement Model. Total non-current assets were EUR 5,508,057 as per December 31, 2023. The breakdown of non-current assets is shown below.

| Non-current assets      | MEUR  | Notes              |
|-------------------------|-------|--------------------|
| Intangible assets total | 5,493 |                    |
| Intangible rights       | 0,210 | Licenses           |
| Other intangible assets | 5,283 | Software           |
| Tangible assets         | 0,015 | ICT infrastructure |

## Financing

### Shareholder and capital loan

The shareholder loan of EUR 7.5 million was utilized by the end of 2015 and was paid in full in March 2023.

### Share Capital

eSett Oy was originally owned by TSOs Fingrid Oyj in Finland, Statnett SF in Norway, and Affärsverket Svenska kraftnät in Sweden. 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; 3,750 shares were sold to Energinet when it became a shareholder. 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 settlement service fees. The fee covers the costs of eSett's daily operations, i.e., customer support, settlement services, 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 threats 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 March, 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 insight into how to improve our resilience further.

In 2023, eSett continued its ISAE 3402 audit with Type II audit performed by PricewaterhouseCoopers (PwC). ISAE 3402 is an international assurance standard used in service organizations to give assurance to customers and service users that the organization has suitable design of internal controls operating efficiently.

Type II audit is conducted by control walkthroughs and reviewing several samples of data to ensure that the defined controls are complied with during the audit period.

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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 Finland, Norway, and Sweden. In Denmark, the financial counterparty risk is carried by the TSO. In practice, this means significant counterparty risk, so BRPs must provide collateral to eSett as a security against the risk of the BRP being unable to fulfil its obligations to eSett. The collateral funds help to ensure that imbalance settlement can always be completed 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 at 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 invoicing 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.

### Settlement

eSett does 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 and Svenska kraftnät in Denmark and Sweden respectively.

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.

2023 proved to be a year of many great achievements and interesting events. Arguably, the biggest achievement was the commissioning of 15-minute imbalance settlement period in Denmark, Finland, and Sweden. From eSett's perspective this major change went remarkably well.

Other notable milestones were the commissioning of the settlement and invoicing of the balancing capacities in Sweden, the commissioning of profiled consumption and reconciliation settlement in Sweden, and finally the commissioning of the balancing service provider model in Finland.

The year has been busy, but despite the tight schedules we have been able to deliver our services.

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So far, it seems that the 15-minute imbalance settlement has not impacted the behavior of market participants, and we suspect that this is largely due to the fact that the pricing and therefore incentives of action still have an hourly resolution.

We will keep focusing on increasing our knowledge and understanding of the market as well as on the open and transparent sharing of important information and interesting market insights, valuing our customers but respecting their privacy.

From settlement point of view, the year 2023 has been a bit more normal compared to the previous year, thanks to the increased installed production capacity which has stabilized and decreased the average prices quite remarkably. However, it is also good to notice that the increased capacity of weather dependent electricity generation has and will even in the future create volatility in the power system.

The core operations of eSett have still been carried out relatively reliably and successfully; only once were our weekly invoicing processes delayed slightly during the whole year.

We have been able to maintain a very high availability rate, meaning that there is very little downtime for our customers.

