



Merus Power Plc **Annual Report 2023**



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ANNUAL REPORT 2023

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1.1. – 31.12.2023

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*The original of this document has been made in Finnish.
In case of any discrepancy, the Finnish version will prevail.*



Merus Power designs and manufactures energy storages and **power quality solutions for a safer and more sustainable world**

The goal of Merus Power is to promote sustainable development and make the world a better place to live in. The green transition is advancing and renewable energy plays a key role. The common project for all mankind has been described by many measures, for example by calculating that the investments required by the progress of energy efficiency and circular economy are USD 650 billion until year 2030 and almost USD 800 billion until year 2050.¹⁾ So there is no doubt that innovative technology companies such as Merus Power have a lot to do. Our growth is supported by global megatrends such as the electrification of society, the climate and emission goals of states and private operators, the green transition and the various investment programs and responsibility goals associated with it.

The business of Merus Power is based on self-designed and -manufactured modular and scalable power electronics, intelligent software technologies, and electrical engineering expertise, which the company itself also is selling.

Our business is divided into two technological areas, energy storage systems and power quality solutions. Our energy storage systems enable the integration of renewable energy as a part of the power grid and create our customers new business models offered by renewable energy. We are aiming at strong growth especially on these energy storage markets making use of renewable energy – notably in Finland and Sweden but also in Europe. Our

power quality solutions reduce electrical disruptions caused by poor power quality, improving the reliability, profitability and energy efficiency of our customers' operations. We anticipate our position and development in the power quality market to remain stable long into the foreseeable future.

Our customer base is diverse and consists of players in the fields of industry, power generation, and renewable energy, among others. Our goal is to profile ourselves to the top of the value chain as a reliable system supplier, and in the power quality solutions business we want to be a noteworthy system supplier for various kinds of integrators and sales partners.

Our solutions are already being used in over 70 countries around the world.

Our personnel represents internationally-esteemed top know-how in electrical engineering, digitalization and renewable energy. Our headquarters are located in Ylöjärvi, Finland, where we moved in steps during 2023. Merus Power has subsidiaries in Singapore and Hongkong²⁾ and offices in Germany and the United Arab Emirates. We are all committed to promote the success of our customers every day.

¹⁾ IRENA, 2022: *World Energy Transitions Outlook, A roadmap to 2030*, <https://www.irena.org/Digital-Report/World-Energy-Transitions-Outlook-2022>

²⁾ No business activity in Hongkong



Highlights of 2023

Net sales
MEUR 29.0

EBITDA
MEUR 0.2

**Record year on
the energy storage market**

Move to new premises in Ylöjärvi

New premises, 4 700 m², promise significant growth in production, efficient operation of modern product development and testing facilities as well as the wellbeing of personnel doing hybrid work.

Net sales all
time high,
79%
bigger than in
year 2022

**We published the
company's first
sustainability report**

**The biggest energy storage on the
Finnish frequency reserve market
ordered by Taaleri Energia, worth around
EUR 20 million**

**Our solutions have
been delivered
already to over
70
countries**

Personnel
88
on the average in 2023

CO₂ emission reductions with installed base equaling

170 000
tons



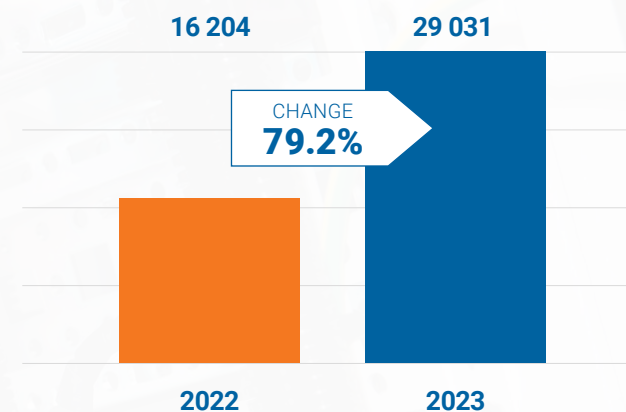
1 400 000
passenger
flights

Key figures

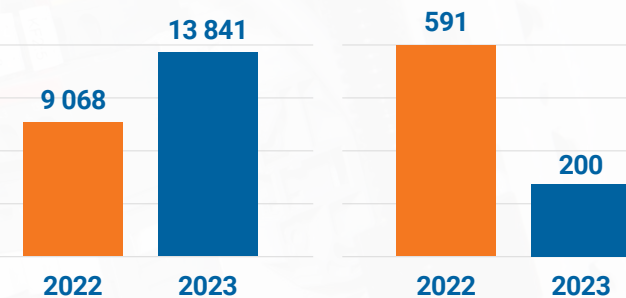
1 000 euros	7-12/2023	7-12/2022	Change %	2023	2022	Change %
Net sales	15 472	9 895	56.4%	29 031	16 204	79.2%
Operating margin (EBITDA)	581	809	-28.3%	187	591	-68.3%
% of net sales	3.8%	8.2%		0.6%	3.6%	
Operating result (EBIT)	200	529		-509	106	
% of net sales	1.3%	5.3%		-1.8%	0.7%	
Profit (loss) for the financial year	28	529		-798	-108	
Earnings per share, diluted, EUR	0.00	0.07		-0.10	-0.01	
Earnings per share, undiluted, EUR	0.00	0.07		-0.10	-0.01	
Equity per share, EUR	1.58	1.69		1.58	1.69	
Balance sheet total	21 189	24 531		21 189	24 531	
Equity	12 092	12 889		12 092	12 889	
Return on equity, %	0.2%	4.2%		-6.4%	-0.8%	
Interest-bearing net liabilities	1 400	-1 445		1 400	-1 445	
Net gearing ratio, %	11.6%	-11.2%		-11.6%	-11.2%	
Equity ratio, %	57.1%	52.5%		57.1%	52.5%	
Liquid assets	2 615	5 287		2 615	5 287	
Cash flow from operating activities	1 382	-6 972		42	-4 965	
Number of shares, 1 000 pcs	7 645	7 645		7 645	7 645	
Average number of shares, 1 000 pcs	7 645	7 645		7 645	7 645	
Order intake	13 718	9 075	51.2%	33 805	16 884	100.2%
Order book	13 841	9 068	52.6%	13 841	9 068	52.6%
Number of personnel on average	94	68	32.4%	88	68	31.3%

1 000 euros

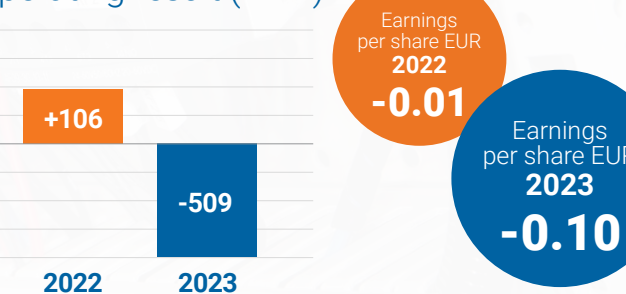
Net sales



Order book



Operating result (EBIT)





Energy storages and sustainability as the drivers of our significant growth

The pressure to step up the pace of achieving more renewable energy caused by climate change is increasing day by day. The International Energy Agency (IEA) has stated that investment in clean energy projects and infrastructure must be tripled by the end of this decade if the nations of the world want to combat climate change efficiently and, at the same time, keep the energy market stable. The COP28 climate conference in Dubai approved the decision to transition away from "fossil fuels" to make Net zero feasible by 2050. Achieving these targets entails a major increase in the production of renewable energy, reducing the related bureaucracy and transferring fossil fuel state subsidies to renewable energy sources.

The transition in energy production poses challenges to the operation of the power system and there is a need for companies like Merus Power, which design and manufacture innovative technological solutions for the users of renewable energy, including infrastructure, industry and real estate.

Growth and investments in the future

During 2023, Merus Power continued to grow significantly, achieving net sales of 29 million euros and a positive operating margin (EBITDA). We are firmly on the fast growth path defined in our strategy. We





have been able to achieve growth in a very difficult operating environment, where the overall world situation, cost inflation, and long contracts cause many conflicting pressures. Prolonged problems in component availability have caused nonrecurring cost overruns in projects due to component prices and additional costs arising from the availability challenges. Hence the company fell slightly short of its profitability targets.

In a difficult world situation, we have, however, made investments with an eye to future growth. Our personnel has grown considerably while at the same time employee turnover has been small. We have succeeded in retaining our top experts and also attracted new, talented personnel.

In 2023, the Merus Power headquarters and factory moved to new premises in Ylöjärvi near the city of Tampere. These new premises triple the size of the old facility and are a major investment in our production and product development. They promise significant growth in production, efficient operation and modern product development and testing facilities. All lifetime services are located under one roof, enabling efficient communication and excellent customer service. The personnel's wellbeing at work was also a major factor in the design of the new premises.

Communal work practices and hybrid work have now become a reality.

We have also continued our significant investment in product and software development. Our products are and will continue to be both technologically high quality and state of the art. Merus Power products are modular and scalable. Large equipment deliveries always consist of smaller standard modules. This ensures that the customer always gets the ideal product, and that we can implement our scalable way of operation.

Our long-term strategy on the energy storage market is working and also supports the growth of our service business

Development on the energy storage market has continued positive. Our operation has expanded from traditional equipment deliveries to comprehensive partnership with the customer, when, in consultation with the customer, we plan the entire business operation of the energy storage, while simultaneously helping right from the necessary permit applications.

The forthcoming energy storage ordered by Taaleri Energia, the biggest energy storage on the Finnish frequency reserve market, exemplifies such a turnkey delivery, with Merus Power as the project and business plan developer together with the

customer and responsible for the turnkey delivery of the energy storage right from the construction permit application. In addition, Merus Power has long-term service, maintenance and operating contracts with Taaleri Energia to guarantee system reliability and the profitability of the investment.

The 1.7 MW / 1.7 MWh energy storage ordered by Sallila Energia in June and the 7 MW / 7 MWh energy storage of Herrfors are examples of a more traditional equipment delivery and of a service and maintenance contract. Both have their place in our operation.

