



Half-year Report
January 1–June 30, 2024



Merus Power Plc, company release, August 22 2024 at 8:30 a.m.

MERUS POWER PLC'S HALF-YEAR REPORT JANUARY 1–JUNE 30, 2024

Unless otherwise indicated, the figures in parentheses refer to the corresponding period of the previous year.

STRONG ORDER INTAKE – PROFIT REMAINS POOR

JANUARY–JUNE 2024 IN BRIEF

- Net sales were MEUR 6.7 (13.6), which is a decrease of 50.8%
- EBITDA stood at MEUR -3.4 (-0.4)
- EBIT was MEUR -4.0 (-0.7)
- Earnings per share was EUR -0.56 (-0.11)
- New orders were MEUR 39.7 (24.6), which is an increase of 61.3%
- Merus Power receives 38 MW/40 MWh energy storage order from eNordic Oy and Lappeenrannan Energia
- Oy Herrfors Ab deploys Merus Power's trading service
- Sallila Energia deploys Merus Power's trading service
- Merus Power supplies 30 MW/36 MWh energy storage system for a Swiss company called Alpiq
- Merus Power announces on June 19, 2024 that the financial guidance remains unchanged
- Merus Power supplies a compensator to Saudi Arabia



KEY FIGURES

EUR 1 000	1-6/2024	1-6/2023	2023
Net sales	6 666	13 559	29 031
Change in net sales	-50.8%	114.9%	79.2%
EBITDA	-3 403	-393	187
% of net sales	-51.0%	-2.9%	0.6%
EBIT	-4 008	-709	-509
% of net sales	-60.1%	-5.2%	-1.8%
Profit/loss for the financial period	-4 320	-826	-798
Earnings per share, EUR (undiluted)	-0.56	-0.11	-0.10
Earnings per share, EUR (diluted)	-0.56	-0.11	-0.10
Equity per share, EUR	1.02	1.58	1.58
Balance sheet total	27 529	22 145	21 189
Equity	7 852	12 063	12 092
Equity profit %	-43.3%	-6.6%	-6.4%
Interest-bearing net liabilities	-3 351	906	1 400
Gearing ratio, %	-42.7%	7.5%	11.6%
Equity ratio, %	28.5%	54.5%	57.1%
Liquid assets	6 578	2 321	2 615
Operating cash flow	5 568	-1 340	-108
Number of shares, 1 000 pcs	7 670	7 645	7 645
Average number of shares, 1 000 pcs	7 658	7 645	7 645
Orders received	39 657	24 578	33 805
Order book	46 833	20 087	13 841
Average number of employees	113	82	88

FINANCIAL GUIDANCE FOR 2024 (ISSUED ON FEBRUARY 8, 2024)

The company repeats the guidance published on August 13, 2024.

Merus Power expects its net sales to increase and its EBITDA to decrease compared to the previous year. The EBITDA is expected to be negative by 0-1 million euros.

Previous guidance for 2024 (published 8.2.2024, repeated 19.6.2024):

Merus Power estimates that the company's net sales and EBITDA will increase compared to the previous year.



CEO KARI TUOMALA COMMENTS ON THE FIRST HALF OF 2024:

In recent times, there has been less coverage in the news of the green transition and growth in renewable energy because of the challenges in geopolitics. Nevertheless, according to the International Energy Agency, the green transition has progressed and the global community still has a chance to reach the goal of limiting the temperature increase to 1.5 degrees. The strong growth trend of the green transition continues, and the use of renewable energy is increasing. That being said, the growth goals of energy efficiency have not reached the requisite level.

Growth concentrated in the second half of the year

In the first six months of 2024, Merus Power's net sales fell short of the goals and were lower than last year. Still, the company expects full-year net sales to grow as previously reported. The concentration of net sales towards the end of the year is due to the inflow of orders for modular long term deliveries in the second half of the year. The growth will be driven by deliveries of energy storages and heavy industrial power quality solutions.

Delays in projects and, as is typical of a growth company, investments aimed at strong growth weighed on EBITDA, which remained negative by EUR 3.4 million in the first half of the year. Merus Power has invested significantly in increasing its personnel and in product development, including product, software and service development for energy storages. Our workforce grew by 25 employees, which will enable Merus Power to continue to grow and prosper in the future. These investments are part of the company's growth strategy to enable us to succeed in the fast-growing energy storage market and create a stronger market position in power quality technology. In addition, the result will be impacted by significant one-off costs due to the delay in the delivery of the first full responsibility energy storage project in Lempäälä.

