MERUS POWER

Electrify your Future

Merus Power Plc

Annual Report 2024

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Annual Report 2024

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Merus Power grows through improving the **energy efficiency** of society and **supporting the energy transition.**

Merus Power's goal is to leverage the technology it has created to promote sustainable development. Our diverse customer base consists of operators in the fields of industry, electricity and renewable energy, for example. We have already supplied our solutions to more than 70 countries around the world.

Merus Power's business operations have been divided into two technological areas: energy storage solutions and energy quality solutions. We design and manufacture the products ourselves in Ylöjärvi, Finland. Our devices are based on scalable power electronics, intelligent software technologies and robust special expertise in electrical engineering.

Our energy storage systems facilitate the growth of renewable energy in electrical networks by stabilizing the networks. For our customers, energy storage systems create new kinds of earnings models provided by renewable energy. We are one of the market leaders in Finland, and we strive for strong growth primarily in Finland but also elsewhere in Europe.

Our energy quality solutions reduce disturbances in electrical networks, improving the operational reliability and energy efficiency of the devices connected to the network. On the global energy quality markets, we expect our position to continue to develop steadily. Our growth is supported by global megatrends, such as the electrification of society, digitalization, increasing automation and ambitious energy efficiency targets. The investments needed for improving the electrical network and its flexibility alone are expected to amount to USD 650 billion by 2030 and nearly USD 800 billion by 2050. Investments in sustainable energy are, quite simply, vital.

Merus Power's personnel represents internationally esteemed top-tier expertise in electrical engineering, digitalization and renewable energy. Our company's head office and factory are located in Ylöjärvi. Merus Power has subsidiaries in Singapore and Hong Kong[1)] as well as permanent facilities in Germany and the United Arab Emirates. We are all committed to promoting the success of our customers every single day. Together, we can build a more sustainable future.

[1)] *There are no business operations in Hong Kong.*

Highlights of the year **2024**

Net sales
35.8 M€

EBITDA
-0.8 M€

The year was record-breaking for the electricity market. We will proceed according to our strategy.

Merus Power manufactured and handed over Finland's largest **energy storage system on the frequency market to Taaleri Energia for market use.**

Net sales
23%
higher than in 2023

In 2024,
record levels of new orders were placed,
53.6 M€

The AI-based trading solution for energy storage customers, **Merus® MERUSCOPE, is now complete.**

Our solutions have already been delivered to over
70
countries

We employed
117
people on average in 2024

CO_2 reductions with installed base

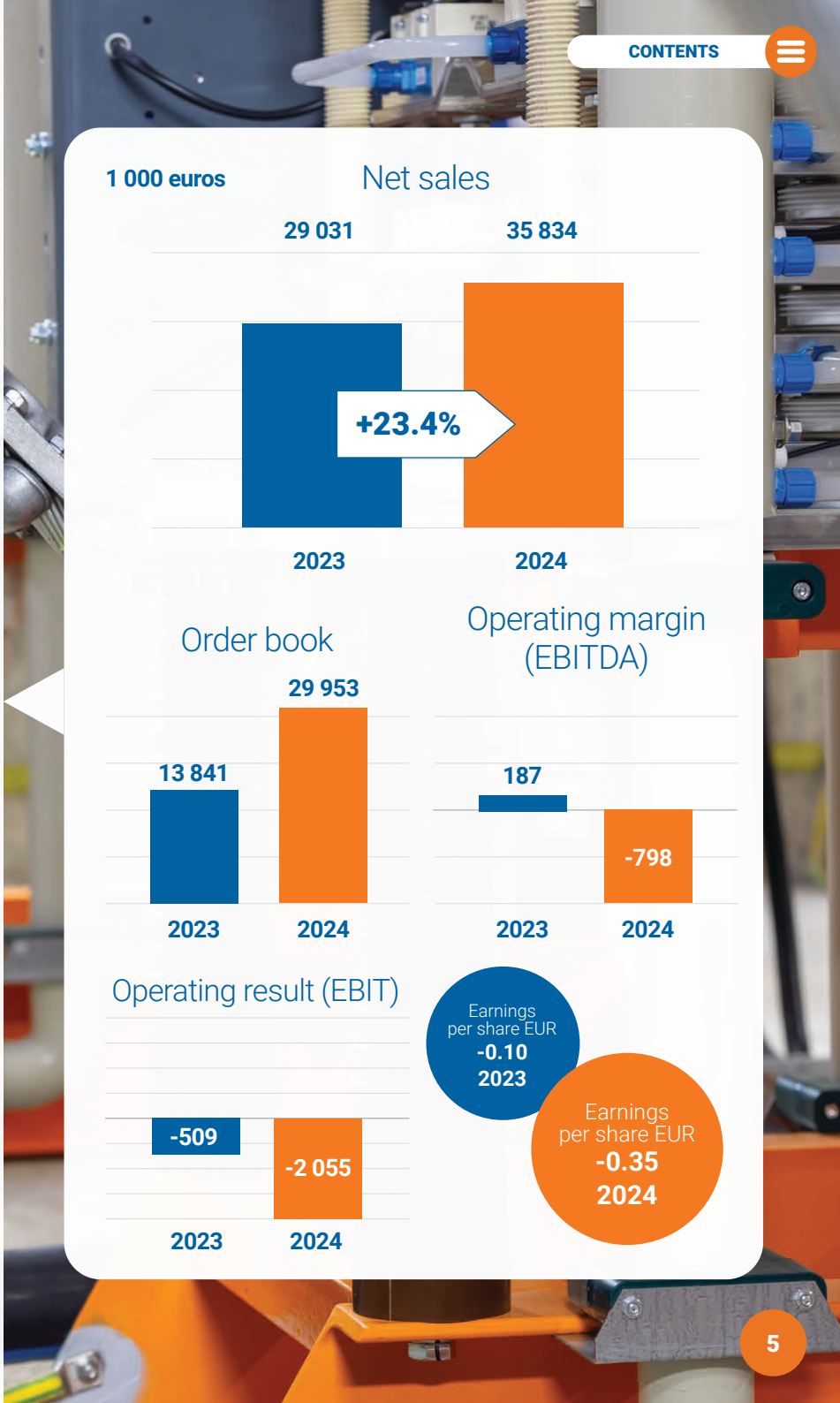
240 000
metric tons

equal to

2 050 000
flights
London-Madrid flights

Key figures

1 000 euros	7–12/2024	7–12/2023	Change %	2024	2023	Change %
Net sales	29 168	15 472	88.5%	35 834	29 031	23.4%
Operating margin (EBITDA)	2 604	581	348.6 %	-798	187	-526.1%
% of net sales	8.9%	3.8%		-2.2%	0.6%	
Operating result (EBIT)	1 954	200		-2 055	-509	
% of net sales	6.7%	1.3%		-5.7%	-1.8%	
Profit (loss) for the financial year	1 666	28		-2 654	-798	
Earnings per share, undiluted, EUR	0.22	0.00		-0.35	-0.10	
Earnings per share, diluted, EUR	0.21	0.00		-0.34	-0.10	
Equity per share, EUR	1.24	1.58		1.24	1.58	
Balance sheet total	26 711	21 189		26 711	21 189	
Equity	9 533	12 092		9 533	12 092	
Return on equity, %	19.2%	0.2%		-24.5%	-6.4%	
Interest-bearing net liabilities	-1 167	1 400		-1 167	1 400	
Net gearing ratio, %	-12.2%	11.6%		-12.2%	-11.6%	
Equity ratio, %	35.7%	57.1%		35.7%	57.1%	
Liquid assets	2,970	2,615		2,970	2,615	
Cash flow from operating activities	-590	1 382		4 978	42	
Number of shares, pcs	7 673 416	7 644 966		7 673 416	7 644 966	
Average number of shares, pcs	7 659 191	7 644 966		7 659 191	7 644 966	
Orders received	13 969	13 718	1.8%	53 626	33 805	58.6%
Order book	29 953	13 841	116.4%	29 953	13 841	116.4%
Number of personnel on average	124	94	31.9%	117	88	33.0%



Strong growth in 2024 in line with our strategy

In 2024, our net sales increased significantly and reached a record-breaking EUR 35.8 (29.0) million. Net sales grew mainly in the second half of the year due to the income recognitions of modular orders with long delivery times and the timings of new orders. The growth was driven by power quality and energy efficiency projects in the heavy industry sector as well as power storage projects implemented particularly in Finland.

However, the growth of the company and investments in our future burdened our profitability. Our EBITDA for 2024 was negative at EUR -798 thousand (EUR 187 thousand positive in 2023). The result was weakened particularly by the significant non-recurring expenses caused by the delay of the first turnkey energy storage project delivered in Lempäälä, Finland, as well as more demanding development work than anticipated in connection with the project. Nevertheless, our EBITDA improved significantly in the second half of the year and amounted to EUR 2.6 (0.6) million in July–December. We are continuing our actions to improve profitability.

Orders received increased in 2024 and were EUR 53.6 (33.8) million. Orders received included several important energy storage projects, an opening move in the green steel market, and steady product business in active filters.

Investments in personnel and product development

We strengthened our competitiveness during the year, as strategically important product development projects were completed and significant system deliveries were made to customers. We have continued to invest in our personnel and in product development, including energy storage product, software,

and service development. During the year, we also built an energy storage of our own for the FINGRID frequency reserve market to support product development and market leadership in the entire value chain. Our personnel increased during 2024 by 30 people to a total of 127 employees. This enables Merus Power's growth and success also in the future.

A strong synergy exists in our product portfolio; similar technology is largely applied in energy storage products and power quality solutions. This is why our investments in technology development make it possible for us to maintain the competitiveness of both product areas and enable the implementation of the company's growth strategy in the strongly growing energy storage market and drive success in the steadily growing power quality market.

Order book on record level

The strongly growing green transition trend supported our sales in both energy storage and power quality solutions. Our growth was strongest particularly in energy storage projects in the Finnish market and in international energy efficiency improvement projects in the metal industry. Our order book was on a record level at the end of the year at EUR 30.0 (13.8) million.

Our growth strategy in energy storage technology has yielded good results. During the year, we agreed upon a delivery of a 38MW / 40MWh energy storage for Lappeenrannan Energia and Ardian's eNordic in Lappeenranta, Finland. An energy storage of 30MW / 36MWh will be delivered to Alpiq in Valkeakoski and a 10MW / 10MWh energy storage to Enertia Oy in Forssa, both in Finland. All agreements also include a maintenance agreement and are good examples of deliveries covering the entire lifecycle.