Energy storages are a part of the critical grid infrastructure, where ensuring availability creates a need for services and spare parts. Our services business is therefore growing steadily, as customers need and want support services. In addition to the traditional service business, we are developing and offering smart IoT services for our customers. These include the Merus® MERUSCOPE™ remote monitoring and control software, which opens up new opportunities to expand our service business. In addition to the remote monitoring and control software, MERUSCOPE™ will also be offering a trading platform for our energy storage customers.



SVC modernizations play an increasingly important role in our sustainable operation

In the power quality market, we have maintained our market share and reached the same level as last year. In 2023, we have carried out several SVC modernizations. Targeting the market's aging installed base, the SVC modernizations constitute an important market for the company. At the same time, we remain true to our sustainability values. In the modernizations, we make use of components already in use but with a longer service life. The customer can maintain and continue to use these passive components, but the smart components and control systems, which are among our core competencies, are renewed.

In all we do, we want to be responsible and communicate openly with our stakeholders. In 2023, we published our first sustainability report covering year 2022 and targeted at investors. We are currently modifying our communications to comply with the new ESG reporting requirements, which will involve us in the near future with the CSRD directive.

Kari Tuomala
CEO



Growth and profitability through **our innovative product portfolio**

A portfolio of innovative products and its constant improvement is what drives Merus Power forward. Our portfolio expands apace with our customers' requirements, accelerating the company's growth with improving profitability as volumes grow. The implementation of our growth strategy is focused on increasing awareness of our company, growing sales and consolidating our market position. Thanks to our multichannel sales strategy and depending on the situation, we can sell directly, through sales partners or in new construction projects, for example, by being one among many suppliers. This strategy enables us to locate the ideal target market and partners. We aim to guarantee the presence of our solutions and services both locally and globally.

We also aim at strong growth, notably in the fast-expanding energy storage market and in the integration of renewable energy. True to its strategy, Merus Power seeks strong growth particularly in the Finnish and Swedish but also in the European energy storage markets. We profile ourselves as a truly reliable system supplier, offering services for a profitable investment concept all the way from plant planning and applying for construction permits to the actual construction and testing of the plant and energy storage system.

We also intend to be a major supplier of power quality solutions for various integrators and sales partners. The growth of the international power quality market is driven by electrification, increasing automation and the energy efficiency objectives of sustainable development.

We are growing right along with it, or even faster, and thereby consolidating our position.

Megatrends supporting our growth

- Climate and emission reduction goals
- Green transition and investment programs
- Sustainability
- Electrification and digitalization



Responsibility for ever bigger entities

In energy storage solutions, we have expanded our service scope to satisfy our customers' demands for expert services. Together with our customers, we are developing an investment package where we handle everything right from applying for the necessary permits and civil works for customers. Energy storage projects require comprehensive knowhow and understanding of the electricity market and project development. We are our customer's consulting partner, equipment supplier and project manager, all the partners they need. In heavy industry, we aim to develop partnerships with those integrators building entire plants and those responsible for power grid modernizations.

More and more services

Our spare parts, maintenance and support services are growing steadily. In addition to the traditional service business, we develop and offer our customers smart IoT services. We are further developing the Merus® MERUSCOPE™ remote monitoring and control software, which opens up new opportunities to further increase the scope of our service business. In addition to the remote monitoring and control software, we will be offering our energy storage customers a trading platform. We estimate that as the share of our energy storage customers increases, demand for our services will likewise increase.





The cornerstones of **Merus** **Power growth strategy** are:

1 Scalable product portfolio

Our products are modular and scalable to satisfy our customers' needs. The same products and technologies can be used both in power quality and energy storage solutions in a wide range of applications and sizes by modifying the software.

2 Our multichannel sales strategy

Our multichannel sales network is under constant review and improvement. We are seeking entry to new markets and strengthening our position as a global operator. Our network is based globally on direct sales, a dealer network, system integrators, original equipment manufacturers and new partners. According to our sales strategy, we invest special effort in developing our sales of energy storage systems, always mindful of developing our power quality solutions, too. The growth of the energy storage market is supported by the megatrends of renewable energy and a sustainable energy transition, and looking into the future, this will continue strong. The prospects for locating new customers are good.

3 Via the Nordic countries to Europe

In the energy storage market, we aim to profile ourselves as a system supplier of medium-sized energy storages. Our goal is to first concentrate on the opportunities emerging on the frequency regulation market in Finland and Sweden and to advance from there to the European market. The frequency regulation market in Finland and Sweden is well defined, predictable and functions well. It is easy for investors to join. We invest in continuous development work to offer our customers the most advanced and reliable energy storage solutions on the market – and guarantee our customers a quality energy production process and entry into a frequency regulation market that demands rapid reactions. The energy storage market has developed fast; our response is to actively expand our partner network to renewable energy investment companies, system integrators and engineering companies.

Case story: Taaleri Energia

Significant investments to reach climate objectives

Taaleri Energia is a Finnish renewable energy project developer and fund manager with one of Europe's largest renewable energy investment teams. This team manages a 4.9 GW development, construction, and operative phase portfolio for wind power, solar power, and energy storage facilities in Europe, USA, and the Middle East. Taaleri Energia is also the biggest producer of wind power in Finland, and now they have a 30 MW / 36 MWh energy storage under construction in Lempäälä, near the city of Tampere, to support the operation of the grid. Merus Power is the project developer with responsibility for the turnkey delivery of the Merus® ESS energy storage right from obtaining the building permit.

The Merus® ESS energy storage under construction is a demanding entity, consisting of batteries, power electronics, and intelligent software with the capability to accommodate the grid's balancing need in fractions of a second. The main task of the Lempäälä energy storage facility is to support the balancing of electricity production and consumption in the main grid by participating in Fingrid's reserve market. It will be the biggest energy storage functioning in the Finnish frequency reserve market. All grid inverters, control and protection systems as well as the remote monitoring software of the energy storage were designed and manufactured by Merus Power. In addition to the energy storage, the delivery includes the necessary permits, civil works and electricity infra, and Merus Power is responsible for all of these.

The construction project is right on schedule and will be completed at the end of April 2024. The project also includes a service agreement and Merus® MERUS-COPE™ cloud-based IoT service offering remote monitoring and control of the energy storage.

"Renewable energy is the only sustainable solution to the current energy crisis and the only means to achieve climate targets in Finland and also globally. The volume of renewable energy production varies a lot, so additional energy storage facilities are increasingly needed in large quantities to further increase the share of renewable energy in the electricity grid. With this project, we are creating stability and balance in the electricity network and presenting our investors with an interesting opportunity," says **Ville Rimali**, Energy Storage Investment Director at Taaleri Energia.

With this project, we are creating stability and balance in the electricity network and presenting our investors with an interesting opportunity."



Case story: Charging electric cars

Improving power quality raises the charging power of electric cars

The transportation sector is a crucial part of all our daily lives and it is specifically the emissions from heavy vehicles and dependence on fossil fuels, which absolutely must be reduced. The popularity of electric transportation vehicles is constantly increasing, as they provide the transportation sector with a responsible, environment-friendly solution. State-of-the-art lithium batteries as a power source for electric heavy-duty transportation vehicles are increasing their popularity as an essential means to implement modern urban logistics and long-haul transportations.

Not only do these batteries enable zero emissions, but also significant savings in running costs. A transportation fleet running on lithium batteries ensures cleaner and more responsible operation in the transportation industry of the future.

Merus® Active Harmonic Filters for improved power quality at charging stations

Charging electric transportation vehicles calls for charging stations and their charging capacity needs to be big. These fast chargers for heavy vehicles convert the alternating current to the direct current used by the batteries, which causes distortion in the grid. Grid requirements vary between countries. In the UK, G5 grid code requirements are in use and impose a power quality standard which is extra stringent. Several sources can cause disturbances to power quality. Typical problems are caused, for example, by fast load changes and different electronic devices. In the UK, a local transportation company detected power quality problems in the

EV charging stations for heavy traffic. To comply with the power quality requirements, they had to reduce the disturbances they were causing. Problems had been detected particularly with harmonic emissions and voltage fluctuations.

Together with our local co-operation partner, Power Capacitors Ltd, we recommended Merus® A2 Active Harmonic Filters to correct the problems and to comply with the demands of the grid. The filters were installed in the course of 2023 and they improve power quality dramatically, which improves the efficiency and reliability of the entire charging system. The active filters supplied helped the company to improve the power quality at its charging stations, to reduce wear and tear of electronic components due to heat loss and to extend their useful life. The quality of electrical power provided by our customer's charging stations is now better and its functioning on the grid is more stable, which in turn ensures that the station is operating according to the industry's standards.



The active filters supplied helped the company to improve the power quality at its charging stations."



Modernization of Static Var Compensator (SVC) supports **energy efficiency at the Outokumpu Tornio steel plant**

Steel is among the world's most recycled materials; it can be recycled almost endlessly and still retains its properties. The Outokumpu Tornio steel plant is one of the world's largest integrated stainless steel plants with the entire refining operation accomplished on the same plant site. It includes two stainless steel melt shop lines, a hot rolling mill, and a cold rolling plant. The ferrochrome works and Port of Tornio are located on the same site, covering an area of 600 hectares. 2 150 people work at the Outokumpu plant, with another 300 employed by the contractor and partners.

The Tornio steel plant is the biggest single electricity consumer in the Nordic countries. The steel industry is an energy-intensive business, so by improving power quality and investing in energy efficiency, the electrical energy consumed for manufacturing products can be reduced and significant savings achieved over and above the environmental benefits.

In 2023, together with Aurora Tornio Oy, Merus Power modernized a Static Var

Compensator (SVC) at the Outokumpu Tornio steel plant. A new SVC compensator was installed in the medium voltage network of the cold rolling mill to improve power quality. The cold rolling mill has several production lines with varying power requirements. The compensator reduces grid disturbances and reactive power caused by the cold rolling plant. This improves the plant's energy efficiency and reduces its need for maintenance.