Order intake at a record level

Merus Power has been successful in securing new orders. Our growth strategy for the energy storage technology is yielding good results, and we have established customer relationships for two large energy storage systems: a 38 MW/40 MWh energy storage system for Lappeenranta Energia and Ardian's eNordic in Lappeenranta and a 30 MW/36 MWh energy storage system for Alpiq in Valkeakoski. Both deals also include a maintenance contract and serve as good examples for deliveries that cover the entire life cycle.

We will continue to grow our service business with customers in the energy storage and heavy industry. The MERUSCOPE™ remote service and management software, developed by Merus Power, provides an



excellent foundation for the company to serve its global customers in a timely manner. In accordance with our strategy, we have also made agreements for our other service product, a trading service, with two of our energy storage customers. With the growth in product and project sales, an increasing base of installed products provides a foundation for steady growth in our service business.

The financial uncertainty has continued to impact the early part of 2024, even though the decrease in interest levels promises a slight economic recovery. However, the geopolitical tensions add risks in the latter part of the year. The heavy industry customers have become more active after the slow market period. The growth in the energy storage technology continues to appear strong, and we are carrying on with our investments in the market.

STRATEGY

Merus Power's strategic goal is to boost the company's sales and profitability, and to strengthen the company's market position through changes related to sustainable energy. Merus Power is aiming for strong growth particularly in the energy storage market and renewable energy integration. It also intends to grow faster than the market in the global markets for energy quality solutions.

Our strategic goal is to be a significant manufacturer of intelligent electricity grid solutions and serve as one of the leading companies on the global markets for energy storage and energy quality solutions. At the core of our competitiveness is our ability to identify customer needs and combine energy storage systems, energy quality solutions and market needs to provide compatible and functional solution that adds value for customers.

Merus Power is a diverse technology partner for its customers. The company's products are based on proprietary modular technology and software that can be leveraged to meet individual customer needs in a scalable manner. The products can be customized with software, and the majority of the mechanical and power electronics components can be kept standardized.

The cornerstones of Merus Power's strategy are as follows:

- scalable product portfolio
- multi-channel sales strategy
- growth of energy storage business in Europe
- local and global presence of energy quality solutions
- increasing the service share

Medium-term financial objectives

- achieve net sales of MEUR 80 in 2026 primarily through organic growth



- average EBITDA margin of more than 15%
- equity ratio of more than 35%

year	2021	2022	2023	2024 H1	2026
Net sales, MEUR	14.8	16.2	29.0	16.7	80 (targeted)



FINANCIAL REVIEW JANUARY–JUNE 2024

NET SALES, PROFITABILITY AND PROFIT/LOSS

Merus Power's net sales on January 1–June 30, 2024 were MEUR 6.7 (13.6). Net sales dropped by 50.8%. EBITDA was MEUR -3.4 (-0.4), which was -51.0% of net sales.

EBIT before taxes and financial charges was MEUR -4.0 (-0.7), which was -60.1% of net sales. The decrease in net sales and EBIT partially resulted from extra one-off project costs and the heavy concentration of deliveries in the second half of the year.

Undiluted earnings per share were EUR -0.56 (-0.11). Equity/share was EUR 1.02 (1.58).

Profit/loss for the January–June period was MEUR -4.3 (-0.8).

BALANCE SHEET, FINANCING AND CASH FLOW

Merus Power Plc's balance sheet total on June 30, 2024 was MEUR 27.5 (22.1).

The Group's equity stood at MEUR 7.9 (12.1). At the end of the financial period, the Group's net liabilities amounted to MEUR -3.4 (0.9) and the gearing ratio was -42.7% (7.5%). The Group's equity ratio was 28.5% (54.5%). The Group's liquid assets at the end of the financial period on June 30, 2024 stood at MEUR 6.6 (2.3). Operating cash flow was MEUR 5.6 (-1.3).

ADMINISTRATION

The company's business areas and organizational structure

Merus Power Plc designs, manufactures and sells innovative Finnish energy storage systems, energy quality solutions and services. The company provides products and services for companies on the global markets.