**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**

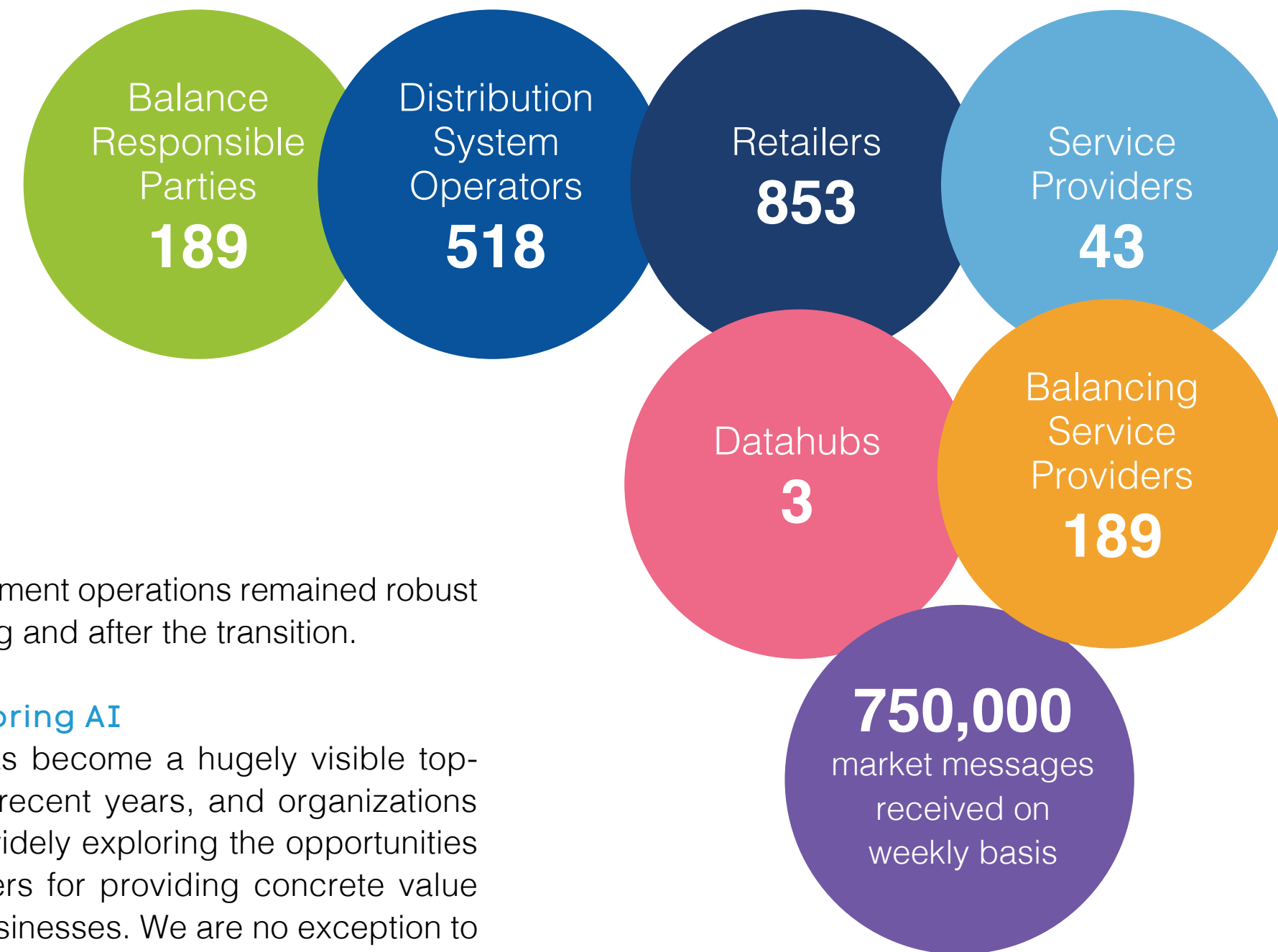
**Operational Excellence**

2023 was another successful and reliable year of Balance Settlement operations. As the market changed to 15-minute settlement periods, the change quadrupled the amount of time series data related to the balance settlement.

All market participants, including eSett, were faced with the challenge of handling this growing amount of settlement data. Solving this situation was no easy task for us as the centralized settlement responsible operator holding the settlement data of all our customers.

With good planning and support from our dependable service providers, we managed to ensure that the

**Key figures of the Nordic Imbalance Settlement at year end 2023**



settlement operations remained robust during and after the transition.

**Exploring AI**

AI has become a hugely visible topic in recent years, and organizations are widely exploring the opportunities it offers for providing concrete value to businesses. We are no exception to this, and in 2023, our people participated in several training courses on the use of AI.

Going forward, we are excited to build upon what we have learned. We expect to have the first real use cases utilizing AI in 2024.