We help our customers make energy grid solutions which create a strong foundation for sustainable business."

“We help our customers make energy grid solutions which create a strong foundation for sustainable business. We make sure that our customers have at their disposal exactly the grid they need, and the availability of the grid plays an important role. We also ensure that the grids promote continuously developing and electrifying production and help our customers move towards carbon neutral production,” declares **Pentti Alatalo**, Site Manager of Aurora Tornio.



Renewable energy market **continues strong growth**

The global climate goals and policies intended to mitigate climate change and reduce human emissions of greenhouse gases have an increasing significance for the future of our globe. At the same time, the share of renewable forms of energy is growing in total energy production and the energy market is going through a major structural change.

In its 2022 Outlook, the International Energy Agency (IEA) revised its estimate for renewable energy investments considerably upwards, as the speed of investments in renewable energy has exceeded prior estimates, particularly in Asia and Europe. The IEA predicts that the share of renewable energy of total energy production will rise to 43% by 2023.¹⁾ According to the International Renewable Energy Agency (IRENA), the intergovernmental organization supporting countries in their transition to sustainable energy, the 1.5 degree stabilization in global average temperature is vital and to reach it, necessitating considerable investments in energy efficiency in the future. According to their estimate, the share of renewable energy production should be 65% by 2030.²⁾

The EU's renewable energy targets call for a 45% share of renewable energy in total energy production by 2030 and a

reduction of greenhouse gas emissions by at least a minimum of 55% by 2030 compared to 1990. Under the European Climate Law, the EU commits to become carbon neutral by 2050, as the first continent in the world to do so.³⁾ The European Green Deal for Europe's investment plan finances and promotes renewable energy projects in Europe.⁴⁾ The energy crisis triggered by Russia's invasion of Ukraine has accelerated renewable energy deployment in Europe.¹⁾ Thus the growth drivers for the renewable energy market have remained at least the same as before.

The energy transition and growing investments require smart technology

Alongside other factors, also development of technology expedites the energy transition by lowering the costs of switching to renewable energy. Energy



production is distributed around the grid and to new areas. This characteristic of the energy transition causes challenges in forecasting and controlling the status of the grid. Supply and demand must be constantly balanced. The fragmentation and variability of the new energy sources increases their complexity, which underlines the significance of efficient energy management. Hence, it is all the more important to manage, regulate, and store energy efficiently so as to ensure a balance between demand and supply.

As a result of the energy transition, investments in the power grid and its resilience are estimated to be of the order of USD 650 mrd by 2030 and almost USD 800 mrd by 2050.²⁾

Market outlook

Development of the energy storage market has been positive and the trend is expected to continue. In Europe, energy storage capacity is expected to grow by 25 GW by 2030 and the size of the market to reach USD 15 mrd not later than in 2027.⁵⁾

The global market is estimated at USD 51 mrd in 2024 and USD 100 mrd in 2029. The annual growth rate is forecast at 14%.⁶⁾

The power quality market is likewise estimated to continue on a strong growth path of approximately 7%.

The market size is estimated to reach USD 44 mrd by 2025 and USD 70 mrd by 2033.⁷⁾ and ⁸⁾ The forecasts remained very much on the same level compared to last year.

For the Company's power quality solutions business, the key markets are active harmonic filters, static synchronous compensators, and static VAR compensators, with a total market value of approximately USD 2.6 mrd in 2022, and this market is expected to grow to USD 4.4 mrd by 2031. The size and growth estimates in the key markets are estimated to remain as before.^{9,10,11)}

¹⁾ IEA Renewable Energy Market Update (kesäkuu 2023)

²⁾ IRENA, 2022: World Energy Transitions Outlook, A roadmap to 2030, <https://www.irena.org/Digital-Report/World-Energy-Transitions-Outlook-2022>

³⁾ European Commission, https://energy.ec.europa.eu/topics/renewable-energy/renewable-energy-directive-targets-and-rules/renewable-energy-targets_en

⁴⁾ https://investeu.europa.eu/contribution-green-deal-and-just-transition-scheme_en

⁵⁾ Aurora Jul22 European Battery Market Attractiveness Report

⁶⁾ <https://www.mordorintelligence.com/industry-reports/energy-storage-market>

⁷⁾ Market Research Future, <https://www.marketresearchfuture.com/reports/power-quality-equipment-market-3088>

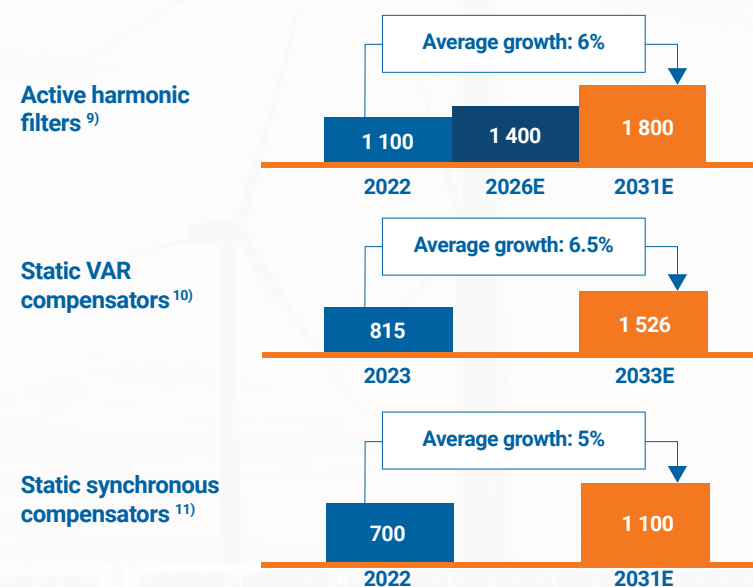
⁸⁾ Future Market Insight, <https://www.globenewswire.com/news-release/2022/12/20/2577255/0/en/Power-Quality-Equipment-Market-is-expected-to-hit-a-revenue-of-US-38-04-Bn-in-2023-and-is-estimated-to-cross-a-worth-US-69-65-Bn-by-2033-at-a-CAGR-of-6-25-Data-analysis-by-FMI.html>

⁹⁾ UMR, Global Harmonic Filter Market 2016-2031, <https://upmarketresearch.com/>

¹⁰⁾ Future Market Insights, <https://www.futuremarketinsights.com/reports/static-var-compensator-market>

¹¹⁾ Business Research Insights, <https://www.businessresearchinsights.com/market-reports/gate-bipolar-transistors-statcom-market-107313>

Power quality solutions Global market size (USD million)





Significant progress in sustainability work and reporting

Merus Power's operation at the very core of renewable energy and energy efficiency is more important than ever in our fast-changing world. As crucial as the safety and wellbeing of our own personnel are to us, we are also mindful of the effects of our work and operations on others. Appreciating and respecting our own and other people's work is of the utmost importance to us. In 2023, Merus Power took significant measures to improve its sustainability action and reporting. The first extensive sustainability report in the company's history, covering year 2022, was published in spring 2023. The next sustainability report, covering year 2023, will provide further detail on our progress in several sustainability areas. This is a priority for us; sustainability is the justification for our whole existence and at the heart of everything we do.

A sustainability survey was carried out in the company in early summer 2023 and our GRI reporting was also enhanced. In 2023, we appraised the sustainability of our supply chain and a double materiality assessment was initiated with interviews and fact-finding among various interest groups: customers, suppliers and personnel. The purpose of the analysis is to ascertain how we affect others and also what they expect of us. Based on

the survey and analysis, the company's sustainability plan for 2024 will be drawn up. This work is in anticipation of changes in the EU's sustainability regulations and most of all to advance the company's internal operations.

In 2023, Merus Power also moved to new premises in the town of Ylöjärvi, close to the city of Tampere. Sustainability and energy savings were the priority in the design

7 AFFORDABLE AND
CLEAN ENERGY



9 INDUSTRY, INNOVATION
AND INFRASTRUCTURE



13 CLIMATE
ACTION





of these new premises, which meant, for example, LED lighting, heat retention structures and meticulous planning of waste management and recycling. A maximum amount of recycled equipment is utilized on the premises, for example the crane and main transformer are actually second hand.

Merus Power as a pioneer in sustainable development

Despite our relatively small size so far, we aim to lead the field and invest heavily in research and development work, the key to a more sustainable future. We provide our customers with sustainable solutions to improve energy efficiency and power quality in their own production processes and businesses.

With its innovative energy storages and power quality solutions, Merus Power is paving the way for a better and more sustainable way of life. Together with our partners, customers and personnel, we are proud to be part of accelerating the green transition and building a bridge towards a more sustainable future.

Merus Power works toward achieving the UN's sustainable development goals. Through our operations, we promote sustainable, socially responsible and energy efficient development in economy and society worldwide; our energy storage and power quality solutions have already been delivered to over 70 countries.

The UN Sustainable Development Program defines equal goals for the environment, economy and people. The core principle is that nobody is to be left behind. There are 17 of these goals, and we at Merus Power wholeheartedly support them all. We have also realized that with

our technology, we can actively promote positive development in three areas, Goals 7, 9 and 13.

- 7** Ensure access to affordable, reliable, sustainable, and modern energy for all.
- 9** Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.
- 13** Take urgent action to combat climate change and its impacts.

Part of our business is to act as a registered importer of industrial batteries and for that, we are committed to the decommissioning and recycling of batteries in Finland, which we handle in cooperation with Recser Oy. Merus Power is a member of SELT association, the producer organization for manufacturers of household appliances, toys and lamps, for example. The occupational health care and safety management as well as the quality and environmental management systems of Merus Power are certified according to the ISO 9001 and ISO 14001 standards.

Technology for positive effects far into the future

The technological solutions of Merus Power contribute much to making sustainable economy and growth into realities. Our operation promotes the sustainable and energy-efficient development of economy and society globally and we promote the ideals of the Paris Agreement and the goals set by the EU with our product and service innovations, enabling our customers in turn to exert

positive environmental effects. It is our quest to develop new technology to improve production efficiency and reduce negative effects on the environment. We also work actively to extend the lifespan of our products.