The Group's parent company is Merus Power Plc, and the headquarters and production facilities are located in Ylöjärvi. The company has a subsidiary, Merus Power Asia-Pacific Pte Ltd, in Singapore. The Hong Kong subsidiary Merus Power Hong Kong Limited did not engage in business activities in the reporting period.

A third subsidiary of the Group is Lempäälän Tasapainotus Oy.

Personnel and operating locations

In the review period, the company employed an average of 113 people (88 in 2023). Merus Power Plc's Finnish facilities are located in Ylöjärvi, Nokia and Helsinki. It also has sites in Germany and the United Arab Emirates.



At the end of the review period, Merus Power Plc's management team was formed by CEO Kari Tuomala, CFO Rainer Antila, Sales Manager Markus Ovaskainen, Financial and Project Development Manager Mikko Marttala, Factory Delivery Process Manager Maiju Levirinne, Development Manager Jyri Öörni, After Sales and Maintenance Manager Toni Peltomaa and PMO and Delivery Process Manager Juuso Järvinen.

Merus Power Plc's Board of Directors consists of Vesa Sadeharju (chair), Anne Koutonen, Vesa Riihimäki and Tapani Kiiski.

Annual General Meeting

The company's Annual General Meeting was held on March 13, 2024 in Tampere. The meeting confirmed the 2023 financial statements. The meeting decided that the loss shown in the financial statements shall be entered in the account for profit and loss and no dividend shall be distributed. The members of the Board of Directors and the Managing Director were discharged from liability for the financial period of January 1–December 31, 2023. The remuneration report of the governing bodies was processed and approved. The meeting also discussed the number of board members and decided to elect four ordinary members for the next term of office. Vesa Sadeharju, Vesa Riihimäki and Anne Koutonen were re-elected as board members for the coming period. Sadeharju serves as the chair of the board. A new member, Tapani Kiiski, was also elected to the board. The meeting approved the audit fee and elected the auditing firm Moore Idman Oy to continue for the next term of office. Authorised Public Accountant Jukka Lahdenpää will continue to serve as the key audit partner. The Board of Directors was authorized to decide on the issue of shares and special rights entitling to shares in accordance with its proposal.

All of the Annual General Meeting's decisions were published in a company release dated March 13, 2024, and the minutes of the general meeting can be viewed on the company website at <https://sijoittajat.meruspower.fi/en/for-investors/releases/>.

SHARES, SHARE CAPITAL AND SHAREHOLDERS

Merus Power Plc's fully paid and registered share capital on June 30, 2024 was EUR 270 000, and the number of shares at the end of the financial period stood at 7 670 116 (7 644 966). During the financial period, the average number of shares was 7 657 541 (7 644 966).

The company has one type of share, and all shares provide equal rights to votes, dividends and company assets. The company was not in possession of any of its own shares during the financial period.

On March 13, 2024, the Annual General Meeting authorized the Board of Directors to decide on a share issue and the provision of special rights as follows:

The board was authorized to decide on the issue of no more than 600 000 shares either through a share issue or by providing special rights to shares.



The board will decide on all of the terms of the share issue and/or issue of special rights. The share issue and issue of special rights entitling to shares may also take place in a manner different from the pre-emptive subscription right of the shareholders.

The authorization will remain valid until the end of the next annual general meeting but until June 30, 2025 at the latest, and it will supersede all previous unused authorizations concerning the issue of shares and special rights entitling to shares.

On April 1, 2021, the company's Board of Directors decided on an option program and issued a maximum of 150 000 option rights, which entitle their holders to subscribe to, at a maximum, an equal number of the company's series A shares. The subscription period for the share subscriptions based on option rights is December 31, 2023–December 31, 2026. Option rights have been allocated to the key persons and employees who are in an employment and service relationship with the company.

At the end of the financial period, the company had 4 929 shareholders.