# Financial statements



## Financial statements

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# Income statement

| INCOME STATEMENT                          |           | Jan.1–Dec. 31, 2023 | Jan.1–Dec. 31, 2022 |
|---|-----------|---------------------|---------------------|
|   | Notes     |                     |                     |
| <b>TURNOVER</b>                           | 12        | 8,492,000.99        | 8,492,597.54        |
| Other operating income                    |           | 2,524.91            | 57.20               |
| Personnel costs                           | 1         | -1,962,754.25       | -1,815,524.39       |
| Depreciation and write-off                | 2         | -1,716,128.68       | -1,708,302.48       |
| Other operating expenses                  | 3, 12     | -4,246,163.69       | -3,861,071.50       |
| <b>OPERATING PROFIT</b>                   |           | <b>569,479.28</b>   | <b>1,107,756.37</b> |
| Finance income and costs                  | 4, 12, 13 | 248,986.75          | -5,332.97           |
| <b>PROFIT BEFORE PROVISIONS AND TAXES</b> |           | <b>818,466.03</b>   | <b>1,102,423.40</b> |
| Income taxes                              | 5         | -168,026.62         | -222,311.54         |
| <b>PROFIT FOR THE FINANCIAL YEAR</b>      |           | <b>650,439.41</b>   | <b>880,111.86</b>   |

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# Balance sheet

| ASSETS                           |       | Dec. 31, 2023         | Dec. 31, 2022         |
|----------------------------------|-------|-----------------------|-----------------------|
|                                  | Notes |                       |                       |
| <b>NON-CURRENT ASSETS</b>        |       |                       |                       |
| <b>Intangible assets</b>         |       |                       |                       |
| Intangible rights                | 6     | 210,120.87            | 255,958.56            |
| Other intangible assets          |       | 5,016,466.83          | 3,752,882.75          |
| Investments in process           |       | 266,318.83            | 1,957,765.31          |
|                                  |       | <b>5,492,906.53</b>   | <b>5,966,606.62</b>   |
| <b>Tangible assets</b>           |       |                       |                       |
| Machinery and equipment          | 7     | 15,150.80             | 23,997.83             |
|                                  |       | <b>15,150.80</b>      | <b>23,997.83</b>      |
| <b>TOTAL NON-CURRENT ASSETS</b>  |       | <b>5,508,057.33</b>   | <b>5,990,604.45</b>   |
| <b>CURRENT ASSETS</b>            |       |                       |                       |
| <b>Short term</b>                |       |                       |                       |
| Other receivables                | 8     | 55,711,123.14         | 148,720,831.31        |
| Deferred assets                  | 9     | 398,190.27            | 306,581.88            |
|                                  |       | <b>56,109,313.41</b>  | <b>149,027,413.19</b> |
| <b>Cash and cash equivalents</b> | 10    | <b>52,873,518.57</b>  | <b>2,117,255.35</b>   |
| <b>TOTAL CURRENT ASSETS</b>      |       | <b>108,982,831.98</b> | <b>151,144,668.54</b> |
| <b>TOTAL ASSETS</b>              |       | <b>114,490,889.31</b> | <b>157,135,272.99</b> |

| EQUITY AND LIABILITIES              |       | Dec. 31, 2023         | Dec. 31, 2022         |
|-------------------------------------|-------|-----------------------|-----------------------|
|                                     | Notes |                       |                       |
| <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                   |       | 2,306,484.58          | 1,434,606.91          |
| Profit for the year                 |       | 650,439.41            | 880,111.86            |
| <b>TOTAL EQUITY</b>                 |       | <b>8,959,623.99</b>   | <b>8,317,418.77</b>   |
| <b>LIABILITIES</b>                  |       |                       |                       |
| <b>Non-current liabilities</b>      |       |                       |                       |
| Shareholder loans                   | 12    | 0.00                  | 0.00                  |
|                                     |       | <b>0.00</b>           | <b>0.00</b>           |
| <b>Current liabilities</b>          |       |                       |                       |
| Trade payables                      |       | 268,743.58            | 371,105.49            |
| Other liabilities                   | 13    | 104,747,920.71        | 147,802,429.68        |
| Accrued liabilities                 | 14    | 514,601.03            | 644,319.05            |
|                                     |       | <b>105,531,265.32</b> | <b>148,817,854.22</b> |
| <b>TOTAL LIABILITIES</b>            |       | <b>105,531,265.32</b> | <b>148,817,854.22</b> |
| <b>TOTAL EQUITY AND LIABILITIES</b> |       | <b>114,490,889.31</b> | <b>157,135,272.99</b> |

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# 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 from February 1, 2021, the Imbalance settlement for the Danish market started. In October 2023 eSett commenced

capacity settlement invoicing on behalf of Svenska Kraftnät. In November 2023, the invoicing of Balancing energy market was transferred from Fingrid to eSett. 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 from 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.

eSett's fiscal year is the calendar year.