In power quality, we received several large compensator orders during the year. For example, we are delivering a compensator to Saudi Arabia to support the operation of our customer's electric arc furnace and to improve the energy efficiency of the facility. Another example is a delivery of compensators to the GRK Group to support interruption-free operation of Estonia's rail traffic and its electrification.

Active work to grow service business continues

With our energy storage and heavy industry customers, we continue to work actively to grow our service business. Merus Power's proprietary MERUSCOPE™ remote monitoring and control software and the MERUSCOPE™ trading services form a good premise for flexibly serving customers around the world. The increasing installed base supported by growing product and project sales creates a basis for steady growth in the service business.

Confidently into 2025

Economic uncertainty was reflected in the entire year 2024. Although decreasing interest rates have given signs of a moderate economic recovery, economic growth remained very modest. Furthermore, geopolitical tensions created uncertainty in the market. However, Merus Power's markets are still well positioned for growth, and active work towards growth in line with the strategy continues in all markets. Policy changes in the United States are likely to slow down the green transition in some respects. However, we do not expect it to significantly reduce demand in the market segments served by Merus Power's technology.

The year 2024 was a busy one for Merus Power. We pushed successfully through many challenges that the year brought on our path. A big thank you for this goes to our skilled personnel and to our customers who have entrusted us with the execution of their important investment projects. I would also like to thank the company's shareholders – we all need to contribute to maintaining the momentum of the green transition and stopping climate change. We will confidently advance the company strategy in 2025.

Kari Tuomala
CEO

We are a technology company that works to **facilitate a sustainable and energy efficient future**

Our innovative product portfolio is the basis of Merus Power's growth. Our products are scaled to our customers' needs in a modular fashion. Increasing awareness of the company, boosting sales and strengthening the market position are at the core of our growth strategy. Our sales strategy is based on multi-channel customer service. Depending on the situation and product, we can sell directly to the customer, use sales partners or serve as one of many suppliers in the context of greenfield factory projects, for example. This strategy enables us to reach the ideal target markets efficiently and ensure that our solutions and services have a strong local and global presence.

Our aim is to keep increasing our importance in the rapidly growing energy storage markets. Currently, we are one of the domestic market leaders. In accordance with our strategy, we are seeking strong growth in the energy storage markets primarily in Finland but also elsewhere in Europe. In Finland, we aim to profile ourselves as a comprehensive project supplier and, in the industry as a whole, as a reliable system supplier with services that cover profitable investment concepts from project planning and permit applications to earthworks, erecting the facility and energy storage system, testing, maintenance and creating a trading platform.

As regards power quality solutions, we want to be a noteworthy supplier for various consumers, integrators and sales partners. The factors driving the growth of the international power quality market are electrification, digitalization, increased automation and the energy efficiency goals of sustainable development. We leverage these elements by striving for growth at the rate of the market, or even faster, all the while strengthening our position.

Significant energy storage operator

In the size category of the energy storage system offered by Merus Power, we are the market leader in Filand. Energy storage projects require extensive specialist expertise and an understanding of the energy market, equipment and project development. We have broadened our service range to meet the comprehensive project needs of our investment customers. We work together with our customers to develop profitable investment concepts? and handle everything for the customer, starting with permit application and earthworks. We serve as the customer's consulting partner and equipment supplier and assume responsibility for the entire project. Our customers doenot need any other partners.

Outside Finland, we tailor our services to the characteristics and market conditions of the target country. We cooperate with local parties responsible for the entire projects.

Service demand is increasing

In terms of spare parts and maintenance services, our service business is growing steadily. In addition to traditional maintenance service operations, we are working to develop and provide our customers with intelligent IoT services. The Merus® MERUSCOPE™ remote service and control software opens up new opportunities for expanding our service operations in the context of maintaining our own products. For our energy storage customers, we also offer an AI-based trading service for the Merus® MERUSCOPE™ remote service and control software. As a result of the expanding service offering and range of hardware, our service business is generating an increasing and steady revenue stream.

The megatrends that **support our growth include**

climate and **emission goals**

green transition and **investment programs**

sustainability

electrification and digitalization

energy efficiency goals

Cornerstones of **Merus Power's growth strategy**

Scalable product portfolio

Our products are modular and scaled according to our customers' needs. We solve our customers' diverse system needs by combining products with mass production quality and price competitiveness. The same product or technology can be used in vastly different applications and size categories by increasing the number of modules or by configuring the module software.

Multi-channel sales strategy

We are constantly developing our multi-channel sales network with the aim of accessing new markets and strengthening our position as a global operator. Our network is based on direct sales, a retailer network, system integrators, original equipment manufacturers and new cooperation partners on a global scale. We strive for stable growth on the global energy quality markets by developing our sales network. On the energy storage markets, we are investing in particular in developing domestic sales and are targeting growth in Europe. The megatrends of renewable energy and the sustainable energy transition are expediting the growth of the energy storage markets, which we believe will continue to be strong. This will ensure that it is possible to find new customers on the markets.

Through the Nordic countries into Europe

On the energy storage markets, we are aiming to profile our company as a system supplier of medium-sized energy storage solutions and, in Finland, as a comprehensive project supplier. We are currently one of the domestic market leaders. Our aim is to continue investing in the opportunities provided by the Finnish frequency reserve market and, by seizing these opportunities, progress to the European markets. The Finnish frequency reserve market is a well-defined, predictable and functional market that is easy for investors to enter. We invest in continuous development in order to ensure that our frequency reserve solutions and services are the most advanced and reliable on the market, and that the technical features of our products provide our customers with high-quality energy production and operational engagement in the frequency reserve markets, which require fast response times. The energy storage market is developing rapidly, and we are striving to respond to the progress actively by expanding our partnership network to cover renewable energy investment companies, system integrators and design companies.

Economic development

According to the economic forecast published by the OECD in December 2024, the global economy continues to grow at a modest pace. The growth forecast for 2025 is very similar to that of 2024. Inflation is expected to continue to slow down. Increasing geopolitical uncertainty and slow economic growth are also reflected in Merus Power's general market outlook.

In the EU, economic growth will pick up slightly during the next two years. In the US, economic growth will be stronger than in the EU, but the growth will slow down somewhat during the next two years. In Asia, good economic growth is expected for India and China. The geopolitical situation is increasing tensions in trade and may impact economic forecasts.[1]

Energy transition and energy storage market

The UN climate summit in Baku decided to triple the funding granted to developing countries for boosting the green transition. At the same time, it was acknowledged that climate change targets must be sped up in the future. The purpose of the targets is to boost the green transition globally and limit climate warming to 1.5 degrees Celsius.[2]

An estimated 2,000 billion dollars is invested in renewable energy projects per year. The IEA calls for stronger action to improve energy efficiency. Energy efficiency improvements have the potential to reduce emissions more than any other actions.[3]

The EU has defined a shared target of renewables covering a 42.5% share of electricity production by 2030. To reach the minimum target of the EU, renewable electricity production deployment should double from the current numbers.[5] Currently, Sweden and Finland have the highest shares of renewable energy in the EU[6]. It has been estimated that there were approximately 7 GW of energy storages in the EU in 2023, and the amount must increase to 57 GW by the year 2030. The energy storage market in Europe is expected to grow to EUR 33 billion by 2030. [4]

The electricity markets in Finland and Sweden, and the frequency balancing market in particular, have favored energy storage investments. There are currently 0.75 gigawatts of electricity storage facilities and 0.84 gigawatts under construction in the Nordic countries, and an additional 1.5 gigawatts are already planned by 2027. Obstacles to the growth of the energy storage market are minor in the Nordic countries, and the electricity market supports growth.[8] According to Fingrid, the need for balancing the power grid will continue to increase. In 2023, approximately 1 GW of balancing was purchased. The amount for 2024 is estimated to have reached 1.5 GW and to reach 2.5 GW in 2030. [7]

The company estimates that the short and long-term market outlook for renewable energy and for energy storage in particular remains positive, and the market is expected to grow strongly. In Merus Power's home market in the Nordic countries, different sources indicate continued growth. The energy storage market in Europe is also growing. Electricity market development is at different stages in different countries, and this development creates a favorable market for energy storage at different times in different countries. This non-simultaneity creates continuity for the company's energy storage market growth. However, the unifying European electricity market will make the market development clearer and more predictable in the long term.

Power quality market

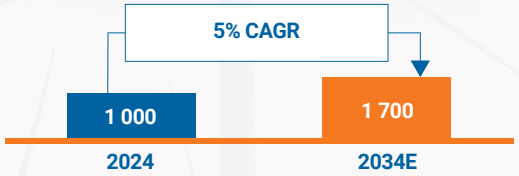
The power quality market is a global market growing by 7.4 per cent between 2024 and 2029. Market size is estimated to have been USD 17 billion in 2024 and to grow to USD 24 billion in 2029. [9]

From the point of view of the company's products, the power quality market forecasts remain similar to those of last year. From the point of view of the company's business, the most important product segments for power quality solutions are active harmonic filters, static synchronous compensators and static VAR compensators. Their combined market size was approximately USD 3.1 billion in 2024. This market is expected to grow to USD 6.0 billion by 2033. Key market sizes and growth forecasts are estimated to have remained unchanged.