The underlying principle in all our products is to promote the increase of renewable energy in the grid and improve power quality and energy efficiency. Solutions which improve power quality in industrial and commercial applications serve to reduce CO₂ emissions, save energy and improve the efficiency in our customer companies' processes.

The following are just some of our positive environmental achievements demonstrating our achievements for the good of the environment: Our solutions have enabled 619 MW of renewable energy to be connected to the grid and our share of the Finnish electricity market's reserve is 18%. With our technology, our customers achieve annually over 170 000 tons of CO₂ emission reductions, which is equivalent to over 1 400 000 London-Madrid passenger flights. At Merus Power, we are convinced of the ability of technology to slow down global warming and climate change.

Our solutions have enabled

619 MW

of renewable energy to be connected to the grid.

Our share of the Finnish electricity market's reserve is

18 %

The annual CO₂ emission reductions for our customers are over

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passenger flights
(London-Madrid).

Information for investors

Merus Power's shares are traded on the First North Growth Market Finland marketplace maintained by Nasdaq Helsinki. Our trading symbol is **MERUS**.

Annual General Meeting 2024

The Annual General Meeting will be held on March 13, 2024 at 1:00 p.m. at the Hatanpää Mansion, Hatanpään puistokuja 1, 33900 Tampere. The invitation to the meeting by the Board of Directors can be found on the company's website:



<https://sijoittajat.meruspower.fi/sijoittajatietoa/hallinto/yhtiokokous>

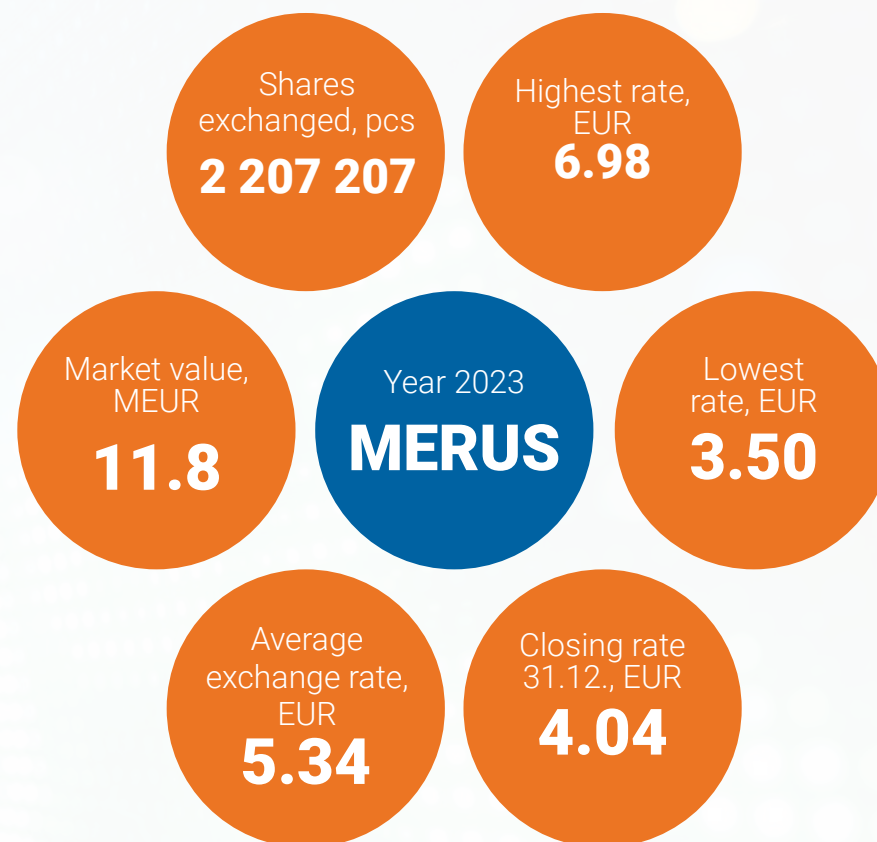
Proposal for the use of profits by the Board of Directors

The Board of Directors proposes that the loss of MEUR 0.8 of the financial period ending on December 31, 2023 be transferred to the profit/loss account and no dividend be paid.

Financial reporting

The Annual General Meeting will be held on March 13, 2024.
The Half-year Report H1/2024 will be published on August 22, 2024.

Summary of trading



Market value, 1 000 euros

31.12.2023

30 886

31.12.2022

31 612

Shareholders

31.12.2023

5 019

31.12.2022

5 271



Merus Power's strengths as an investment

Our scalable high technology solutions promote sustainable energy¹⁾ transition



Global megatrends support strong growth of renewable energy and demand for our energy storages



Our power quality solutions improve energy efficiency and reduce CO₂ emissions in the industry



Our established business position in power quality solutions supports our growth and creates a strong foundation for our product development



Our growing service business exploiting digitalization enables a continuous cash flow



We have global sales channels and strong partners



Our engineering expertise is globally acknowledged



Watch our company video here!

¹⁾Sustainable energy is energy which promotes a society reducing carbon emissions and energy consumption.



Board of Directors



Vesa Sadeharju *born 1957*

Master of Science in Technology and
Master of Economic Sciences

Chair of the Board of Directors since 2013

Partner of VNT Management Oy.

Previous work experience

2000–2007 Sadeharju was Director and Partner of 3i Nordic Plc. 1996–2000 Sadeharju was a founding member of SKF Finance. 1981–1996 Sadeharju held various management positions at ABB's electrical applications business units.

Confidential posts:

Board Member of Power Fund III GP Oy since 2011, Board Member of Norsepower Oy since 2016, Elcogen Group Plc board member since 2021, Chair of the Board of Elcogen Oy since 2009, Chair of the Board of Elcogen AS Supervisory Board since 2008, Chair of the Board of Distence Oy since 2023, Board member of VNT Management Oy since 2008, and Chair of the Board of Sadeharju Consulting Oy since 2007.



Anne Koutonen *born 1962*

Master of Economic Sciences
Member of the Board of Directors since 2021

Previous work experience

Koutonen has previously served as the CFO and Head of Investor Relations at Nokian Tyres Plc during 2006–2018 and Team Leader of Treasury during 1997–2006.

1995–1997 Koutonen held a position of Financial Analyst at Oy Kyro Ab. 1992–1994 Koutonen was Domestic Money Market Manager, Member of the Management Team and Head of Market Dealers of Financial Bank of Finland Savings Bank – SSP Ltd.

Confidential posts:

Anne Koutonen has been a Member of the Board of Directors of Modulight Oyj since 2023, Member of the Board of Directors of Kemppi Oy since 2022, Member of the Board of Directors of Robit Oy since 2020 and Chairman of the Audit Committee since 2021, Member of the Board of Directors of Image Wear Oy since 2019, Member of the Board of Directors of Tammer Brands Oy and Chair of the Board since 2020, Member of the Board of Directors of HKScan Oyj and Chair of the Audit Committee since 2019, Member of the Board of Directors and Audit Committee of Kojama Oy since 2018 and Chair of the Audit Committee since 2019 and Member of the Board of Componenta Oy since 2017 and Vice Chair of the Board of Directors since 2019.



Vesa Riihimäki *born 1966*

Master of Science in Technology
Member of the Board of Directors since 2015

Riihimäki is Director, Delivery Management of Wärtsilä Finland Oy and a Member of the Management Team of the Power Supply Business Line.

Previous work experience

2018–2020 Riihimäki served as President and CEO of Wärtsilä Finland Ltd. Riihimäki served as Vice President, Wärtsilä Quality during 2014–2018, as Vice President, QEHS, Wärtsilä Services and concurrently in the Management Team of the Services Business Line, 2009–2014 he was President, Power Plants & Executive Vice President and concurrently on the Wärtsilä Corporation Management Team, 2004–2009 he was Vice President, Power Plant Technology and concurrently on the Management Team of the Power Plants Business Line. Additionally Riihimäki has held various positions at Wärtsilä Finland Oy during the period 1992–2003.



Management Team



Kari Tuomala *born 1962*
Master of Science in Technology
CEO

Kari Tuomala is a founding member in the Company and has been the CEO and a Member of the Board 2008–2021 (Chair of the Board 2008–2012). During the period 2000–2008 Tuomala was the Managing Director of Nokia Capacitors Oy. During the period 1989–2000 Tuomala held management posts at Wärtsilä Plc and the power plants business units in Holland, Hong Kong and Vaasa, latest as the General Manager for Customer Support at Wärtsilä NSD Netherlands.



Maiju Levirinne *born 1989*
Bachelor of Business Administration
Director, Factory Supply Processes

Maiju Levirinne has been the company's Director, Supply Processes since 2021. Levirinne previously served as the company's Director of Procurement and Logistics and in other procurement and logistics positions. Levirinne has previously been a procurement and logistics intern at Agnico Eagle Mines Limited.



Jyri Öörni *born 1980*
Master of Science in Technology
Development Director

Jyri Öörni is a founding partner of the company and has held various management positions in the company since 2009. Öörni has been the company's Chief Development Officer since 2015 and Development Manager 2009–2015. Öörni was a member of the Board of Directors from 2014–2018. Öörni has also worked as a project engineer at Nokia Capacitors Oy.



Rainer Antila *born 1967*
Master of Business Administration
CFO

Rainer Antila has been the company's CFO since 2017. He has previously been CFO of Talousruutu Oy, Confidex Oy and CFO and in other positions at Nokia Capacitors Oy as well Controller at Vaasa Engineering Oy.



Markus Ovaskainen *born 1991*
Master of Science in Technology
Sales Director

Markus Ovaskainen has been with Merus Power since 2017. In 2017–2019 Ovaskainen has worked on product development tasks related to electrical storage control system and system design.

As Sales Manager, Ovaskainen worked in the Latin American and North American markets from 2020–2022 and has also worked in product management.