## Foreign currency transactions

Transactions denominated in foreign currency are recognized at the foreign exchange mid-rate quoted by the European Central Bank (ECB) at the transaction date. Financial items are valued at the exchange rates

prevailing at reporting dates. The exceptions 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 | 3 years |
| Equipment             | 5 years |

### Activating personnel expenses to balance sheet

Hours used to the investment projects are activated to balance sheet.

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# Notes to financial statement

| 1. PERSONNEL COSTS       | 2023              | 2022              |
|--------------------------|-------------------|-------------------|
| Salaries and bonuses     | -1,637,173        | -1,509,877        |
| Pension expenses         | -281,528          | -266,287          |
| Other personnel expenses | -44,053           | -39,360           |
| <b>Total</b>             | <b>-1,962,754</b> | <b>-1,815,524</b> |

|   |        |        |
|---|--------|--------|
| Personnel costs activated to Fixed Assets | 36,958 | 41,113 |
|---|--------|--------|

#### Number of salaried employees during the financial year:

|                                    |    |    |
|------------------------------------|----|----|
| Personnel on average               | 22 | 21 |
| Personnel at the end of the period | 21 | 21 |

| 2. DEPRECIATION ACCORDING TO PLAN |                   |                   |
|-----------------------------------|-------------------|-------------------|
| Intangible rights                 | -130,144          | -164,639          |
| Other intangible assets           | -1 577,138        | -1,530,755        |
| Tangible assets                   | -8 847            | -12,909           |
| <b>Total</b>                      | <b>-1,716,129</b> | <b>-1,708,302</b> |

| 3. OTHER OPERATING EXPENSES             |                   |                   |
|---|-------------------|-------------------|
| Other personnel related expenses        | -230,078          | -165,835          |
| IT and telecommunications               | -1,981,389        | -1,541,138        |
| Customer service                        | -135,757          | -132,144          |
| Imbalance settlement and administration | -1,865,578        | -1,963,739        |
| Other operating expenses                | -33,363           | -58,216           |
| Exchange rate differences               | 0                 | 0                 |
| <b>Total</b>                            | <b>-4,246,164</b> | <b>-3,861,072</b> |

| 4. FINANCE INCOME AND EXPENSES                  | 2023           | 2022          |
|---|----------------|---------------|
| Interest and other financial income from others | 291,571        | 35,346        |
| Interest and other financial expenses to others | -42,584        | -40,679       |
| <b>Total</b>                                    | <b>248,987</b> | <b>-5,333</b> |

| 5. INCOME TAXES                     |                 |                 |
|-------------------------------------|-----------------|-----------------|
| Income taxes for the financial year | -168,027        | -222,312        |
| <b>Total</b>                        | <b>-168,027</b> | <b>-222,312</b> |