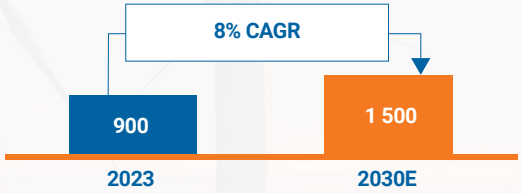
Power quality solutions

Global product market size (USD million)

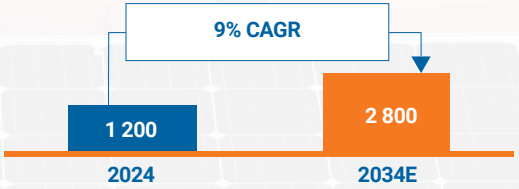
SVC (static VAR compensator) [10]



STATCOM (static synchronous compensator) [11]



Active filters [12]



1. *Economic Outlook: Global growth to remain resilient in 2025 and 2026 despite significant risks, December 4, 2024 : https://www.oecd.org/en/about/news/press-releases/2024/12/economic-outlook-global-growth-to-remain-resilient-in-2025-and-2026-despite-significant-risks.html*
2. *cop 29, November 24, 2024 , https://unfccc.int/news/cop29-un-climate-conference-agrees-to-triple-finance-to-developing-countries-protecting-lives-and*
3. *IEA, Energy Outlook 2024: https://www.iea.org/reports/world-energy-outlook-2024*
4. *Aurora, European Battery Market, February 2024*
5. *European Comission: https://energy.ec.europa.eu/topics/renewable-energy/renewable-energy-directive-targets-and-rules/renewable-energy-targets_en*
6. *EEA 10-2024, share of energy consumption from renewable source in Europe, https://www.eea.europa.eu/en/analysis/indicators/share-of-energy-consumption-from*
7. *Fingrid, November 12, 2024: www.fingrid.fi/globalassets/dokumentit/fi/ajankohtaista-tapahtumat/fingrid-current-_12112024.pptx.pdf*
8. *Aurora, Nordic Flexible Energy Market Forecast Report, June 2024*
9. *Mordor Intelligence: https://www.mordorintelligence.com/industry-reports/power-quality-equipment-market*
10. *Future Market Insight: https://www.globenewswire.com/news-release/2024/11/18/2982407/0/en/Global-Static-VAR-Compensator-Market-Size-to-Surge-at-5-0-CAGR-Growth-as-Demand-for-Grid-Stability-and-Renewable-Integration-Increases-FMI.html*
11. *Maximize Market Research: https://www.maximizemarketresearch.com/market-report/global-statcom-market/70411/*
12. *Polarismarket research: https://www.polarismarketresearch.com/industry-analysis/harmonic-filter-market*

Information for **shareholders**

Merus Power Oyj's shares are traded on the First North Growth Market Finland marketplace maintained by Nasdaq Helsinki Oy. Merus Power's stock code is **MERUS**.

Annual General Meeting 2025

The Annual General meeting will be held on March 17, 2025 starting at 2 pm at Hatanpää Manor at the address Hatanpään puistokuja 1, 33900 Tampere, Finland.

Notice to the Annual General Meeting by Board of Directors is available on the company's website at

https://sijoittajat.meruspower.fi/en/for-investors/governance/annual-general-meeting/

The Board's proposal on the distribution of profits

The Board of Directors suggests to the Annual General Meeting that the MEUR -2.7 loss for the financial period that ended on 31 December 2024 be transferred to accumulated losses and that no dividends be distributed.

Financial communications in 2025

Annual General Meeting will be held on March 17, 2025
The company's half-year report will be released on August 21, 2025

Trading information

Year 2024
MERUS

Share exchange, pcs
1 193 229

Highest, EUR
5.80

Value total, MEUR
5.10

Lowest, EUR
3.03

Average rate, EUR
4.27

Latest December 31, EUR
3.71

Market value, EUR 1 000

December 31, 2024
28 468
December 31, 2023
30 886

Shareholders

December 31, 2024
4 727
December 31, 2023
5 019

Merus Power's **strengths as an investment**

Our scalable high technology solutions promote sustainable energy[1)] 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
Mr Sadeharju is a partner in VNT Management Oy.

Previous work experience

- 3i Nordic Plc ,Director and Partner, 2000–2007
- SFK Finance Oy, founding partner, 1996–2000
- ABB's electrical applications business units, various managerial positions, 1981–1996

Positions of trust:

- Elcogen Group Plc, Board Member, 2021–
- Norsepower Oy, Board Member, 2016–
- Power Fund III GP Oy, Board Member, 2011–
- Elcogen Oy, Chair of the Board, 2009–
- Elcogen AS, Chair of the Supervisory Board, 2008
- VNT Management Oy, Board Member, 2008–
- Sadeharju Consulting Oy, Chair of the Board, 2007–

Mr Sadeharju is independent of the company. Mr Sadeharju is not independent of the company's significant shareholders, as he is not independent of VNT Management Oy, which manages Power Fund III Ky, which is a significant shareholder of Merus Power (shareholding 340,661).

Anne Koutonen *born 1962*

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

Previous work experience

- Nokian Tyres Plc, CFO and Head of Investor Relations, 2006–2018; Team Leader of Treasury, 1997–2006
- Oy Kyro Ab, Financial Analyst, 1995–1997
- Suomen Säästöpankki – SSP Oy's investment bank, Domestic Money Market manager and a Member of the Management Team, 1992–1994

Positions of trust:

- Modulight Oyj, Chair of the Board, 2024–; Board Member, 2023–
- Kemppi Oy, Board Member, 2022–
- Tammer Brands Oy, Chair of the Board, 2020–; Board Member, 2018–
- Componenta Oyj, Vice Chair of the Board, 2019–;Board Member, 2017–
- Kojamo Oyj, Audit Committee Chair, 2019–; Board and Audit Committee Member, 2018–
- HKScan Oyj, Board Member and Audit Committee Chair, 2019–
- Image Wear Oy, Board Member, 2019–
- Robit Oyj, Board Member, 2020–2024
- Tampereen Naislaulajat ry association, Board Member, 2024–

Ms Koutonen is independent of the company and the company's significant shareholders.

Vesa Riihimäki *born 1966*

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

Mr Riihimäki is Director, Delivery Management at Wärtsilä Finland Oy and serves in the Management Team of the Power Supply business operations.

Previous work experience

- Wärtsilä Finland Oy, CEO, 2018–2020
- Wärtsilä Finland Oy, Vice President, Wärtsilä Quality, 2014–2020
- Wärtsilä Finland Oy, Vice President, QEHS, Wärtsilä Services and Member of the Management Team of the Services business operations, 2014–2018
- Wärtsilä Finland Oy, President, Power Plants & Executive Vice President and Member of Wärtsilä Corporation's Management Team, 2009–2014
- Wärtsilä Finland Oy, Vice President, Power Plant Technology and Member of the Management Team of the Power Plants business operations, 2004–2009
- Wärtsilä Finland Oy, a variety of positions, 1992–2003

Mr Riihimäki is independent of the company and the company's significant shareholders.

Tapani Kiiski *born 1962*

Licentiate in Technology
Member of the Board of Directors since 2024

Previous work experience

- Raute Oyj, CEO, 2004–2022; managerial roles related to sales and technology, 2002–2004
- Konecranes Oyj, expert and managerial roles related to technology, 1985–2002

Positions of trust:

- Orfer Oy, Chair of the Board, 2024; Board Member, 2023–
- Geneset Powerplants Oy, Board Member, 2023–
- Jartek Invest Oy, Board Member, 2023–
- Mantsinen Group Ltd, Board Member, 2023–
- The Technology Industry Employers of Finland association, Board Member, 2021–
- Various companies of the Helkama Emotor Group, Board Member, 2014–
- The Technology Academy Finland foundation, Board Member, 2016–
- The Technology Industries of Finland association, Board Member, 2016–2021
- Häme Chamber of Commerce, Chair of the Board, 2014–2018; Board Member, 2005–2022
- Finnish Wood Research Oy, Chair of the Board, 2011–2014; Board Member, 2009–2014
- Dimecc Oy, Board Member, 2008–2018

Mr Kiiski is independent of the company and the company's significant shareholders.

Management Team

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

- Merus Power Plc, founding member
- Merus Power Plc, CEO, 2009–
- Merus Power Plc, Chair of the Board, 2008–2012; Board Member, 2008–2021
- Nokian Capacitors Oy, CEO, 2000–2008
- Wärtsilä Oyj, managerial roles related to production and power plant operations for operations in the Netherlands, Hong Kong and Vaasa, Finland, 1989–2000

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

- Merus Power Plc, Director of Supply Processes, 2023–2024
- Merus Power Plc, Director of Procurement and Logistics, 2021–2023; other positions in procurement and logistics 2011–2021

Jyri Öörni *born 1980*
Master of Science in Engineering
CTO

- Merus Power Plc, founding partner
- Merus Power Plc, CTO, 2025–
- Merus Power Plc, Development Director, 2015–2024
- Merus Power Plc, Development Manager, 2009–2015
- Merus Power Plc, Board Member, 2014–2018
- Nokian Capacitors Oy, Project Engineer, 2005–2009

Rainer Antila *born 1967*
Master of Economic Sciences
CFO

- Merus Power Plc, CFO, 2017–
- Talousruutu Oy, CFO, 2012–2017
- Confidex Oy, CFO, 2008–2012
- Nokian Capacitors Oy, CFO and in other positions, 2000–2008
- Vaasa Engineering Oy, controller, 1994–2000

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

- Merus Power Plc, Sales Director, 2022–
- Merus Power Plc, Sales Manager for the Latin American and North American markets and tasks related to product management, 2020–2022
- Merus Power Plc, product development positions related to the energy storage control system and system design, 2017–2019

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

- Merus Power Plc, Head of Project Management Office, 2022–2024
- Teleste Information Solutions, project management roles, 2019–2020
- RUAG Space Finland, project management roles, 2016–2019
- Patria Systems, project management roles, 2008–2016
- UPM's RFID organization, various positions, 2001–2008

Mikko Marttala *born 1979*
MSc
Finance and Project Development Director

- Merus Power Plc, Finance and Project Development Director, 2022–
- KPA Unicon, CFO and Senior Vice President and member of KPA Unicon's Management Team, 2012–2022
- Nordea, Director with customer responsibility in charge of export and project funding for the bank's Nordic customers, 2005–2012

Toni Peltomaa *born 1979*
Engineer
After Sales and Service Director

- Merus Power Plc, After Sales and Service Director, 2023–
- Arnon Oy, Sales Manager, 2020–2021
- VEO Oy, Sales Manager, 2018–2020
- Grid Solutions Oy (GE) and ALSTOM Grid Canada Inc., After Sales & Service Manager and Power Electronics Senior Specialist, 2013–2018

As of January 1, 2025, the members of the company's Management Team have been Kari Tuomala, CEO; Rainer Antila, CFO; Markus Ovaskainen, Sales Director; Jyri Öörni, R&D Director; Mikko Marttala, Director, System Deliveries and Services; and Jarkko Latonen, Director, Factory Operations and Quality.

Our impact in the promotion of sustainable development extends beyond our own operations

The core of Merus Power's operations is formed by slowing down and preventing climate change with proprietary technology. In this Sustainability Statement, we shed light on Merus Power's responsibility efforts from the perspectives of social and financial responsibility as well as good governance. Before that, however, we would like to describe how our company's entire business operations have been built to respond to the needs of sustainable development. Merus Power is a significant employer that, in 2024, already employs more than 140 people and indirectly provides jobs across a wide and varying range of partners. For a growth company, Merus Power also has a significant tax footprint and we are making important investments in the future.