Juuso Järvinen *born 1976*
Master of Science in Technology
Director, Delivery Process and PMO

The company's Project Department Manager since 2022. Earlier in his career, he held project management positions at Teleste Information Solutions (2019–2020), RUAG Space Finland (2016–2019), and Patria Systems (2008–2016), and as a development engineer in UPM's RFID organization (2001–2008).



Mikko Marttala *born 1979*
MSc Infrastructure
Investment and Finance
Finance and Project Development
Manager

Marttala has been responsible for Merus Power's customer financing and project development business since spring 2022. Prior to joining Merus Power, Marttala worked for 10 years at the Finnish technology company KPA Unicon as CFO and Executive Vice President and as a full-time member of KPA Unicon's Management Team. Prior to KPA Unicon, Marttala was a Client Manager at Nordea, where he was responsible for export and project finance for the bank's Nordic clients.



Toni Peltomaa *born 1979*
Bachelor of Engineering
Aftermarket and Service Manager

Toni Peltomaa is the company's After Sales and Service Director since 2023.

In 2020–2021 Peltomaa worked as Sales Manager at Arnon Oy, in 2018–2020 as Sales Manager at VEO Oy and in 2013–2018 at Grid Solution Oy (GE) and ALSTOM Grid Canada Inc. as After Sales & Service and Power Electronics Senior Specialist.

Report by the Board of Directors **for 2023**





Business development in 2023

Merus Power is a Finnish technology company which promotes green energy transition and operates on global fast-growing markets. The company designs and manufactures innovative energy storages, power quality equipment, and services for the needs of renewable energy production and industry. With its scalable technology, the company enables the growth of renewable energy in the grids and improves the energy efficiency of societies.

In 2023, Merus Power's business grew as expected. Net sales grew 79.2% compared to the previous year, amounting to 29.0 million euros and the company's operating margin (EBITDA) was positive 0.2 million euros, despite the very difficult operating environment.

In energy storage solutions, the company has developed its strategy and seeks strong growth primarily in Finland and Sweden but also on the European market. We profile ourselves as a truly reliable system supplier, offering services for a profitable investment concept all the way from plant planning and applying for construction permits to the actual delivery of the energy storage and offering the lifecycle services. The order received from Taaleri Energia on February 8, 2023 to build and test the capacity-wise largest energy storage facility operating in the fast frequency reserve market in Finland and the contracts made with Sallila Energia on June 7, 2023 and Herrfors on December 20, 2023 prove that our strategy is producing results.

In power quality solutions, the company retained its position in the market and achieved the same level of net sales as the previous year. In 2023, we also sold and installed Static Var Compensator modernizations. In October we signed a contract to deliver an SVC modernization to Ovako Imatra's steel plant in Finland and in November we made a deal for an SVC modernization at the ArcelorMittal Warszawa steel mill. Modernizations of aging SVC systems and equipment constitute a significant market for Merus Power.

Key figures and highlights for 2023

- Net sales 29.0 (16.2) million euros, growth 79.2%
- Operating margin (EBITDA) EUR 0.2 (0.6) million
- Operating result (EBIT) EUR -0.5 (0.1) million
- Earnings per share -0.10 (-0.01) euros
- Moving to new premises in Ylöjärvi
- The most important achievements in the market:
 - A significant repeat order for the American power quality market for data centers
 - Order for a 20-million-euro energy storage for Taaleri Energia
 - Order for an energy storage for Sallila Energia
 - Modernization of an electric arc furnace compensator system at Ovako steel plant in Finland
 - Order for an SVC modernization at ArcelorMittal steel mill in Poland
 - Order of energy storage for Herrfors to operate on the Fingrid reserve market

Net sales, profitability and net profit

- Net sales of Merus Power 1.1.–31.12.2023 EUR 29.0 (16.2) million. Growth 79.2%, mainly due to deliveries to the energy storage market. Operating margin (EBITDA) EUR 0.2 (0.6) million, being 0.6% of net sales.
- Operating result (EBIT) EUR -0.5 (0.1) million, being -1.8%. Deterioration of the operating result was mainly due to growth in personnel costs and other costs.
- Undiluted earnings per share -0.10 (0.01) euros. Equity/share 1.6 (1.7) euros.
- Profit (loss) for the financial year EUR -0.8 (-0.1) million.

Balance sheet, financing and cash flow

- Balance sheet total of Merus Power Plc 31.12.2023 was EUR 21.2 (24.5) million.
- Group total equity EUR 12.1 (12.9) million. Group total net liabilities at the end of the financial period 1.4 (-1.4)% and gearing ratio 11.6 (-11.2)%. Group equity ratio 57.1 (52.5)%. Group liquid funds at the end of the financial period 31.12.2023 EUR 2.6 (5.3) million. Cash flow from operating activities EUR 0.0 (-5.0) million.

Personnel

The average number of employees in the Group during the financial year 2023 was 88 (68 in 2022), of whom 87 worked in the parent company (67 in 2022) and 1 in the subsidiaries (1 person in 2022).

Company structure

The Group's parent company is Merus Power Plc, which has subsidiaries in Singapore, Hong Kong, and Finland. At the end of the financial period, the Group consisted of the parent company Merus Power Plc and its 100% subsidiaries Merus Power Asia-Pacific Pte. Ltd., Merus Power Hong Kong Ltd. (currently no active operation), and Lempäälän Tasapainotus Oy. Additionally Merus Power Plc has sales offices in Germany and the United Arab Emirates.

Research and product development

In a challenging global situation we have made investments with future growth in mind. The lion's share of the product development investment was directed at the development of a new kind of control system platform. This platform will play a crucial role in the company's product offering in the future and enable a flexible application development of power quality and energy storage solutions, at the same time



responding to the ever-growing communication and data security demands. Developing the control system platform is a part of the 3-year Energy ECS ECSEL project, in which the company is involved in developing smart grid solutions supporting the promotion of renewable energy and electrical mobility. In addition to the control system platform, an important part of the project involves machine learning and development of cloud-based solutions utilizing artificial intelligence to strengthen the company's digital service portfolio.

Sustainability, environment, and personnel wellbeing

The technology solutions of Merus Power play an important role in mitigating climate change and global warming. The company's product and service innovations produce positive environmental acts for its customers during their lifetime. The key idea behind our solutions is the use of renewable energy, improved power quality and energy efficiency. Our energy storage systems enable the integration of renewable energy into the power grid and create our customers new business models made possible by renewable energy. Our power quality solutions reduce electrical disruptions caused by poor power quality, improving the reliability, profitability, and energy efficiency of our customers' operations. Solutions optimizing power quality in industrial and commercial applications do their part in reducing carbon emissions and improving the efficiency of our customers' processes.

Merus Power is committed to the goals of the UN Sustainable Development Program, which defines equal goals for the environment, economy, and people. We monitor the realization of sustainability goals with the following statistics: green energy capacity, share of frequency reserve capacity, and reduction of CO₂ emissions.

The first extensive sustainability report in the company's history was published in June 2023. A sustainability survey was carried out in the company in early summer 2023. An interview about the responsibility of the supply chain was likewise conducted, and a double materiality assessment was also initiated with interviews and fact-finding among

various interest groups. The purpose of the analysis was to ascertain how we affect others and also what they expect of us. Based on the survey and analysis, the company's sustainability plan for 2024 will be drawn up. This work is in anticipation of changes in the EU's sustainability regulations and most of all to advance the company's internal operations.

Merus Power takes care of its employees responsibly. The company offers a workplace characterized by openness, equality, and diversity. Merus Power personnel do meaningful work and respect the work of others. Merus Power seeks to create a safe working environment for its employees and partners, which minimizes risks. The company wants to offer its people an opportunity to improve in their work and skills, especially young people but also more mature people. Merus Power's employees and actions are characterized by enthusiasm for technology. Merus Power respects the human rights defined in the UN Declaration of Human Rights and wants to be a reliable partner for its personnel and stakeholders. Employment respects national laws, contracts, and liabilities.

A significant investment in new premises

In 2023, Merus Power moved to new premises in the town of Ylöjärvi, close to the city of Tampere. Wellbeing of employees working in hybrid mode as well as sustainability and energy savings were the priorities in the design of these new premises, which meant, for example, LED lighting, heat retention structures, and meticulous planning of waste management and recycling.

Shares, share capital, and shareholders

Merus Power's share capital, which has been totally paid and duly marked in the commercial register on December 31, 2023 was EUR 270 000 and the number of shares at the end of the review period was 7 644 966 (7 644 966) shares. The average daily volume of shares during the review period was 7 644 966.

The company has only one series of shares, all with equal voting rights and entitlement to dividend and the company's assets.

The company did not possess any own shares during the review period. At the end of the review period, the company had 5 019 registered shareholders.

General Meetings

The Company's Annual General Meeting was held in Tampere on March 16, 2023 at the Hatanpää Mansion. The meeting approved the Company's annual financial statements for 2022. It was decided that the loss shown in the financial statements should be entered in the account for profit and loss and that no dividend should be paid. The Board of Directors and the CEO were granted discharge from liability for the financial year January 1 – December 31, 2022. The meeting approved the audit fee of the auditor and appointed the auditor. According to its proposal, the Board of Directors was authorized to decide on the issuing of shares and special rights entitling recipients to hold shares.

Option programs

On April 1, 2021, the Company's Board of Directors decided on a share option program and granted a maximum of 1 500 000 option rights, and hence entitlement to subscribe to an equal number of the company's A-series shares. These share acquisitions must take place in the period December 31, 2023 – December 31, 2026. Option rights have been allocated to key personnel and employees permanently employed by the company.

Board of Directors

The Annual General Meeting of Merus Power held on March 16, 2023 elected Vesa Sadeharju (Chair), Vesa Riihimäki and Anne Koutonen (formerly Leskelä) as members of the Board of Directors for a term to end at the next Annual General Meeting.