SUMMARY OF TRADE ON THE NASDAQ FIRST NORTH GROWTH MARKET FINLAND MARKETPLACE JANUARY 1, 2024–JUNE 30, 2024

	1-6/2024	1-6/2023	2023
Lowest rate (EUR)	3.92	4.03	3.50
Highest rate (EUR)	4.96	6.98	6.98
Average rate (EUR)	4.32	5.54	5.34
Closing rate (EUR)	4.62	5.36	4.04
Market value (MEUR)	35.44	40.98	30.90
Shareholders	4 929	5 263	5 271
Traded shares (qty)	756 178	1 815 248	2 207 207
Trade of entire share capital (%)	9.9%	23.7%	28.9%
Traded shares (MEUR)	3.26	10.06	11.78

NEAR-FUTURE RISKS AND FACTORS OF UNCERTAINTY IN BUSINESS

The geopolitical tensions particularly in the Middle East are very high, which significantly increases the risks related to financial forecasts and trade. For example, the increased difficulty of maritime transport may lead



to supply chain disruptions and higher logistical costs, which will directly impact the company's operations and profitability.

The importance of the green transition in political decision-making continues to grow strongly, and the climate goals have remained unchanged. This necessitates significant investments in renewable energy, and further grid balancing, grid infrastructure and energy efficiency projects. However, the geopolitical situation may slow down the progress of publicly funded projects as war-related expenses are increasing around the world. This may affect the development and deployment of green technology and delay the achievement of climate goals.

Merus Power's products are devices with long-term investment projects, and rapid changes in the price of materials and components cannot necessarily be passed on to the price of finished products. This results in risks related to the profitability goals. During 2023, the evolution of component prices and availability was uneven. Although the availability of components has improved slightly, there are still problems with the availability of common components, in particular for energy infrastructure and the automotive industry. In the first half of 2024, there were no significant changes in price levels or availability, but the situation remains uncertain for some materials.

The risk and outlook for battery availability and price levels remain unchanged, but the concentration of suppliers in China and other Asian countries increases the geopolitical risk. The strong increase in demand in previous years has made it more difficult for the production chain to respond to the growth. Over the course of the year, battery availability has improved slightly from previous years, but the challenges with the production chain and transport may still affect the availability, delivery times and prices of the batteries used as components for energy storage systems. This creates risks for the company's energy storage business and may lead to project delays and cost management issues. Moreover, the EU's new battery legislation will affect all requirements related to batteries in terms of recycling, for example.

Cybersecurity is one of the growing challenges in modern society. The energy sector and electricity grids are critical targets due to the continuous ICT development. Software and electronics are also key for Merus Power's business, which is why the company and the products it supplies are faced with cybersecurity risks. Merus Power is continuously developing its products and operations to safeguard itself from these risks. This includes data security updates, personnel training and cooperation with experts.

EVENTS AFTER THE REPORTING PERIOD

On July 8, 2024, the company announced that it had gained a significant compensator order for green steel production. The company also announced a compensator delivery related to Estonia's railway electrification project on August 1, 2024.



On August 13, 2024, the company issued a negative profit warning and lowered its previous guidance for the 2024 EBITDA

MARKET PROSPECTS

According to the OECD's financial forecast released in May 2024, global economic prospects are gradually improving, even though the progress is slow. The growth forecast for 2024 is unchanged, which indicates financial stabilization. Forecasts expect global economic growth in the latter half of 2024 to mirror that of the earlier half and 2023.

Similar development is predicted for 2025, albeit with slight growth. Growth in the euro area is expected to increase in 2025, whereas economic growth in the United States will most likely slow down. Even though inflation has decreased globally, service prices remain significantly higher than in the pre-pandemic period. Artificial intelligence is believed to increase the productivity of companies, despite the fact that there are significant uncertainties related to the estimates. Geopolitical risks have remained unchanged. In particular, the possible escalation of the situation in the Middle East could impact the energy and financing markets, which could then boost inflation and slow economic growth.

The company expects the near-term market outlook for renewable energy, especially for energy storages, to remain positive and the market is expected to grow strongly. In Merus Power's home market in the Nordic countries, the market is still growing, according to various sources.

The market for power quality, in which Merus Power is globally active, appears to be uneven. Uncertainty in the market and global politics is reflected in a prolongation of investment decisions by companies, while on the other hand the green transition and energy transition is also supporting energy efficiency investments in industry, so the medium-term outlook remains good.

FINANCIAL COMMUNICATIONS

Press conference

Merus Power will arrange a press conference for the media and analysts in Finnish at 10:30 am on August 22, 2024. The event will be held as a Teams webinar. The link below can be used to register for the event in advance.