The climate benefits produced by Merus Power support the achievement of the UN Sustainable Development Goals

Sustainable development secures the preconditions for good living for future generations. In 2015, all 193 of the UN Member States approved a plan to ensure a better future for everyone – the result was the sustainable development action plan Agenda 2030 and related 17 Sustainable Development Goals (SDG) for 2016–2030.

Merus Power is committed to the goals specified in the agenda, and we have recognized that we can, through our own operations and technologies, actively impact the realization of the goals in three areas, 7, 9 and 13.

Some of our responsible **achievements in brief**

Our business operations have a global impact on the sustainable and energy-efficient development of society on a global scale. We have connected a total of 630 MW of renewable energy to the network, and our share of the operating reserve of the Finnish electricity markets is 32%. With our technology, our customers achieved more than 240 000 metric tons in reduced CO_2 emissions in 2024, which equals to more than 2 050 000 passenger flights. This is only one indication of the significance of technology's role for the future of our environment and planet.

We have connected renewable energy to the grid in total **630 MW**

Our share of the Finnish electricity market reserve is **32 %**

The annual CO_2 emission reductions for our customers are over

240 000 tons,
equivalent to
over 2 050 000
passenger flights
(London-Madrid).

Energy efficiency and electrical network stability with Merus Power's products

The most sustainable energy is saved energy – i.e. energy that has never needed to be produced. By improving our power quality, we reduce the CO_2 emissions of our customers. The emission reductions we provide our customers with are an important indicator for Merus Power. The CO_2 reductions achieved with our equipment clearly exceed the emissions generated by their manufacture and use. We are proud of the fact that our carbon handprint is larger than our carbon footprint. Our energy storage systems can be used to balance momentary differences between electricity production and consumption, which supports increasing the share of renewable energy in the electrical network. The balance of the electrical network is maintained in the frequency reserve market, for example. Merus Power monitors the proportion of its energy stores in the Fingrid frequency reserve market.

Power quality matters

Merus Power's current industrial customers mainly use power quality solutions to improve energy efficiency and ensure operational reliability at their water and waste treatment plants, for example. Many industrial processes, such as welding and smelting, involve cyclical operations, which cause challenges related to power quality. These challenges can have significant impacts, such as decreased energy efficiency and increased need for maintenance. In industrial fields that consume a great deal of energy, improving energy efficiency has a significant impact on achieving the sustainable development goals. As an example, better power quality can substantially increase the efficiency of smelting furnaces and reduce their

need for maintenance. In addition to helping customers meet the requirements of national electrical networks, Merus Power's solutions also increase production efficiency.

Power quality solutions also play a key role in the production of renewable energy, because solar and wind power does not always meet the electrical network's quality requirements. The network connection requirements vary by country and directly affect the demand for power quality solutions. For example, the requirements in Australia, the United Kingdom and South Africa are especially strict, which may require renewable energy producers to use solutions intended to improve power quality, such as active harmonic filters. These solutions can be used to ensure that the renewable energy meets the quality requirements of the network and that it can be connected to the network. Users of renewable energy are one of Merus Power's five customer segments. We monitor the positive environmental impacts of our operations with a variety of indicators, one of which is the amount of renewable energy that is supplied into the network with our power quality solutions.

Energy storage systems promote the green transition

It is not possible to produce more or less electricity than the amount consumed. Increasing the relative share of renewable energy in electrical network requires energy storage systems that even out temporary imbalances in consumption and production. Many of our customer utilize energy storage solutions to balance energy production, increase the operational reliability of the electrical network and take part in the frequency reserve market. As such, energy storage systems are important in increasing the share of renewable energy in the electrical network, thereby promoting the green transition.

Merus Power supports its customers in engaging with this rapidly developing and dynamic market. In accordance with our strategy, we have increased our expertise, skills and understanding of the electricity markets and project development. We make this know-how available to our customers and provide support in all phases of energy storage projects, from investment analysis to trade. Through our deliveries, we promote the green transition and the increased use of renewable energy.

Modernizations of SVC compensators are a significant and growing area of our responsible operations

Responsible business operations involve taking care of existing equipment. It is not always necessary to purchase a full set of new equipment – modernization is a viable option, which also saves the customer's time as well as natural resources. SVC compensator modernizations are a significant market for the company, targeting the aging equipment used in industry. Facilities, such as steel mills, use SVC compensators to reduce electrical interference in the network and ensure the quality of electricity.

We have carried out many SVC modernization projects. In addition to its cost-efficiency, modernization is an ecological and responsible way of extending the service life of an SVC system. We utilize as many of the system's usable parts, such as filter capacitor batteries and buildings. Only the essential parts, such as control systems, software, thyristor valves and cooling systems, are replaced.

Providing customers with maintenance services and AI-based commerce on the electricity market through comprehensive services

In June 2023, we launched the Merus® MERUSCOPE™ remote service and control software, which improves efficiency, reduces downtime and provides cost savings and positive environmental impacts in power quality solutions. The remote service supplements Merus Power's comprehensive maintenance service, provides efficiency and reduces the need for travel, for example. In 2024, we launched a trading platform that utilizes AI, which our energy storage customers can use to engage with the electricity market. The advanced trading platform is part of the comprehensive Merus® MERUSCOPE™ service package.

We promote the green transition with the help of our customers

Merus Power promotes the green transition and sustainable development primarily through its customers. Energy storage systems can be used to the affect the amount of renewable energy that can be connected to the electrical network without compromising network stability. They balance out variation in the consumption of renewable energy. Power quality products improve power quality and energy efficiency.

As such, we want to leverage customer and case stories to provide information on the ways in which we promote sustainable development.

Case story:
Alpiq

Case story:
Merus Power's own energy storage system

Case story:
Herrfors

All Merus Power products are designed and manufactured in Finland. We are the domestic market leader in the field.

Energy storage system in Valkeakoski – a resource for the green transition

Merus Power will be constructing a large 30 MW/36 MWh energy storage system in Valkeakoski, Finland. The owner of the system is the Swiss company Alpiq, which is the leading provider of energy services in Europe. The company's low-carbon investment portfolio is firmly based on hydropower, heating plants, nuclear power and renewable energy sources. Merus Power bears the overall responsibility for the project, which is almost identical in scope to the energy storage system commissioned in Lempäälä, Finland in November 2024. Upon its commissioning, the energy storage system was the largest of its kind operating on the Finnish frequency reserve market.

We cover the entire value chain of business operations

The modern energy storage system supplied by Merus Power combines power electronics, intelligent software and high-quality batteries to form a high-technology solution. Our strong expertise and technological competence ensure that we can cover the entire value chain of business operations. All Merus Power products are designed and manufactured in Finland. We are the domestic market leader in the field. Our comprehensive projects strive for optimal repeatability to ensure the best possible efficiency and risk minimization.

A marriage of responsibility and advanced technology

The Valkeakoski energy storage system supports the balancing of Fingrid's national grid and the use of renewable energy. It helps to even out fluctuations in renewable energy generation and stabilizes the network, which reduces the need for fossil fuels and substantially supports the achievement of climate goals. "This investment improves the resilience of the energy network and promotes the functionality of the energy solution. It proves how responsibility and advanced technology can be combined at the core of business operations," says **Mikko Marttala**, Merus Power's Finance and Project Development Director.

Merus Power's own energy storage system makes it possible to develop and test new technologies in a live environment

Merus Power has built a 1 MW/1 MWh energy storage system in Lempäälä, Finland for its own purposes. The Merus® MERUSCOPE™ system developed by the company will be deployed to manage related trading operations. These significant investments will further strengthen the company's position as a pioneer of the Finnish energy storage market. The energy in the storage system is also used for trading across a variety of electricity markets.

Aiming for optimal energy storage operations in future electricity markets

The Lempäälä energy storage system efficiently supports software and product development related to the key components of the Merus® ESS technology, such as the Merus® PCS inverter solution>technology? and the Merus® MERUSCOPE™ trading and remote control system. New technologies and software solutions can be tested and energy storage operations on future electricity markets can be optimized within the framework of the energy storage system manufactured and owned by the company. The product development efforts further streamline the optimization capacity of the trading service offered by Merus Power by minimizing battery wear and maximizing investment yields.

"Our own energy storage system provides us with a unique opportunity for testing and developing new technologies in an authentic operating environment. It also helps us to optimize system operation and further increase our understanding of how batteries work. We fully utilize the energy storage system to improve the efficiency and competitiveness of our innovations," says Merus Power's Product Development Manager **Jyri Öörni**.

Trading as a service – cooperation between AI and professionals

Merus Power's own energy storage system also yields income as it operates on the wholesale electricity market and Fingrid's frequency reserve market. Trading is managed with the Merus® MERUSCOPE™ system, which utilizes an AI application. Using AI technology for the MERUSCOPE™ trading service has turned

Merus Power's electricity analytics team provides customers with a comprehensive trading service which marries the in-depth expertise of our specialists and the benefits of the AI-based MERUSCOPE™ trading software.

out to be an efficient solution. The opportunities created by the AI solution are complemented by the expertise of Merus Power's team of top professionals who are specialized in everything related to the electricity market.

"Merus Power's electricity analytics team provides customers with a comprehensive trading service which marries the in-depth expertise of our specialists and the benefits of the AI-based MERUSCOPE™ trading software. The service completes the value chain and provides our customers with a significant competitive advantage on the markets," says **Mikko Marttala**, Finance and Project Development Director at Merus Power.

Used by our customers and partners

For Merus Power, the energy storage system is a significant investment in developing a future energy solution and maintaining our position as a pioneer in the field. "This investment is not only a step forward in the development of technology and services. It is also an indication of our commitment to remaining a leader in the energy storage market and serving our customers now and in the future. For example, the continuous optimization of our trading service provides our customers with real-time benefits and strengthens their competitiveness," says Merus Power's CEO **Kari Tuomala**. "The new energy storage system gives us the opportunity to get closer than ever to our customers and the needs of the markets."

Cooperation to ensure network **stability and heat production**

The energy storage system and trading platform that Oy Herrfors Ab purchased from Merus Power form a comprehensive service solution. The energy storage system provides continuous energy capacity where it is most needed, and the MERUSCOPE™ trading platform handles optimization on the wholesale electricity market and Fingrid's frequency reserve market. This ensures increased active operation and stability of the electrical network.

Ecological heat and production

Herrfors wants to produce energy in the most ecologically, responsible and cost-efficient manner possible. An advanced combination of district heat production and energy storage serves this exact purpose. The energy storage system with a power of 7 MW and energy capacity of 7 MWh works together with the electric boiler – the solution is the first of its kind in the Nordic countries, perhaps the world. The technological features of the energy storage system and electric boiler complement each other. The energy storage system is fast, precise and able to react quickly to the demands of the electrical network. The electric boiler operates more slowly but boasts longer lasting potential to produce heat exactly when network consumption demands it.