Management

Merus Power Plc's management team consisted of the following people: Kari Tuomala, CEO; Rainer Antila, CFO; Mikko Marttala, Finance and Project Development Director; Jyri Öörni, Development Director; Markus Ovaskainen, Sales Director; Maiju Levirinne, Director, Factory Supply Processes; Juuso Järvinen, Director, Delivery Process and PMO; Toni Peltomaa, Aftermarket and Service Director has been a member of the management team since April 1, 2023.

Aki Tiira, Aftermarket and Service Director, was a member of the management team until March 31, 2023.

Auditors

According to Merus Power's Articles of Association, the company has one auditor, which, pursuant to the Auditing Act, must be an authorized public accountant firm with a term concluding at the end of the next Annual General Meeting. On March 16, 2023, the company's shareholders elected the audit firm Moore Idman Oy to be the company's auditor, with Authorized Public Accountant Jukka Lahdenpää, who has served as the company's auditor since 2019, as the key audit partner.

Near future risks and uncertainties

Merus Power uses risk management to expedite the achievement of its strategic and operative goals to ensure the continuity of its own and its customers' operations in a changing world. Our goal is comprehensive risk management, which emphasizes proactivity throughout: meticulous planning, continuous monitoring, and assessment of risks supported by the appropriate systematic and timely action. Risk management is an integral part of our daily operations. Risk assessment related to sustainable development has a central role in the risk management of our business and our customers' business.

Weak economic growth, inflation, and the rise in interest rates were prominent economic trends during 2023. Ac-

ording to some experts, economic uncertainty may also slow down the pace of investments in the green economy. According to the OECD's report, global economic growth is set to remain weak in 2024 and inflation high, although it has slowed down in many countries. During 2024, the high interest rate of corporate bonds may be reflected in the investment decisions of some projects.

Growth driven by the green transition continues strong, however, and climate goals remain as before. For example, the International Energy Agency (IEA) has emphasized the improvement of energy efficiency and the importance of achieving the goals. In the power quality sector, the need for equipment remains unchanged despite the general economic forecast, hence investments are normally not cancelled but only postponed. In the energy storage market, growth prospects continue positive.

Merus Power's products are intended for use in long-term investment processes. Sudden price changes in materials and components cannot necessarily be transferred to the price of the end product, which may cause risk to profitability goals. The 2023 Interim Review noted that problems with component availability may continue. Component availability improved towards the end of 2023, but some problems were experienced, notably with semiconductors. During 2024, however, availability is predicted to return to normal. Nevertheless, the availability of those components also used in the car industry is still likely to be challenging and may well persist even until 2025.

Availability challenges have so far caused the company some delivery delays, but these have been systematically overcome by the delivery chain. In project-based business, risk management related to component availability and delivery times is always important and we constantly develop our project management process and systems.

The rapid proliferation of the energy transition and the electrification of vehicles have caused increased demand for Lithium ion batteries, hence the manufacturing chain encountered challenges to meet the growing demand. This in turn affects the availability, delivery times, and prices of batteries used as a component in energy storage equipment

and constitutes a risk to our energy storage business. During 2023, the availability of batteries was better than in previous years.

The war in Ukraine does not greatly affect our business, but entails greater risks in predictability. We no longer do business on the Russian market. The share of Russian business was not significant in our turnover, thus the impact on growth and predictability is low.

Cyber security is one of the greatest challenges to a modern society. Due to their large size and far-reaching effects, energy grids and the entire energy sector are among the most critical development targets in continuous information technology. Software and electronics also play a key role in the operations of Merus Power, making us potentially vulnerable to cyber security risks as information systems and products may suffer interruptions in operations, loss, or manipulation of data and malfunction. The company must therefore continuously develop its products and production to guard against these risks and support its customers in the secure use of Merus Power's products.

Our listing brochure published on May 21, 2021 addresses in greater detail the risks related to the business, operational environment, regulation, and financing of the company.

Events after the reporting period

13 February, 2024: Merus Power received a battery energy storage order of around EUR 15 million. The project is slated for completion by spring 2025.

Proposal for the use of profits by the Board of Directors

The Board of Directors proposes to the Annual General Meeting that the loss of EUR 0.8 million in the financial year ending December 31, 2023 be transferred to the profit/loss account with no dividend to be distributed.



Guidance for 2024

In 2024, Merus Power net sales and operating margin are expected to increase significantly on the previous year.

Other reviews and events

Press releases

12.1.2023 Merus Power receives significant repeat order to the American power quality market

7.2.2023 Merus Power enables its growth by moving to new premises

8.2.2023 Merus Power receives a 20-million-euro order to supply a large battery energy storage system to Taaleri Energia

8.2.2023 Positive profit warning, Merus Power estimates its net sales to grow significantly in 2023

9.2.2023 Merus Power Annual Report January 1 – December 31, 2022: Growth in a difficult operating environment

10.2.2023 Change in Merus Power Management Team

7.6.2023 Merus Power strengthens its position in the energy storage market – Sallila Energia acquires energy storage to support energy transition

8.6.2023 Merus Power Sustainability Report on year 2022 has been published

24.8.2023 Merus Power Interim Report January 1 – June 30, 2023: Strong growth in the first half

2.10.2023 Merus Power modernizes the compensator system of the Electric Arc Furnace at Ovako Imatra's steel plant in Finland

27.10.2023 Merus Power in new premises – with significantly improved possibility to grow

22.11.2023 Static Var Compensator modernization at ArcelorMittal Warszawa steel mill in Poland

12.12.2023 Negative profit warning: Merus Power publishes restated comparison figures for net sales and lowers its operating margin guidance

20.12.2023 Merus Power supplies Herrfors with a 7 MW / 7 MWh battery energy storage system, which will operate alongside a 5 MW electric boiler in the Finnish national frequency regulation market

Managers' transactions

4.5.2023 Merus Power Oyj – Managers' transactions, Sadeharju

5.5.2023 Merus Power Oyj – Managers' transactions, Järvinen



Key figures

CONSOLIDATED, 1 000 EUROS	2023	2022	2021
Net sales	29 031	16 204	14 770
Change from previous year	79.2%	9.7%	127.2%
Operating margin (EBITDA)	187	591	828
% of net sales	0.6%	3.6%	5.6%
Operating result (EBIT)	-509	106	333
% of net sales	-1.8%	0.7%	2.3%
Profit (loss) for the financial year	-798	-108	-994
Earnings per share, diluted, EUR	-0.10	-0.01	-0.15
Earnings per share, undiluted, EUR	-0.10	-0.01	-0.15
Equity per share, EUR	1.58	1.69	1.70
Balance sheet total	21 189	24 531	20 312
Equity	12 092	12 889	12 999
Return on equity, %	-6.4%	-0.8%	-13.3%
Interest-bearing net liabilities	1 400	-1 445	-7 169
Net gearing ratio, %	11.6%	-11.2%	-55.1%
Equity ratio, %	57.1%	52.5%	64.0%
Liquid assets	2 615	5 287	10 081
Cash flow from operating activities	42	-4 965	-2 178
Number of shares, 1 000 pcs	7 645	7 645	7 645
Average number of shares, 1 000 pcs	7 645	7 645	6 528
Order book	13 841	9 068	8 388
Order intake	33 805	16 884	13 093
Number of personnel on average	88	68	52

Financial Statements 1.1.–31.12.2023

*The original of this document has been made in Finnish.
In case of any discrepancy, the Finnish version will prevail.*



Financial Statements 1.1.–31.12.2023

CONSOLIDATED INCOME STATEMENT	1.1.2023–31.12.2023	1.1.2022–31.12.2022
NET SALES	29 031	16 204
Finished and unfinished products		
Increase (+) or decrease (-) in stocks	1 859	-110
Manufacture for own use (+)	1 573	1 235
Other operating income	154	34
Materials and services		
Materials, supplies and goods	-17 593	-8 620
Purchases during the financial year	-10 948	-17 404
Increase (+) or decrease (-) in stocks	-6 644	8 784
External services	-5 083	-1 005
Total materials and services	-22 676	-9 625
Personnel expenses		
Wages and salaries	-5 239	-3 857
Social security expenses		
Pension costs	-865	-643
Other social security costs	-163	-105
Total personnel costs	-6 267	-4 605
Depreciation, amortization and impairment		
Depreciation according to plan	-697	-485
Total depreciations, amortizations and impairment	-697	-485
Other operating expenses	-3 488	-2 542
OPERATING PROFIT (LOSS)	-509	106
Financial income and expenses		
Other interest and financial income	12	1
Impairment losses on financial securities held as		
current assets	21	-53
Interest and other financial expenses	-321	-162
PROFIT BEFORE APPROPRIATIONS AND TAXES	-798	-108
Income taxes	0	0
PROFIT (LOSS) FOR THE FINANCIAL YEAR	-798	-108



CONSOLIDATED BALANCE SHEET	31.12.2023	31.12.2022
ASSETS		
NON-CURRENT ASSETS		
Intangible assets		
Development expenses	1 995	1 308
Intangible rights	44	15
Other intangible assets	1 494	26
Total intangible assets	3 533	1 349
Tangible assets		
Machinery and equipment	163	157
Total tangible assets	163	157
TOTAL NON-CURRENT ASSETS	3 696	1 506
CURRENT ASSETS		
Inventories		
Raw material and consumables	3 776	10 420
Work in progress	1 006	125
Finished goods	1 027	50
Advance payments	453	159
Total inventories	6 263	10 754
Short-term receivables		
Trade receivables	3 097	4 491
Other receivables	11	242
Deferred assets	5 507	2 251
Total short-term receivables	8 615	6 984
Investments	756	2 536
Cash and cash equivalents	1 859	2 751
TOTAL CURRENT ASSETS	17 493	23 025
TOTAL ASSETS	21 189	24 531