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| 6. INTANGIBLE ASSETS                                     | 2023              | 2022              |
|--|-------------------|-------------------|
| <b>Intangible rights</b>                                 |                   |                   |
| Cost at Jan. 1   | 1,153,133         | 1,153,133         |
| Increases Jan. 1–Dec. 31                                 | 92,405            | 0                 |
| Decreases Jan. 1–Dec. 31                                 | 0                 | 0                 |
| <b>Cost at Dec. 31</b>                                   | <b>1,245,538</b>  | <b>1,153,133</b>  |
| Accumulated amortization according to plan at Jan. 1     | -902,147          | -729,410          |
| Decreases, amortization according to plan 1 Jan–31 Dec   | -3,126            | -3,126            |
| Amortization according to plan Jan. 1–Dec. 31            | -130,144          | -164,639          |
| <b>Carrying amount Dec. 31</b>                           | <b>210,121</b>    | <b>255,959</b>    |
| <b>Other intangible assets</b>                           |                   |                   |
| Cost at Jan. 1   | 14,705,861        | 12,719,818        |
| Increases Jan. 1–Dec. 31                                 | 2,840,857         | 1,986,043         |
| Decreases Jan. 1–Dec. 31                                 | 0                 | 0                 |
| <b>Cost at Dec. 31</b>                                   | <b>17,546,719</b> | <b>14,705,861</b> |
| Accumulated amortization according to plan at Jan. 1     | -10,933,905       | -9,403,015        |
| Decreases, amortization according to plan 1 Jan - 31 Dec | -19,209           | -19,209           |
| Amortization according to plan Jan. 1 – Dec. 31          | -1,577,138        | -1,530,755        |
| <b>Carrying amount Dec. 31</b>                           | <b>5,016,467</b>  | <b>3,752,883</b>  |
| <b>Investments in process</b>                            |                   |                   |
| Cost at Jan. 1   | 1,957,766         | 2,219,485         |
| Increases Jan. 1–Dec. 31                                 | 1,149,411         | 1,746,378         |
| Decreases Jan. 1–Dec. 31                                 | -2,840,857        | -2,008,097        |
| <b>Cost at Dec. 31</b>                                   | <b>3,107,177</b>  | <b>3,965,863</b>  |
| <b>Carrying amount Dec. 31</b>                           | <b>266,319</b>    | <b>1,957,766</b>  |

| 7. TANGIBLE ASSETS   | 2023              | 2022               |
|--|-------------------|--------------------|
| Cost at Jan. 1   | 965,762           | 943,708            |
| Increases Jan. 1–Dec. 31                                   | 0                 | 22,053             |
| Decreases Jan. 1–Dec. 31                                   | 0                 | 0                  |
| <b>Cost at Dec. 31</b>                                     | <b>965,762</b>    | <b>965,762</b>     |
| Accumulated depreciation according to plan at Jan. 1       | -941,764          | -928,855           |
| Decreases, depreciation according to plan Jan. 1 – Dec. 31 | 0                 | 0                  |
| Depreciation according to plan Jan. 1–Dec. 31              | <b>-8,847</b>     | -12,909            |
| <b>Carrying amount Dec. 31</b>                             | <b>15 151</b>     | <b>23,997</b>      |
| <b>8. OTHER RECEIVABLES</b>                                | <b>2023</b>       | <b>2022</b>        |
| Imbalance settlement receivables                           | 55,586,667        | 146,834,300        |
| Tax receivable   | 55,299            | 0                  |
| Other receivable   | 69,157            | 1,886,531          |
| <b>Total</b>   | <b>55,711,123</b> | <b>148,720,831</b> |
| <b>9. DEFERRED ASSETS</b>                                  | <b>2023</b>       | <b>2022</b>        |
| Accruals of purchases                                      | 398,190           | 306,582            |
| <b>Total</b>   | <b>398,190</b>    | <b>306,582</b>     |
| <b>10. CASH AND CASH EQUIVALENTS</b>                       | <b>2023</b>       | <b>2022</b>        |
| Cash and bank receivables                                  | 52,873,519        | 2,117,255          |
| <b>Total</b>   | <b>52,873,519</b> | <b>2,117,255</b>   |

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# Notes to financial statement