It all comes down to optimization: by combining these two technologies, Herrfors can serve markets and size categories that could not be covered by one or the other alone. In this way, the company can achieve a larger volume on the market. At the same time, this effectively promotes increasing the share of renewable energy in the electrical network, which is precisely Merus Power's goal.

The AI-based trading service optimizes energy cooperation

Merus Power will also be supplying an innovative trading platform for Herrfors' energy storage system. The AI-based trading platform is part of the Merus® MERUSCOPE™ service package that optimizes the trading of electricity for the customer by analyzing extensive historical data regarding the electricity market with the help of Merus Power's in-depth expertise in equipment. "We are extremely pleased that our solution comes from a Finnish company that is also a leading expert in the field," says Herrfors' Development Manager **Victor Wistbacka**.

The service provides an intelligent optimization process that involves choosing a trading strategy that matches the company's needs in the best possible way and maximizes financial benefit. Considering the durability and capacity of the batteries is an important part of the optimization process. In other words, the AI does not maximize short-term profit at the risk of battery wear. Instead, it considers the special characteristics of the electrical markets and their impacts on the energy storage systems. This ensures that the solution is efficient and persistently durable.

"We are extremely pleased that our solution comes from a Finnish company that is also a leading expert in the field"

Double materiality analysis and sustainability goals

What is essential to Merus Power and our operating environment? Our business operations affect a wide range of stakeholders every day. While the safety and well-being of our personnel is obviously very important to us, we also understand our impact on the population at large. Our primary stakeholders include customers, suppliers, personnel, analysts and shareholders. We want to engage in active dialogue with our stakeholders, in order to understand the challenges and possibilities related to our operating environment and responsibility better than before.

The concept of double materiality plays an essential role in sustainability reporting in accordance with the CSRD. Merus Power has kicked off systematic efforts related to the reporting. In 2023, we conducted a great deal of development work specifically to understand and develop responsibility and our own responsibility impact. Based on the background information gained through our sustainable development assessment and procurement chain responsibility survey, we commenced the double materiality assessment through interviews and surveys aimed at the aforementioned stakeholders, such as customers, suppliers and personnel.

The purpose of the double materiality analysis is to determine how we impact other operators and what others expect from us. The analysis assesses the significance of the various areas of sustainability based on what is essential to Merus Power and the things that we affect either indirectly or actively through our operations. Among the dimensions of double materiality, impact materiality describes the impacts that our company has on the environment, people and society. Financial materiality pertains to the business risks and opportunities that stem from sustainability perspectives.

The topics that were seen as essential in the interviews included energy efficiency, climate change mitigation, emission reduction, the value chain and its management, preventing the pollution of air, water and soil, minimizing and processing waste, recycling, natural biodiversity, the well-being of the company's employees, and preventing the use of child labor.

In 2024, we have actively continued to develop our sustainability plan, focusing on areas that we can most effectively impact. The company's Board of Directors has approved the sustainability goals that we will measure and report on regularly.

Our goals are related to reducing energy consumption and carbon dioxide emissions, with a particular focus on Scope 1 (energy produced and vehicles owned by the company) and Scope 2 (energy purchased by the company) emissions. We are committed to reducing Merus Power's carbon dioxide emissions calculated as defined in the GHG protocol by 50% from the 2022 level by 2026. Additionally, we aim to reduce the waste generated by our factory operations by an annual 2% in proportion to our net sales (kg/kEUR/a in 2024–2026). As regards our head office and factory, we have set as our goal as reducing our electrical energy consumption by 2% each year in proportion to our net sales (kWh/kEUR/a in 2024–2026).

ENVIRONMENTAL RESPONSIBILITY

One step at a time toward emission-free production

Merus Power's production operations only use electricity from renewable sources, and we have optimized our

Reduction of Scope 1 and Scope 2 carbon dioxide emissions as defined in the GHG protocol

30 928 kgCO_2e (2022) >

15 500 kgCO_2e (2026)

-2 %

Reducing waste generated in production by 2% annually in proportion to net sales (kg/kEUR/a in 2024–2026)

-2 %

Reducing the electrical energy consump of our factory and head office by 2% annually in proportion to net sales (kWh/kEUR/a in 2024–2026)

No accidents at work

ESG assessments for select key suppliers in the supply chain by 2026

processes to effectively reduce the amount of waste. In addition to this, transport optimization and battery recycling are essential elements of our environmentally responsible operations.

Merus Power's production operations run on renewable energy

Merus Power has transitioned to using only electricity from renewable sources in its production and set as its goal to reduce energy consumption by 2% a year in proportion to net sales. Since the beginning of 2025, Merus Power has started to use renewable district heating.

We monitor and reduce the amount of waste we generate

The aim is to minimize production waste right from the design phase. Conventional waste includes scrap metal, metal shavings, wood waste, municipal waste, paperboard and waste paper. In the company's operating locations and production, waste is sorted according to local waste management regulations. The production involves numerous recycling points to make recycling as easy as possible. Office waste is recycled according to regulations. Merus Power's goal is to reduce waste generated by operations by 2% in proportion to net sales between 2024 and 2026.

We design, package and transport our products in an ecological manner

We favor operators in the EU area to reduce the carbon footprint of component transport. As regards transport, we utilize air transport as little as possible and, in logistics, we strive to optimize routes to minimize the carbon footprint, unless the delivery in question is particularly urgent. Environmental detriments related to logistics are considered and minimized as early as the product design phase: The products are designed in such a way that we can package them as tightly as possible and transport them in a cost- and emission-efficient manner. We also strive to use recyclable packaging in our deliveries.

Merus Power's batteries are designed in such a way that they do not release emissions into the atmosphere, water systems or soil. Moreover, we use battery types that are not easily flammable.

We ensure a high recycling rate and quality

In production operations, we repair any serviceable components and utilize the materials as efficiently as possible to avoid unnecessary waste. Through complaint processes, we seek to ensure that any repairable faulty parts are returned to the supplier for repairs. All waste types are sorted as precisely as possible to achieve a high recycling rate. Everything that can be recycled, will be recycled. For example, copper, cable waste and SER waste are delivered to other processes to serve as raw materials.

What about cases in which a device supplied by Merus Power is damaged during use by the customer? We always primarily aim to service any customer devices that have been damaged in any way. However, we sometimes replace devices by customer request, in which case it may be possible to sell the repaired devices to other customers after warranty servicing. Merus Power tests all systems and devices at the factory to ensure their operability and suitability before installation. This is our way of maintaining Merus Power's high-quality standards while also avoiding unnecessary travel.

Small day-to-day choices lead to substantial changes

Our general principle is to avoid unnecessary travel across all of our operations in order to reduce emissions. For this reason, we use Teams to communicate not only within teams but also with our customers and other stakeholders. In addition to this, we have made efforts to ensure that our customers can follow the factory acceptance tests (FAT) of the deliveries via a video link to eliminate the need to travel to the location. Correspondingly, we often use a video link to monitor the FATs of our suppliers in the context of our own procurements. For example, this has enabled us to purchase components for a South American customer on location without having to haul them half way across the world or our own expert having to travel to the customer facility.

Moreover, the Merus® MERUSCOPE remote service and control software allows us to conduct maintenance work remotely without anyone needing to travel. We can ensure the operation of devices and conduct a variety of repairs related to how they operate quickly and efficiently without leaving our office.

At Merus Power, responsibility also includes small day-to-day choices in all departments and areas of the supply chain. We prefer high-quality and long-lasting products, including office supplies. For us, the confidentiality of customer relationships is an important part of responsibility. We operate according to agreements and, if there is a need to make a deviation, we agree on it separately and record the agreed changes. We want to be worthy of the trust of our stakeholders.

Worksite ecological survey

If necessary, Merus Power also conducts ecological surveys. Comprehensive energy storage projects always involve assessing the necessity of ecological surveys and conducting the surveys where needed. The surveys have covered known endangered or protected animals and plants as well as assessments of their prevalence.

In 2024, an ecological survey was conducted on the Valkeakoski energy storage project before its commencement. The expert survey did not reveal any obstacles to carrying out the project. No nature types specified in the Nature Conservation Act or other endangered locations were known or found in the planning area. Based on a site visit, there were no signs of flying squirrels, and the trees were mostly young coniferous trees with the occasional older birch.

Merus Power is actively involved in establishing a producer responsibility organization for industrial batteries

Batteries are needed to store electrical energy. Despite their important purpose, batteries that are at the end of the life-cycle are classified as hazardous waste and must not be left as contaminants in the environment. This is why every company that exports or manufactures batteries has an obligation to arrange waste management for batteries at its own cost upon decommissioning. This collective producer responsibility is laid down in the Waste Act.

In order to handle the duty to recycle as reasonably as possible, producers covered by the EU Batteries Regulation have established non-profit producer responsibility organizations to handle the statutory obligations on behalf of the companies. Battery manufacturers have found membership of a producer responsibility organization to be an effective alternative. Companies that do not belong to one are obliged to accept batteries from any party and handle their recycling, regardless of whether they sell the batteries in question, for example.

As part of our business operations, we are a registered importer of industrial batteries and have, since the beginning of our operations, committed to decommissioning and recycling batteries in Finland, even before the EU Batteries Regulation instituted in 2023. We handle the recycling of batteries with Recser Oy. Merus Power is also a member of the SELT Association for producers of electrical and electronic devices. As of August 2025, the EU Batteries Regulation that took effect in 2023 will also apply to the renewable energy industry, which uses larger industrial batteries and solutions such as solar and wind power plants and Perus Power's energy storage systems.

In 2024, Merus Power was actively involved in establishing a new Finnish producer responsibility organization that operates in the same way as the earlier producer associations and is open to all willing parties. The energy storage systems manufactured by the company contain large numbers of battery packs, the first of which will be due for recycling in roughly 20 years. Merus Power wants to be ahead of the game in ensuring that they are recycled safely, sensible and cost-efficiently because, as experts, we are familiar with how they should be processed.

The producer responsibility organization being established provides manufacturers of industrial batteries with the opportunity to actively influence developments in their own field. For Merus Power, it also provides the opportunity to be a pioneer and responsible actor that contributes to the development of future operating models.