CONSOLIDATED BALANCE SHEET	31.12.2023	31.12.2022
EQUITY AND LIABILITIES		
EQUITY		
Share capital	270	270
Other reserve		
Paid in capital (limited liability co.)	17 501	17 501
Total other reserve	17 501	17 501
Retained earnings (loss)	-4 880	-4 774
Profit (loss) for the financial year	-798	-108
TOTAL EQUITY	12 092	12 889
PROVISIONS		
Other provisions	142	169
TOTAL PROVISIONS	142	169
LIABILITIES		
Non-current liabilities	1 803	2 466
Loans from credit institutions	1 803	2 466
Total non-current liabilities		
Current liabilities		
Loans from credit institutions	2 213	1 377
Advance payments received	959	1 343
Trade payables	2 730	5 317
Other payables	206	98
Accruals	1 045	872
Total current liabilities	7 152	9 007
TOTAL LIABILITIES	8 955	11 473
TOTAL EQUITY AND LIABILITIES	21 189	24 531



CONSOLIDATED CASH FLOW STATEMENT	2023	2022
CASH FLOW FROM OPERATING ACTIVITIES		
Operating profit	-509	106
Adjustments	672	507
Change in working capital	169	-5 364
Financial income and expenses	-289	-215
Taxes paid	-0	-0
NET CASH FLOW FROM OPERATING ACTIVITIES	42	-4 965
CASH FLOW FROM INVESTING ACTIVITIES		
Investments in tangible and intangible assets	-2 887	-759
NET CASH FLOW FROM INVESTING ACTIVITIES	-2 887	-759
CASH FLOW BEFORE FINANCING ACTIVITIES	-2 845	-5 724
CASH FLOW FROM FINANCING ACTIVITIES		
Increase/decrease of long-term debts	-663	623
Increase/decrease of short-term debts	836	307
Shares issue	0,00	0,00
NET CASH FLOW FROM FINANCING ACTIVITIES	173	930
Change of cash and cash equivalents	-2 672	-4 794
Cash and cash equivalents 1.1. ^{*)}	5 287	10 081
CASH AND CASH EQUIVALENTS 31.12.^{*)}	2 615	5 287

^{*)}Cash and cash equivalents include cash and bank receivables and financial securities



PARENT COMPANY INCOME STATEMENT	1.1.2023–31.12.2023	1.1.2022–31.12.2022
NET SALES	29 031	16 204
Finished and unfinished products		
increase (+) or decrease (-) in stocks	1 859	-110
Manufacture for own use (+)	1 573	1 235
Other operating income	154	34
Materials and services		
Materials, supplies and goods		
Purchases during the financial year	-10 948	-17 404
Increase (+) or decrease (-) in stocks	- 6 644	8 784
External services	-5 083	-1 005
Total materials and services	-22 675	-9 625
Personnel expenses		
Wages and salaries	-5 117	-3 748
Social security expenses		
Pension costs	-865	-643
Other social security expenses	-163	-105
Total personnel expenses	-6 144	-4 496
Depreciation, amortization and impairment		
Depreciation according to plan	-697	-485
Total depreciations, amortizations and impairment	-697	-485
Other operating expenses	-3 614	-2 653
OPERATING PROFIT (LOSS)	-512	104
Financial income and expenses		
Other interest and financial income	12	1
Impairment losses on financial securities held as		
current assets	21	-53
Interest and other financial expenses	-321	-162
PROFIT BEFORE APPROPRIATIONS AND TAXES	-801	-111
Income taxes	0	0
PROFIT (LOSS) FOR THE FINANCIAL YEAR	-801	-111



PARENT COMPANY BALANCE SHEET	31.12.2023	31.12.2022
ASSETS		
NON-CURRENT ASSETS		
Intangible assets		
Development expenses	1 995	1 308
Intangible rights	44	15
Other intangible assets	1494	26
Total intangible assets	3 533	1 349
Tangible assets		
Machinery and equipment	163	157
Total tangible assets	163	157
Investments	8	9
TOTAL NON-CURRENT ASSETS	3 704	1 514
CURRENT ASSETS		
Inventories		
Raw material and consumables	3 776	10 420
Work in progress	1 006	125
Finished products	1 027	50
Advance payments	453	159
Total inventories	6 263	10 754
Short-term receivables		
Trade receivables	3 097	4 491
Amounts due from Group companies	47	0
Other receivables	8	241
Deferred receivables	5 462	2 251
Total short-term receivables	8 614	6 983
Investments	756	2 536
Cash and cash equivalents	1 854	2 737
TOTAL CURRENT ASSETS	17 487	23 009
TOTAL INVESTMENTS	21 191	24 523

PARENT COMPANY BALANCE SHEET	31.12.2023	31.12.2022
EQUITY AND LIABILITIES		
EQUITY		
Share capital	270	270
Other reserve		
Paid in capital (limited liability co.)	17 501	17 501
Total other reserve	17 501	17 501
Retained earnings (loss)	-4 892	-4 782
Profit (loss) for the financial year	-801	-111
TOTAL EQUITY	12 077	12 879
PROVISIONS		
Other provisions	142	169
TOTAL PROVISIONS	142	169
LIABILITIES		
Non-current liabilities		
Loans from credit institutions	1 803	2 466
Total non-current liabilities	1 803	2 466
Current liabilities		
Loans from credit institutions	2 213	1 377
Advance payments received	959	1 343
Trade payables	2 746	5 324
Amounts due to Group companies	19	0
Other payables	208	98
Accruals	1 024	868
Total current liabilities	7 168	9 010
TOTAL LIABILITIES	8 971	11 476
TOTAL EQUITY AND LIABILITIES	21 191	24 523



PARENT COMPANY CASH FLOW STATEMENT	2023	2022
CASH FLOW FROM OPERATING ACTIVITIES		
Operating profit	-512	104
Adjustments	670	509
Change in working capital	182	-5 334
Financial income and expenses	-289	-215
Taxes paid	0	0
NET CASH FLOW FROM OPERATING ACTIVITIES	51	-4 936
CASH FLOW FROM INVESTING ACTIVITIES		
Investments in tangible and intangible assets	-2 886	-761
NET CASH FLOW FROM INVESTING ACTIVITIES	-2 886	-761
CASH FLOW BEFORE FINANCING ACTIVITIES	-2 836	-5 697
CASH CLOW FROM FINANCING ACTIVITIES		
Increase/decrease of long-term debts	-663	623
Increase/decrease of short-term debts	836	307
Shares issue	0	0
NET CASH FLOW FROM FINANCING ACTIVITIES	173	930
Change of cash and cash equivalents	-2 663	-4 767
Cash and cash equivalents 1.1. ^{*)}	5 273	10 040
CASH AND CASH EQUIVALENTS 31.12.^{*)}	2 610	5 273

^{*)}Cash and cash equivalents include cash and bank receivables and financial securities



EXPLANATORY NOTES & ACCOUNTING PRINCIPLES

The accounting principles presented in this section apply to both the Parent Company and the Group.

The financial statements of the parent company Merus Power Plc and the Group for the financial year 2023 have been prepared in accordance with the Finnish Accounting Act.

Consolidated data

The Group's parent company is Merus Power Plc.

Companies included in the consolidated financial statements and owned by the Parent Company with their shares	Parent Company ownership
Merus Power Asia-Pacific Pte. Ltd., Singapore	100 %
Merus Power Hong Kong Ltd., Hong Kong	100 %
Lempäälän Tasapainotus Oy	100 %

Mutual shareholdings have been eliminated in the consolidated financial statements.

Intragroup transactions, receivables and payables have been eliminated.

The income statements of the Group's foreign companies have been converted into euros at the average exchange rate for the financial year, and their balance sheets have been converted at the exchange rate on the balance sheet date.

Research and development expenditure

Research and product development expenditure is recognized as an annual expense in the year in which it is incurred. Development expenditure that generates revenue for three or more years is capitalized as a long-term expenditure and depreciated over a period of 5 years.

Significant new sales revenues are expected over the next few financial years from the product development investment capitalized in the company's balance sheet.

Product development expenditure has been incurred in accordance with the company's business plan and has been part of development programs funded and supported by Business Finland.

Intangible and tangible fixed assets

Intangible and tangible fixed assets are recorded in the balance sheet at their original cost less planned depreciation.

The cost of fixed assets owned by the company is depreciated systematically.

The depreciation plan is determined on the basis of experience. Depreciation charge is recorded as an expense, with a 25% residual charge for equipment, a straight-line depreciation for computer software over a period of 3 years and a straight-line depreciation for intangible assets over a period of 5 years.

The principles of the planned depreciation are:

Intangible assets 5 years

Improvement costs 10 years

Machinery and equipment 25%

Computer software 3 years

Inventories

Inventories are valued at the direct cost of acquisition or a lower probable sales price.

Services involving long production cycles

Revenue from services involving long production cycles is recorded as revenue on the basis of the stage of completion.

Services involving long production cycles include projects with an estimated production cycle of at least one year or with start and finish dates in different financial years, which are also material in relation to the company's net sales (purchase price of MEUR 0.5 or more).

The degree of completion of long-term projects is defined as the ratio of actual project expenditure to total estimated project expenditure. The costs of projects that are recognized on the basis of percentage of completion are monitored through separate project cost accounting.

Projects with a purchase price of less than MEUR 5 and a completion rate of less than 10% will not be recognized on the basis of percentage of completion, nor will projects with a purchase price of more than MEUR 5 and a completion rate of less than 5% be recognized on the basis of percentage of completion.

Financing

The company's Board of Directors have ensured in their plans that the financing is sufficient and that the company's current business will continue for the next 12 months.