<https://events.teams.microsoft.com/event/de0e8f72-24e0-4a38-bf9d-0362fafa0e99@eb19cf28-ccec-4816-b423-0b1fd1cedaca>



After the event, the materials will be released on our website at <https://sijoittajat.meruspower.fi/en/for-investors/reports-and-presentations/>.



TABLE SECTION, HALF-YEAR REPORT JANUARY 1– JUNE 30, 2024

ACCOUNTING PRINCIPLES FOR THE HALF-YEAR REPORT

The half-year report was prepared according to good accounting practices and Finnish legislation. The information has been presented to the extent necessitated by Section 4.4.6 of the Nasdaq First North Growth Market rulebook. The figures presented have been rounded up from exact figures, which is why individual sums may deviate from the sums presented. The figures in the half-year report have not been audited. The figures presented in the half-year report with regard to the 2023 financial period are based on the company's audited financial statements.



INCOME STATEMENT

Group, EUR 1 000	1-6/2024	1-6/2023	2023
NET SALES	6 666	13 559	29 031
Variation in stocks of finished goods and work in progress	483	175	1 859
Capitalized production	1 055	778	1 573
Other operating income	750	103	154
Materials and services			
Raw materials, supplies and consumables	-4 427	-9 212	-17 593
Purchases during the financial period	-5 685	-6 254	-10 948
Variation in stocks	1 258	-2 958	-6 644
External services	-1 631	-1 112	-5 083
GROSS PROFIT/LOSS	2 896	4 292	9 942
Staff expenses			
Salaries and bonuses	-3 306	-2 568	-5 239
Social security expenses			
Pension costs	-505	-386	-865
Other social security expenses	-107	-97	-163
Depreciations, amortizations and impairment			
Planned depreciations	-606	-316	-697
Other operating expenses	-2 381	-1 635	-3 488
OPERATING PROFIT (LOSS)	-4 008	-709	-509
Financial income and costs			
Other interest and financial yields	0	0	12
Amortizations of current asset financial securities	-53	21	21
Interest costs and other financial costs	-258	-137	-321
PROFIT/LOSS BEFORE APPROPRIATIONS AND TAXES	-4 320	-826	-798
Taxes	0	0	0
PROFIT (LOSS) FOR THE FINANCIAL PERIOD	-4 320	-826	-798

BALANCE SHEET

Group, EUR 1 000	June 30, 2024	June 30, 2023	2023
Assets			
Permanent assets			
Intangible assets			
Development costs	2 272	1 539	1 995
Intangible rights	33	45	44
Other intangible assets	1 457	48	1 494
Tangible assets			
Property lease rights	35	0	0
Machinery and equipment	193	155	163
Advance payments and asset under construction	0	413	0
Permanent assets total	3 990	2 200	3 696
Current assets			
Stocks			
Materials and supplies	5 034	7 463	3 776
Unfinished products	1 623	194	1 006
Finished products	893	155	1 027
Advance payments	236	296	453
Current receivables			
Trade receivables	2 944	4 776	3 097
Other receivables	12	400	11
Accrued income	6 218	4 340	5 507
Short-term investments	203	756	756
Cash and cash at bank	6 375	1 565	1 859
Current assets total	23 539	19 945	17 493
Total assets	27 529	22 145	21 189

Group, EUR 1 000	June 30, 2024	June 30, 2023	2023
Liabilities			
Equity			
Share capital	270	270	270
Invested unrestricted equity fund	17 584	17 501	17 501
Profit (loss) from previous financial periods	-5 682	-4 882	-4 880
Profit (loss) for the financial period	-4 320	-826	-798
Equity total	7 852	12 063	12 092
Mandatory provisions			
Other mandatory provisions	120	168	142
Mandatory provisions total	120	168	142
Liabilities			
Non-current liabilities			
Non-current loans from financial institutions	1 803	2 466	1 803
Current liabilities			
Loans from financial institutions	1 424	761	2 213
Advances received	11 425	765	959
Trade payables	2 040	2 978	2 730
Other liabilities	1 476	1 847	206
Accruals and deferred income	1 390	1 098	1 045
Liabilities total	19 557	9 915	8 955
Total liabilities	27 529	22 145	21 189