SOCIAL RESPONSIBILITY

Our responsibility for people increases with our number of employees

Taking responsibility for people, too, is a vital element of Merus Power's strategy and corporate culture. As a strongly growing company, we increasingly pay attention to matters related to the safety, well-being, pay, orientation, skills development, human rights and equality of our personnel. Professionally skilled employees who enjoy their work are our most important resource.

Personnel, well-being and equality

Our employees are the basis of our current and future success. For this reason, we want to foster a work environment in which the people enjoy their work and feel that they are valued and respected as employees. We want to provide our personnel with the opportunity to develop themselves and progress in their careers. People must have the opportunity to take on interesting work tasks, suitable challenges and responsibilities.

Over the course of the past four years, our number of employees has almost tripled, standing at 127 people at the end of 2024. More than ever before, the recruitment process accounts for capability requirements related to internationalization and organizational reform, along with perspectives related to equality and diversity. Various ages and situations in life are very evenly distributed among our personnel. In order to develop itself, a strongly growing company needs both younger employees at the early stages of their careers as well as more experienced professionals for vastly different tasks. This is why we have made sure that our recruitment process emphasizes both fresh talent and vision as well as extensive experience in work and working life.

Results of the 2024 employee survey

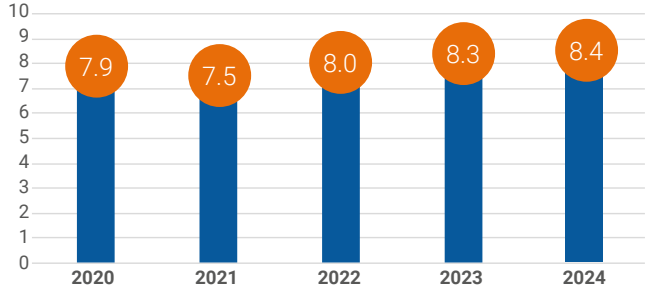
At Merus Power, we strongly believe that an encouraging and committed work community is built from the inside. We conduct an annual employee survey to gain a comprehensive view of employee opinions and personal experiences of work tasks and the work community. The employee survey indicates how meaningful our employees find their work tasks to be, how motivated and capable they feel in relation to their work, and how they rate Merus as an employer. The survey ensures that the voices of our employees are heard. Furthermore, the results help improve the work environment and work methods, because the feedback gained is used to prepare a company-wide and team-specific action plan, and to appoint people responsible for pushing things forward.

The 2024 employee survey was conducted in the spring of 2024. Employee satisfaction remained good and even increased slightly from the previous year. That said, it is important to note that, according to the survey, our growing numbers also began to lead to signs of increased workload and impacts on work capacity, resulting from challenges in work-related information flow. We have naturally made active efforts to address the issue immediately in accordance

with the OKR (Objectives and Key Results) management procedure by preparing an action plan, with a focus on developing the specification of job descriptions, increasing management training and agreeing upon more specific rules for internal communications.

Employee survey results in the spring of 2024

Personnel satisfaction



For us at Merus, it is important for everyone to feel safe and good while at work. The company has instructions related to inappropriate behavior, which involve making it clear that no one should hesitate to bring up any instances of inappropriate behavior or treatment. Fortunately, the employee questionnaires have shown that our employees have not observed inappropriate behavior or bullying, and we want this situation to continue. We do not condone discrimination, workplace bullying or any illegal, unethical or other harmful behavior. We also have in place a whistleblowing channel for reporting any suspected misbehavior or discrepancies.

Varying perspectives produce results

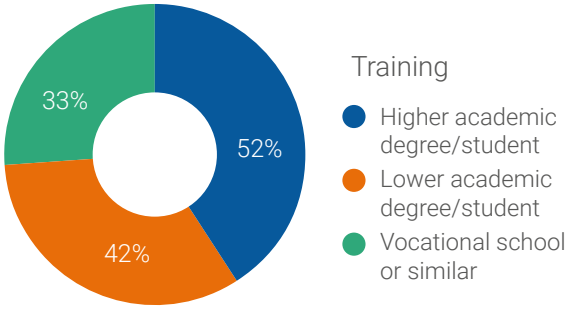
The best ideas, more competitive products, and profitable and sustainable international business operations often stem from the cooperation of a wide range of different people. This is why Merus Power aims to build a diverse work community. In order to promote this goal, we strive to create and develop teams in which the members represent a variety of backgrounds, genders and cultures, wherever possible. This yields valuable mental capital, which we also wish to foster.

In recruiting new employees and trainees, we want to provide equal opportunities for everyone. We consider it important to offer meaningful new job opportunities to professionals who have been trained in Finland, regardless of their ethnic background, so that they can all work at the international peak of their field and remain in Finland to drive development forward. Merus Power represents globally recognized high technology, which is why it is natural for us to also recruit top foreign talent trained abroad to work in Finland.

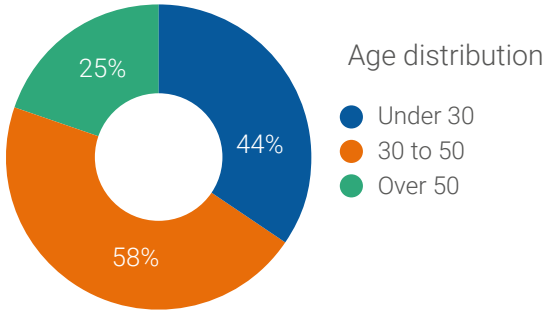
We want to promote equality between genders. In Finland, the proportion of female students in vocational and higher education in electrical, automation and energy engineering varies between 4 and 10 per cent, depending on the source and method of calculation. We at Merus Power are happy that we have been able to add more capable women to our growing ranks in recent years. At the moment, 16% of our personnel are women and we want the percentage of women to grow significantly in the future. To ensure the comfort and well-being of our personnel, we strive to do our best to consider all situations in an individual's life and career, and to provide support and flexibility for everyone to fit together all elements of life. The diverse experience of our employees enriches our work community and improves our ability to better serve our customers.

We believe that diversity also makes us an interesting work community and, therefore, creates value for both our employees and customers. Merus Power's operations manual sets satisfied customers, who are served by skilled, motivated and satisfied employees working in a healthy work environment as the company's goal and a factor facilitating profitable growth and responsible operations. There is no one without the other.

Training in 2024



Age distribution in 2024



Encouraging and equal pay fosters a good work atmosphere.

Merus Power applies and adheres to the local employment legislation and collective agreements in each country. In addition to this, we compare the initial pay with the general level

of pay in the field on a task-specific basis, The legislation and other regulations set the minimum level, but the actual levels of pay are usually higher. The base pay is determined on the basis of local conditions, the difficulty of the work, and the skills and performance of the employee. Among the company's employees who are in salaried permanent employment, 94.8% are listed as being in full-time employment.

Growth encourages and enables more systematic and efficient operations. In 2023, we defined setting up a pay system as one of our strategic goals. The aim has been to create a transparent and competitive system, which is also fair to the employee, to match the needs of Merus Power.

Over the course of the fall of 2023 and early 2024, a difficulty classification of senior salaried employees was conducted based on Mandatum's registered Palkkavaaka (Salary Scale) method. In the Palkkavaaka project, the supervisors prepared role descriptions, which were then used to assess the task-specific difficulties and form difficulty groups. Ultimately, pay brackets were formed for the difficulty groups. The frameworks gained are used to support future recruitment.

The recruitment process involves creating a foundation for a positive employer image.

Active and positive employee communications play an important role in building Merus Power's employer image, which is why we want to handle it as well as possible. In 2024, Merus Power implemented an advanced recruitment system that facilitates active contact with jobseekers who are interested in the company. The system enables the recruiting supervisors to view the details of the applicants interested in the roles in their unit as well as the progress of their unit's recruitment process. As a company's operations grow, it is not always necessary to hire new people. Through internal recruitment processes, we have instead been able to provide the current personnel with access to new work tasks as well as career and skills development opportunities. In addition to this, every current Merus Power employee can participate in the recruitment process through the recruitment system or inform their network of vacancies and recommend suitable people they know to the company.

The occupational safety of employees and stakeholders is our first priority

Merus Power has an ISO 45001 certified occupational health and safety system that determines the relevant operating principles, goals and implementation measures for occupational health and safety. The purpose of our regular audits is to achieve a safe, high-quality work environment. The audits according to the annual plan ensure that our operations are compliant with the requirements of legislation and environmental, safety and quality policy, and the ISO 9001, ISO 45001 and ISO 14001 standards. We conduct internal audits regularly according to our annual plan. An external auditor conducts an annual review that assesses the compliance of our operations with standards. Authorities and insurance companies monitor adherence to laws and regulations annually or as needed.

Certificates alone do not guarantee a good and safe work culture. Active efforts must be made to achieve it. One of our cornerstones in promoting occupational safety is to ensure that our operational, environmental and occupational safety culture is practical and familiar to our personnel. All new employees are oriented to their tasks and trained on occupational safety matters. Everyone at Merus Power has the opportunity and obligation to participate in the development of their own work and work community.

We strive to ensure that there are no occupational accidents at all. Our goal is to achieve a safety culture in which everyone thinks before they act, in addition to following instructions. This will root out most human errors. In developing products and work conditions, we aim to anticipate possible hazards in production, installation, testing and product use beforehand, and to design products to be safe. We also develop our existing products, if we notice an opportunity to improve safety or comfort of use.

The power of prevention

In accordance with Merus Power's work capacity management and early support model, we take a preventive approach to maintaining the work capacity and occupational well-being of our personnel. Together with occupational safety, we have prepared an action plan, which focuses on preventive activities and offering expert services in situations that involve signs of deteriorated work capacity.

Merus Power also provides its employees with the necessary safety clothing and work equipment, including screen glasses and noise canceling headphones. Noise canceling headphones have become necessary with the increased number of employees. In an open office, the headphones provide the opportunity for the peace and quiet required for focusing on one's work tasks.

Ensuring and testing product functionality

Merus Power's product software and the systems it has developed for testing product parametrization are highly advanced. The state-of-the-art Real Time Digital Simulator we use for product development and testing enables us to test control systems and optimize operations before equipment installation. For example, the steel mill collects data from the electric arc furnace at different stages of the project to determine the operation of the furnace and the nature of the current and voltage in the electrical network. The data is then entered into the simulator to which a control system is connected to simulate system operation in real situations. This facilitates commissioning and helps us to determine the type and size of the device needed for the factory. At the same time, we can ensure that the device and control system work properly and have been correctly dimensioned, even if the factory to which the system is being supplied is located

on the other side of the world. The system facilitates the testing of various failure situations and shutting down the factory without impacting production. The aim is to use the simulator to create all possible failures in advance to optimize the equipment's response to them. In this way, the devices do not need as much on-site adjustment as would be necessary without the simulator. The same method is also used for other products, such as energy storage systems.