Notes to the Consolidated Financial Statements

NET SALES BY MARKET AREA	2023	2022
Finland	18 178	1 390
Europe	1 155	4 565
Other countries	9 698	10 248
TOTAL	29 031	16 204
Total net sales	29 031	16 204
Other net sales	13 932	20 116
Net sales according to completion	15 100	-3 912
Long-term projects, which are recognized as income during the financial year and previous financial years, but not yet delivered to customers	21 605	6 299
OTHER OPERATING INCOME	2023	2022
Grants received	51	9
Other income	103	25
TOTAL	154	34
PERSONNEL	2023	2022
Average number of employees during the financial year	88	68
Management salaries and benefits	2023	2022
CEO	216	182
Board of Directors	72	48
TOTAL	288	230
OTHER OPERATING EXPENSES	2023	2022
Premises expenses	686	276
Marketing expenses	375	397
R&D expenses	704	597
Auditor's fee		
Audit fee	16	14
Other services	1	0
Other expenses	1 707	1 258
TOTAL	3 488	2 542



Notes to the assets and liabilities of the Consolidated Financial Statements

INTANGIBLE ASSETS	2023	2022
Development expenditure		
Acquisition costs as of January 1	1 308	1 067
Additions	1 262	649
Depreciation for the financial year	-575	-408
Carrying value December 31	1 995	1 308
Intangible rights		
Acquisition costs as of January 1	15	20
Additions	73	9
Depreciation for the financial year	-33	-15
Carrying value December 31	55	15
Other intangible assets		
Acquisition costs as of January 1	26	38
Additions	1 497	0
Depreciation for the financial year	-51	-12
Carrying value December 31	1 472	26
TANGIBLE ASSETS	2023	2022
Acquisition costs as of January 1	157	107
Additions	54	100
Depreciation for the financial year	-48	-49
Carrying value December 31	163	157

SHORT-TERM RECEIVABLES	2023	2022
Significant items of assignments		
Income based on the degree of completion	5 009	1 920
Other receivables	453	331
EQUITY	2023	2022
Share capital January 1	270	270
Additions during the financial year	0	0
Share capital December 31	270	270
Subscribed capital December 31	0	0
Reserve for invested free own capital January 1	17 501	17 501
Additions during the financial year	0	0
Reserve for invested free own capital December 31	17 501	17 501
Retained earnings (loss) January 1	-4 880	-4 774
Retained earnings (loss) December 31	-4 880	-4 774
Profit (loss) for the financial year	-798	-108
TOTAL EQUITY	12 092	12 889
PROVISIONS	2023	2022
Materials and services		
Materials, supplies and goods		
Purchases during the financial year		
Warranty provisions for long-term projects	142	169
CURRENT LIABILITIES	2023	2022
Specification to accrued liabilities		
Accrued personnel costs	824	476
Other accrued liabilities	221	397



Other notes to Consolidated Financial Statements

Collateral by type and value of debt or lower liability:

Business mortgages given totally EUR 3 800 000 as collateral for commercial guarantee and loans.

Commercial guarantee limit in use EUR 3 814 358 and outstanding long-term loan EUR 4 015 625.

OTHER FINANCIAL LIABILITIES	2023	2022
Premises investments and VAT deductions	346	0
LEASING LIABILITIES	2023	2022
Due in the next financial year	144	20
Due later	333	13
PREMISES LEASE LIABILITIES	2023	2022
Due in the next financial year	420	153
Due later	3 241	0
LONG-TERM PROJECTS NOT RECOGNIZED AS INCOME	2023	2022
Entry based on stage of completion	11 036	7 294
Entry based on delivery	2 805	1 775
Total orderbook	13 841	9 069

The company is obliged to review the VAT deductions done during 2023 if the taxable use of the premises diminishes during the financial year. Last year of audit 2033.



Notes to the Parent Company Financial Statements

NET SALES BY MARKET AREA	2023	2022
Finland	18 178	1 390
Europe	1 155	4 565
Other countries	9 698	10 248
TOTAL	29 031	16 204
Total net sales	29 031	16 204
Other net sales	13 932	20 116
Net sales according to completion	15 100	-3 912
Long-term projects, which are recognized as income during the financial year and previous financial years, but not yet delivered to customers	21 605	6 299
OTHER OPERATING INCOME	2023	2022
Grants received	51	9
Other income	103	25
TOTAL	154	34
PERSONNEL	2023	2022
Average number of employees during the financial year	88	67
Management salaries and benefits		
CEO	207	182
Board of Directors	72	48
TOTAL	279	230
OTHER OPERATING EXPENSES	2023	2022
Premises expenses	674	270
Marketing expenses	375	394
R&D expenses	704	597
Auditors's fee		
Audit fee	16	14
Other services	1	0
Other expenses	1 844	1 377
TOTAL	3 614	2 653



Notes to the assets and liabilities of the Parent Company Financial Statements

INTANGIBLE ASSETS	2023	2022
Development expenditure		
Acquisition costs as of January 1	1 308	1 067
Additions	1 262	649
Depreciation for the financial year	-575	-408
Carrying value December 31	1 995	1 308
Intangible rights		
Acquisition costs as of January 1	15	20
Additions	73	9
Depreciation for the financial year	-33	-15
Carrying value December 31	55	15
Other intangible assets		
Acquisition costs as of January 1	26	38
Additions	1 497	0
Depreciation for the financial year	-51	-12
Carrying value December 31	1 472	26
TANGIBLE ASSETS	2023	2022
Acquisition costs as of January 1	157	107
Additions	54	100
Depreciation for the financial year	-48	-49
Carrying value December 31	163	157
SHORT-TERM RECEIVABLES	2023	2022
Significant items of assignments		
Income based on degree of completion	5 009	1 920
Other receivables	453	331

EQUITY	2023	2022
Share capital January 1	270	270
Additions during the financial year	0	0
Share capital December 31	270	270
Subscribed capital December 31	0	0
Reserve for invested free own capital January 1	17 501	17 501
Additions during the financial year	0	0
Reserve for invested free own capital December 31	17 501	17 501
Retained earnings (loss) January 1	-4 892	-4 782
Retained earnings (loss) December 31	-4 892	-4 782
Profit (loss) for the financial year	-801	-111
TOTAL EQUITY	12 077	12 879
CALCULATION OF DISTRIBUTABLE FREE EQUITY BASED ON LIMITED LIABILITIES COMPANIES ACT 13:5 §		
Reserve for invested non-restricted equity	17 501	17 501
Profit (loss) from previous financial periods	-4 892	-4 782
Profit (loss) for the financial year	-801	-111
Capitalized development expenditure	-1 995	-1 308
Total distributable free equity	9 812	11 301
PROVISIONS	2023	2022
Materials and services		
Material, supplies and goods		
Purchases during the financial year		
Warranty provisions for long-term projects	142	169
CURRENT LIABILITIES	2023	2022
Specification to accrued liabilities		
Accrued personnel costs	811	476
Other accrued liabilities	213	393



Other notes to Parent Company Financial Statements

Guarantees and other off-balance sheet liabilities and arrangements and pension obligations

Collateral by type and value of debt or lower liability:

Business mortgages given totally EUR 3 800 000 as collateral for commercial guarantee and loans.

Commercial guarantee limit in use EUR 3 814 358 and outstanding long-term loan EUR 3 226 968.

OTHER FINANCIAL LIABILITIES	2023	2022
Premises investments and VAT deductions	346	0
LEASING LIABILITIES	2023	2022
Due in the next financial year	144	20
Due later	333	13
PREMISES LEASE LIABILITIES	2023	2022
Due in the next financial year	420	159
Due later	3 241	0
LONG-TERM PROJECTS NOT RECOGNIZED AS INCOME	2023	2022
Entry based on stage of completion	11 036	7 294
Entry based on delivery	2 805	1 775
Total orderbook	13 841	9 069

Board of Directors' proposal

Proposal by the Board of Directors for the use of non-restricted equity.

The company's non-restricted equity is EUR 9 812 177 and the loss for the financial year EUR 801 191.

There are no significant changes in the company's financial position after the end of the financial period.

The Board of Directors proposes that no dividend be paid for the financial period.

The company is obliged to review the VAT deductions done during 2023 if the taxable use of the premises diminishes during the financial year. Last year of audit 2033.



Calculation of key figures

Operating margin (EBITDA)

= net sales +/- Increase or decrease in finished goods and work in progress and inventories + manufacturing for own use + other operating income - materials and services - personnel costs - other operating expenses

EBITDA margin on net sales, %

= EBITDA margin / net sales

Operating profit on net sales, %

= Operating profit / net sales

Profit (loss) for the period on turnover, %

= Profit (loss) for the period / net sales

Net interest-bearing liabilities

= Interest-bearing liabilities - cash and bank balances

Order backlog

= the proportion of customer orders outstanding or partially invoiced at the end of the accounting period

Equity ratio, %

= Total equity / Balance sheet total

Net gearing, %

= (Interest-bearing liabilities - cash and cash equivalents) / Total equity

Return on equity, %

= Profit (loss) for the period / Average equity during the period¹⁾

Earnings per share (EPS) - undiluted, €/share

Profit (loss) for the period / Number of shares (adjusted for share issues) excluding treasury shares

Earnings per share (EPS) - diluted, €/share

Profit (loss) for the period / Number of shares (adjusted for share issues) excluding treasury shares + number of potential ordinary shares with dilutive effect

Total equity /share, €/share

Total equity / Number of shares at the end of the financial period



Signatures to the Financial Statements

Place: _____

Date: _____._____._____

Vesa Sadeharju
Chair of the Board of Directors

Anne Koutonen
Member of the Board of Directors

Vesa Riihimäki
Member of the Board of Directors

Kari Tuomala
CEO

The auditor's note

Our auditor's report has been issued today.

Place: _____

Date: _____._____._____

Moore Idman Oy
Jukka Lahdenpää
Public Authorized Auditor



Auditor's Report

To the Annual General Meeting of Merus Power Plc Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of Merus Power Plc (business identity code 2230775-9) for the year ended 31 December, 2023. The financial statements comprise the balance sheet, income statement, cash flow statements and notes for the group as well as for the parent company.

In our opinion, the financial statements give a true and fair view of the group's and the company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the *Auditor's Responsibilities for the Audit of Financial Statements* section of our report. We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company and the group or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities in the Audit of Financial Statements

Our objectives are to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable

assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Other reporting requirements

Other information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors. Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. Our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed, we conclude that there is a material misstatement of the report of the Board of Directors, we are required to report that fact. We have nothing to report in this regard.

Tampere, February 20, 2024

Moore Idman Oy, audit firm

Jukka Lahdenpää

Public Authorized Auditor



MERUS POWER

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