CASH FLOW STATEMENT

Group, EUR 1 000	1-6/2024	1-6/2023	2023
Operating cash flow			
EBIT	-4 008	-709	-509
Adjustments	581	315	672
Change in working capital	9 376	-829	169
Financial income and costs	-311	-117	-289
Taxes	0	0	0
Operating cash flow	5 568	-1 340	42
Investment cash flow			
Investments into tangible and intangible assets	-900	-1 010	-2 887
Investment cash flow	-900	-1 010	-2 887
Cash flow before financial cash flows	4 668	-2 350	-2 845
Financial cash flow			
Change in non-current loans	0	0	-663
Change in current loans	-789	-616	836
Paid share issue	83	0	0
Financial cash flow	-706	-616	173
Change in liquid assets	3 963	-2 966	-2 672
Liquid assets at beginning of year	2 615	5 287	5 287
Liquid assets at end of year	6 578	2 321	2 615



CALCULATION OF CHANGE IN EQUITY

EUR 1 000	1-6/2024	1-6/2023	2023
Restricted equity			
Share capital at beginning of financial period	270	270	270
Share capital at end of financial period	270	270	270
Restricted equity total	270	270	270
Unrestricted equity			
Invested unrestricted equity fund at beginning of financial period	17 501	17 501	17 501
Invested unrestricted equity fund additions	83	0	0
Invested unrestricted equity fund at end of financial period	17 584	17 501	17 501
Profit from previous financial periods at beginning of period	-5 679	-4 882	-4 882
Translation differences	-4	0	3
Profit from previous financial periods at end of period	-5 682	-4 882	-4 879
Profit for the financial period	-4 320	-826	-798
Unrestricted equity total	7 582	11 793	11 823

GUARANTEES, CONTINGENCIES AND OTHER COLLATERAL ISSUED

EUR 1 000	June 30, 2024	June 30, 2023	2023
Rental liabilities of operating premises			
Due during the next year	433	477	420
Due later	2 620	3 039	3 241
Leasing liabilities			
Due during the next year	140	6	144
Due later	289	12	333
Other contingencies issued			
Enterprise mortgages	5 800	3 800	3 800
Guarantees	13 617	2 719	3 814
Value-added tax return liability	328	0	346
Total	19 417	6 519	7 960



FORMULAE FOR CALCULATING KEY FIGURES

EBITDA

= Net sales +/- Variation in stocks of finished goods and work in progress + Capitalized production + Other operating income - Materials and services - Staff costs - Other operating expenses

EBITDA of net sales, %

= EBITDA / Net sales

Operating profit of net sales, %

= Operating profit / Net sales

Profit (loss) for the financial year of net sales, %

= Profit (loss) for the financial year / Net sales

Interest-bearing net liabilities

= Interest-bearing liabilities - Cash and bank receivables

Order book

= Share of customer orders not delivered or not recognized on the basis of percentage of completion at the end of the financial year

Equity ratio, %

= Total equity / Balance sheet total

Gearing ratio, %

= (Interest-bearing liabilities - Cash and bank receivables) / Total equity

Equity profit, %

= Profit (loss) for the financial year / Average equity during the financial year 1)

Undiluted earnings per share, EUR/share

Profit/loss for the financial period / Average issue-adjusted number of shares excluding treasury shares

Diluted earnings per share, EUR/share

Profit/loss for the financial period / (Average issue-adjusted number of shares excluding treasury shares + number of outstanding options)

Equity/share, EUR/share

Equity / Number of shares at the end of the financial period



Merus Power Plc
Board of Directors

Additional information:

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Distribution:

Nasdaq Helsinki Oy

Financial supervisory authority

Key media

Merus Power in brief:

Merus Power is a technology company promoting the shift toward sustainable energy. We design and produce innovative electrical technology solutions, such as energy storage systems, energy quality solutions and services for renewable energy and industry. With our scalable technology, we enable the increase of renewable energy in electricity grids and improve the energy efficiency of society. We are an innovative company from Finland specializing in electrical technology and operating in global and rapidly growing markets. Our staff represents internationally valued engineering expertise. Our net sales in 2023 totalled MEUR 29, and our stock code in the Nasdaq First North Growth Market Finland marketplace is MERUS.

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