Training, summer employees and trainees

Merus Power actively trains its personnel through courses that support professional expertise and provide skills for electrical work, first aid and occupational safety. In order to ensure that the courses are up to date, they are continuously monitored through the HR system, which is also used to provide related notifications. The system makes sure that our employees have completed every necessary course and the training is valid. The courses are held regularly and frequently to ensure occupational safety. All other professional training is also recorded in the HR system.

Merus Power's roster includes many students who are in the process of completing a vocational qualification or higher education degree. Merus Power recruits students to provide them with the opportunity to accumulate work experience in the field during their studies. On the other hand, the students provide the company with access to the latest research data. Another aim is to employ new talent from a variety of fields immediately after graduation.

Important cooperation projects with educational institutions and organizations

Merus Power wants to provide young people with an enticing path to working life, which is why it annually offers numerous summer jobs and traineeships to students and those in the process of writing their thesis. Many of them have then stayed in the company and found their place among the trailblazers of electrical technology. Over the years, we have also commissioned many academic theses and provided traineeships to many students at different levels of education.

We have cooperation projects with multiple schools and educational institutions, including vocational schools, universities of applied sciences, universities and student organizations. Merus Power experts have lectured at Tampere University and Aalto University, for example.

Training related to energy storage solutions is relatively new on a global scale, which is why it is important to us to promote training in energy storage technology to gain access to more professional talent. Among other efforts, we have promoted training by supplying an energy storage system to Tampere University of Applied Sciences for educational and research purposes and designing an energy research laboratory suited to the needs of Oulu University of Applied Sciences. We have also carried out many research projects with Tampere University, for example.

FINANCIAL RESPONSIBILITY AND GOOD GOVERNANCE

Financial security, work and well-being for our stakeholders

Merus Power adheres to the ethical rules of business and always strives to optimize its operations and corporate culture to ensure growth and safety. We invest in training and systematic development at all levels of our organization. Data and cyber security are essential elements of our products, daily activities and strategy.

Ethical guidelines

Merus Power's business operations comply with the generally accepted practices of ethical business and the UN's global guidelines on human rights, children's rights and the rights of employees. The operations of the companies always adhere to all relevant EU regulations. If necessary, background checks are also conducted on customer companies. This covers the company's operations, liquidity and the people in charge, as well as any pertinent sanctions. Merus Power has a whistleblowing channel to detect and investigate any misconduct within the company as well as with our suppliers and other partners.

Analysis and development of the corporate culture

Over the course of the past year, Merus Power wished to analyze its current corporate culture and the ways in which it supports goals related to the company's growth, profitability and future development. The analysis was conducted in cooperation with an external partner. First, an employee survey was conducted on the corporate culture. Then, the management and supervisors worked to define the desired future culture in relation to the execution of the company's strategy. The results indicated that, in terms of goals, the optimal corporate culture can be achieved with fairly minor changes. Overall, trust in the employer and workplace are high. At the same time, it appears to be the consensus that there are things to improve, and that management culture and time management should be the focuses of the development efforts. The analysis indicated that the company's greatest strengths are the openness and flexibility of the work atmosphere as well as the company's technological expertise. The views of the personnel indicate that employees feel cared for, diversity is valued and new recruits can easily adapt to the workplace.

We have established an OKR procedure to ensure that we take the correct actions.

As a growing company, we have new supervisors, who naturally require training. The development of management has also come up in employee surveys and the corporate culture questionnaire conducted in 2024. For this reason, we are always investing in a wide range of management training, including supervisor forums, 360 assessments with feedback to management and all supervisors, in-depth analyses for the management, development of management team efforts, and various development days.

Merus Power has in place an OKR procedure, the purpose of which is to systematically ensure that development project move forward and are not neglected due to day-to-day issues. As the company grows, we have strived to ensure that we prioritize the right things. The OKR procedure ensures that we are able to focus on the themes that require change and take the right steps to implement development projects. It is also important to report on the achievement of all milestones on a regular basis.

Our increasing number of employees requires a more systematic approach as well as tools to facilitate working hour records and administrative monitoring. For this purpose, the year 2024 included analyses and the acquisition of a new system to support management work.

Cooperation with and audits on the largest suppliers

In the procurement of components, Merus Power always focuses on quality. The availability criteria for components and parts are considered even in the design phase, and the aim is to purchase most of the supplies required within the EU area. We utilize supplier audits and agreements to make sure that our supplier partners have the appropriate quality certificates, and that they comply with the UN's general prin-

ciples regarding matters such as integrity, work conditions and fair pay. As an example, Merus Power only uses battery suppliers that are large, globally known chains with responsibility reporting arrangements that we can check to ensure appropriate operations. We have recognised the need to develop in this area and have set one of our sustainability goals to improve our suppliers' ESG assessments by 2026.

Cyber security and the GDPR

Matters of cyber security are exceptionally important to Merus Power. They are divided into two substantially different areas: our day-to-day operations and operational steering as well as the essential role of data security and software engineering in relation to our products.

We utilize operating models that apply to all employees. We are constantly developing new security systems. Moreover, the relevant legislation requires us to monitor and report on data security events and prepare plans for recovering from any cyber attacks.

From the perspective of cyber security, Merus Power's products and systems are used in vastly differing contexts and cyber security is an essential part of our operations. We have prepared for both online and physical infiltration. That said, not all of the products we supply are connected to information networks.

Some of our products feature the Merus® MERUSCOPE™ remote monitoring, control and reporting service in relation to which data security is key. We must ensure that our products cannot be used for cyber attacks against our customers. We utilize two-factor authentication and a data transfer protocol that includes an encryption algorithm.

In terms of software engineering, we utilize firewalls as well as network segmenting – access from one segment to another has been prevented. The devices can only be used with the software produced by the company.

In data storage, we adhere to the GDPR. The storage arrangements adhere to the relevant security regulations, and all unnecessary data is erased.

Report by the Board of Directors for the financial year **2024**

Merus Power is a Finnish technology company that promotes green energy transition and operates in global and rapidly growing markets. The company contributes to the electrification of society by solving the challenges posed to power grids due to the change. The company designs, manufactures and sells innovative electrical technology solutions such as energy storage systems, power quality solutions and services for the needs of renewable energy and industry. With its scalable technology, the company enables the growth of renewable energy in electricity networks and improves the energy efficiency of societies.

Company structure

The Group's parent company is Merus Power Plc. The company's head office, product development, production facilities and other key functions are in Ylöjärvi, Finland. The Group has a subsidiary, Merus Power Asia-Pacific Pte Ltd, in Singapore, and a subsidiary, Merus Power Hong Kong Limited in Hong Kong, which has not engaged in business operations during the reporting period. A third subsidiary of the Group is Lempäälän Tasapainotus Oy, that serves as the company's product development environment. Merus Power Plc also has sales offices in Germany and in the United Arab Emirates and an office in Helsinki, Finland.

Business development in 2024

In 2024, Merus Power's net sales increased significantly and amounted to EUR 35.8 (29.0) million. Net sales grew mainly in the second half of the year due to the income recognitions of modular orders with long delivery times and the timings of new orders. The growth was driven by power quality and energy efficiency projects in the heavy industry sector as well as power storage projects implemented particularly in Finland.

EBITDA for 2024 was negative at EUR -798 thousand (EUR 187 thousand positive in 2023). The result was weakened particularly by the significant non-recurring expenses caused by the delay of the first turnkey energy storage project delivered in Lempäälä, Finland, as well as more demanding development work than anticipated in connection with the project. Nevertheless, EBITDA improved significantly in the second half of the year and amounted to EUR 2.6 (0.6) million in July–December.

The continued strong growth trend of the green transition supported the company's sales in both energy storage and power quality solutions. Growth was strongest particularly in energy storage projects in the Finnish market and in international energy efficiency improvement projects in the metal industry. At the end of the year, order book was at EUR 30.0 (13.8) million.

During the year, the company entered into significant agreements on deliveries of energy storage systems. The agreements also include a maintenance agreement and are good examples of deliveries covering the entire lifecycle. The company also received several large compensator orders during the year from Saudi Arabia and Estonia, among others.

Active work to grow service business continued. Merus Power's proprietary MERUSCOPE™ remote monitoring and control software and the MERUSCOPE™ trading services form a good premise for flexibly serving customers around the world. The increasing installed base supported by growing product and project sales creates a basis for steady growth in the service business.

Significant events during the financial year

- February 13, 2024: Merus Power receives a battery energy storage order of approximately EUR 15 million from eNordic and Lappeenrannan Energia – new energy storage system strengthens the power grid
- The AI-based trading service developed by Merus Power was completed in 2024
    - May 2, 2024: Merus Power provides Oy Herrfors Ab with a trading platform offering immediate economic benefits to the electricity company
    - May 16, 2024: Sallila Energia to start using Merus Power's trading service for its energy storage facility
- June 19, 2024: Merus Power receives an energy storage order of nearly EUR 20 million from Alpiq
- July 8, 2024: Merus Power joins the transformation of the steel industry – delivers compensators for green steel production
- July 25, 2024: Merus Power to provide a compensator worth nearly EUR 4 million to Saudi Arabia
- August 1, 2024: Merus Power to deliver two compensators to support rail traffic in Estonia
- August 13, 2024: Merus Power lowers its guidance on EBITDA
- November 26, 2024: The largest battery energy storage manufactured by Merus Power to be transferred to electricity market use
- December 18, 2024: Merus Power to deliver energy storage system to Enertia – contract value over EUR 4 million
- Orders received were EUR 53.6 (33.8) million, growth 58.6% year on year

Net sales, profitability and result

- The Group's net sales January 1–December 31, 2024 were EUR 35.8 (29.0) million. Net sales grew 23.4% year on year. Growth was driven by power quality and energy efficiency projects in the heavy industry sector.
- EBITDA was EUR -0.8 (0.2) million or -2.2 (0.6) % of net sales.
- EBIT was EUR -2.1 (-0.5) million or -5.7 (-1.8) % of net sales.
- Net sales and profitability decreased due to non-recurring project expenses.
- Result for the financial period was EUR -2.7 (-0.8) million.

- Undiluted earnings per share were EUR -0.35 (-0.10).