| 11. EQUITY  | 2023             | 2022             | 12. RELATED PARTIES                       | 2023             | 2022             |
|---|------------------|------------------|---|------------------|------------------|
| Share capital at Jan. 1                               | 3,750            | 3,750            | Energinet AS                              |                  |                  |
| <b>Share capital at Dec. 31</b>                       | <b>3,750</b>     | <b>3,750</b>     | Fingrid Oyj                               |                  |                  |
|   |                  |                  | Statnett SF                               |                  |                  |
| Paid-up unrestricted equity reserve at Jan. 1         | 5,998,950        | 5,998,950        | Affärsverket Svenska kraftnät             |                  |                  |
| Change  | 0                | 0                | Loans from shareholders                   | 0                | 750,000          |
| <b>Paid-up unrestricted equity reserve at Dec. 31</b> | <b>5,998,950</b> | <b>5,998,950</b> | <b>Total</b>                              | <b>0</b>         | <b>750,000</b>   |
| Profit/loss from previous financial years             | 2,306,485        | 1,434,607        | Service fees from shareholders (turnover) | 8,492,001        | 8,492,600        |
| Profit/loss for the financial year                    | 650,439          | 880,112          | <b>Total</b>                              | <b>8,492,001</b> | <b>8,492,600</b> |
| <b>Retained earnings Dec. 31</b>                      | <b>2,956,924</b> | <b>2,314,719</b> | Service fees to shareholders (expenses)   | 19,098           | 18,380           |
| <b>Equity Dec. 31</b>                                 | <b>8,959,624</b> | <b>8,317,419</b> | Loan interest to shareholders             | 8,029            | 19,188           |
|   |                  |                  | <b>Total</b>                              | <b>27,127</b>    | <b>37,568</b>    |
| Number of shares Dec. 31                              | 15,000           | 15,000           |   |                  |                  |

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| 13. OTHER LIABILITIES            | 2023               | 2022               |
|----------------------------------|--------------------|--------------------|
| <b>Short term:</b>               |                    |                    |
| Imbalance settlement liabilities | 104,703,846        | 146,834,300        |
| Shareholder loan                 | 0                  | 750,000            |
| Other liabilities                | 44,074             | 218,130            |
| <b>Total</b>                     | <b>104,747,921</b> | <b>147,802,430</b> |

| 14. ACCRUED LIABILITIES         | 2023           | 2022           |
|---------------------------------|----------------|----------------|
| <b>Short term:</b>              |                |                |
| Accrued vendor invoices         | 79,058         | 81,280         |
| Interest and financing accruals | 0              | 8,029          |
| Payroll accruals                | 435,543        | 426,648        |
| Accrued income tax liabilities  | 0              | 128,361        |
| <b>Total</b>                    | <b>514,601</b> | <b>644,319</b> |

| 15. GUARANTEES AND LIABILITY COMMITMENTS           | 2023             | 2022           |
|--|------------------|----------------|
| <b>Commitments according to service agreements</b> |                  |                |
| Payments in the next 12 months                     | 827,278          | 671,198        |
| Payments later                                     | 196,933          | 8,500          |
| <b>Total</b>                                       | <b>1,024,211</b> | <b>679,698</b> |
| <b>Derivative contracts</b>                        |                  |                |
| <b>Forward contracts</b>                           |                  |                |
| Market value, positive                             | 21,639           | 0              |
| Market value, negative                             | -9,406           | 0              |
| Value of the asset                                 | 9,716,940        | 0              |

## 16. EVENTS AFTER THE REPORTING PERIOD

eSett has analyzed the potential effects that the Russia's war of aggression 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 for market monitoring and situations where BRPs have challenges with payments or collateral demands. The data security at eSett is on high level and service providers have enhanced the monitoring after the crises started.

Chair of the Board Lowina Lundström resigned from the Board on 10 January 2024.

## 17. ANNUAL REPORT INFORMATION REQUIRED BY 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.

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 was subordinated to eSett's loans from other institutions. The loan was not secured. Interest according to market rate was to be paid twice a year. The last loan installment was made in 2023 and the company does not hold any shareholder debt at time of reporting.

The Board of Directors will propose to the Annual General Meeting of Shareholders that no dividend is paid and that the profit 650.439,41 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 | 2,306,485        |
| Profit/loss for the period                | 650,439          |
| <b>Total</b>                              | <b>8,955,874</b> |

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

The profit for the period is 650,439.41 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 20, 2024

**Kari Suominen**

Acting Chair

**Ole Jacob Høyland**

Board member

**Marie Budtz Pedersen**

Deputy Board member

**Anna Jäderström**

Deputy Board member

**Minnakaisa Ahonen**

CEO

## AUDITOR'S NOTE

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

Helsinki, March 25, 2024

PricewaterhouseCoopers Oy  
Authorized Public Accountants

**Taru Mäenpää**

Authorized Public Accountant, APA