Balance sheet, financing and cash flow

- On December 31, 2024, balance sheet total of the Group was EUR 26.7 (21.2) million.
- Total equity was EUR 9.5 (12.1) million.
- Interest-bearing net debt at the end of the financial period was EUR -1.2 (1.4) million and net gearing -12.2 (11.6) %.
- Equity ratio was 35.7 (57.1) %.
- Equity per share was EUR 1.24 (1.58).
- Liquid assets were EUR 3.0 (2.6) million.
- Cash flow from operating activities January 1–December 31, 2024 was EUR 5.0 (0.0) million.

Research and product development

Merus Power has built a 1 MW/1 MWh energy storage system in Lempäälä, Finland for its own use, and the Merus® MERUSCOPE™ system developed by the company will be taken into use to manage related trading operations. Merus Power's own energy storage system enables Merus Power to develop and test new technologies in an authentic operating environment. The energy storage system is a significant investment for the company in the development of future energy solutions and in maintaining its pioneering position in the sector.

The Merus® MERUSCOPE™ system utilizes an innovative AI application. The system combines the ability of AI to analyze large data sets with Merus Power's in-depth expertise in power electronics and battery technology.

Thanks to continuous product development, Merus Power's energy storage system can be utilized in a wide range of ways in the electricity storage market. The storage system's energy management system utilizes all the features of the MERUSCOPE™ trading service, enabling remote monitoring and control of electricity storage systems in real time from anywhere. The service maximizes system uptime, efficiency and productivity while minimizing costs.

The technological development of the energy storage system has been significant. The company has invested in the development of the Merus® MCP Modular Control Platform. The new, more efficient control platform manages the company's modular product systems, such as energy storage systems and power quality equipment. The new control platform is able to respond more efficiently to, for example, the operational needs of an energy storage system in different market situations. In the development of the control platform, it has also been possible to take future needs into account. The product development of inverters for energy storage facilities has made it possible to achieve to higher power levels and to ensure the energy efficiency of the equipment. Significant product development work has also been carried out in simulations that can be used for optimising energy storage software for different market situtations or, for example, for creating a power grid. Product development also focuses on continuous information security development and ensuring reliable operations..

Personnel

During the financial year 2024, the Group employed on average 117 people (in 2023, on average 88), whereof 117 (87) at the parent company and 0 (1) in subsidiaries. At the end of the financial year, the company employed a total of 127 people (December 31, 2023: 97).

Management Team

In 2024, the members of Merus Power Oyj's Management Team were Kari Tuomala, CEO; Rainer Antila, CFO; Markus Ovaskainen, Sales Director; Mikko Marttala, Finance and Project Development Director; Maiju Levirinne, Director, Supply Processes; Jyri Öörni, Development Director; Toni Peltomaa, After Sales and Service Director; and Juuso Järvinen, Director, Delivery Process and PMO.

The company's organization was renewed at the turn of the year, and as of January 1, 2025, the members of the Management Team have been Kari Tuomala, CEO; Rainer Antila, CFO; Markus Ovaskainen, Sales Director; Jyri Öörni, CTO; Mikko Marttala, Director, System Deliveries and Services; and Jarkko Latonen, Director, Factory Operations and Quality.

Board of Directors

On December 31, 2024, the members of Merus Power Plc's Board of Directors were Vesa Sadeharju (Chair), Anne Koutonen, Vesa Riihimäki and Tapani Kiiski.

General Meetings of Shareholders

The company's Annual General Meeting was held on March 13, 2024 in Tampere, Finland. The meeting confirmed the 2023 financial statements. The meeting resolved that the loss shown in the financial statements be entered in the account for profit and loss and the no dividend be distributed. The members of the Board of Directors and the CEO were discharged from liability for the financial period of January 1–December 31, 2023. The remuneration statement of the governing bodies was processed and approved.

The General Meeting also discussed the number of Board members and resolved 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 next term of office. 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. On December 4, 2024, Moore Idman announced that APA Jussi Savio will be the new 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.

In its constitutive meeting held after the Annual General Meeting, the Board of Directors elected Vesa Sadeharju as its Chairman.

In 2024, the Board of Directors convened 18 times, and participation was 100%.

Auditors

In the Annual General Meeting held on March 13, 2024, the auditing firm Moore Idman Oy was elected to be the company's auditor with APA Jukka Lahdenpää as the key audit partner. As of December 4, 2024, APA Jussi Savio has been the key audit partner.

Share and shareholders

On December 31, 2024, Merus Power's fully paid and registered share capital was EUR 270 000, and the number of shares was 7 673 416 (7 644 966). Average number of shares during the financial period was 7 659 191. The company has one class of shares, all with equal voting rights, dividend, and the company's assets. During the financial period, the company was not in possession of any of its own shares.

Summary of trading on Nasdaq First North Growth Market Helsinki

January 1-December 31, 2024

Year 2024	Shares exchanged, pcs	Total market value EUR	Highest rate, EUR	Lowest rate, EUR	Average exchange rate, EUR	Closing rate, EUR
MERUS	1,193,229	5,100,000	5.80	3.03	4.27	3.71

	2024	2023
Market value, EUR 1,000	28 468	30 886
Number of shareholders	4 727	5 019

On December 31, 2024, the company had 4 727 shareholders.

Major registered shareholders by number of shares on December 31, 2024

SHAREHOLDER	NUMBER OF SHARES	% OF SHARES
Tuomala Kari Antero	1 497 144	19.51
Ahlstrom Invest B.V	1 041 890	13.58
Turret Oy Ab	387 500	5.05
Sijoitusrahasto Aktia Capital	374 572	4.88
Varma Mutual Pension Insurance Company	370 780	4.83
Power Fund III Ky	340 661	4.44
Öörni Jyri Jaakko	329 360	4.29
Laakso Risto Juhani	329 360	4.29
Leinonen Aki Johannes	270 792	3.53
Ilmarinen Mutual Pension Insurance Company	259 808	3.39
Holdix Oy Ab	259 377	3.38
Elo Mutual Pension Insurance Company	230 000	3.00
Innocap Oy AB	103 300	1.35
Ensto Invest Oy	67 584	0.88
Antila Rainer Olavi	63 139	0.82
Umo Capital Oy	61 428	0.80
Umo Invest Oy	61 428	0.80
Säästöpankki Pienyhtiöt Fund	61 271	0.80
Fennia Life Insurance Company Ltd	49 090	0.64
Vilpponen Aki Hannu	45 500	0.59
20 biggest total	**6 203 984**	**80.85**

Incentive programs

On April 1, 2021, the company's Board of Directors decided on a share option program and granted a maximum of 150 000 option rights that entitle to subscribe to an equal number of the company's A-series shares. The issue price for one share is EUR 3.32. The issue price per share can be lowered, if, before the issuance of shares, the company grants new shares to existing shareholders relative to the percentage of their current shareholdings. However, the minimum issue price per share is always at least EUR 0.01.

The share subscriptions based on the option programs must take place in the period December 31, 2023 – December 31, 2026. The stock options have been allocated to the company's key employees and employees in a permanent employment relationship. On December 31, 2024, 17 key employees and employees permanently employed by the company had stock options.

Outstanding option programs are presented in the table below.

Option program	Total number of options, pcs	Subscribed, pcs	Not yet subscribed, pcs	Subscription price, EUR	Subscription period
2021	150 000	28 450	121 550	3.32	31.12.2023–31.12.2026

Sustainability, environment, and well-being of personnel

Merus Power is committed to the goals specified in the UN Sustainable Development Agenda, which take equal account of the environment, economy and people. The company's business has been born to meet the new energy production requirements created by sustainable development. The technology designed and manufactured by Merus Power plays a significant role in mitigating climate change and global warming.

The key objectives of Merus Power's products are the use of renewable energy, improved power quality and energy efficiency. The company's electricity storage systems enable the integration of renewable energy into the power grid and create new kinds of revenue models made possible by renewable energy to its customers. Merus Power's power quality solutions, on the other hand, reduce disturbances in power grid voltage, thereby improving process efficiency and reliability, as well as the profitability of customers' operations. Solutions that enable better power quality in industrial and commercial applications contribute to the reduction of carbon dioxide emissions.

We also consider the requirements of sustainable development in our own operations. An essential part of our overall nature studies is the preparation of the necessary environmental studies and considering the issues arising from them in the planning of the project. The design of Merus Power's electricity storage facilities, on the other hand, takes into account the fact that nothing is released from the batteries into the atmosphere, water or soil. Additionally, we have selected battery types that are not highly flammable.

Merus Power continuously strives to develop its operations and corporate culture into increasingly optimal enablers of growth and safety. We invest in training and systematic development at all levels of our organization. In 2024, the company carried out a survey to find out what its current corporate culture is like and how the culture supports the company's growth and profitability goals as well as development towards the future.

Trust in the employer and workplace is high at Merus Power. The company's greatest advantages in the corporate culture survey were the openness and flexibility of the working atmosphere as well as the company's technological expertise. The personnel feel that employees are taken care of, diversity is valued, and that it is easy for a new employee to adapt to the company.

The company is preparing for sustainability reporting in accordance with the CSRD Directive and continues its sustainability development activities. Based on the survey and surveys conducted in 2023, sustainability focus areas and objectives have been specified. The company's Board of Directors has defined targets to be monitored, which include the reduction of waste, energy consumption and carbon dioxide emissions, including Scope 1 self-generated energy and owned vehicles and Scope 2, energy purchased by the company. In practice, the target is to reduce carbon dioxide emissions by 50% over four years from the 2022 level by 2026 and to reduce waste generated in operations by 2% per year in proportion to net sales (kg/kEUR/a in 2024–2026). The goal is also to reduce the energy consumption of the head office and production plant in Finland by 2% per year in proportion to net sales (kWh/EUR/a 2024–2026). Other targets defined by the Board of Directors are that selected key suppliers in the supply chain will undergo ESG assessments by 2026 and that there would be no occupational accidents in the company's production.

Taking social responsibility is a vital part of Merus Power's strategy and corporate culture. As a rapidly growing company, we pay increasing attention to all matters related to the safety, well-being, remuneration, induction, competence development, human rights and equality of our personnel. Skilled and comfortable personnel are our most important resource. In 2024, we invested especially in the development of an equal and transparent pay system and recruitment process.

Near-term risks and uncertainties

Through risk management, Merus Power supports the achievement of its strategic and operational goals while safeguarding the continuity of its own and its customers' operations in changing circumstances. We strive for comprehensive risk management that emphasizes anticipating risks and necessary measures and systematic, timely action. Risk management is part of our daily operations. In addition to assessing business risks, anticipating and managing sustainability risks plays a key role in both our operations and those of our customers.

Geopolitical tensions particularly in the Middle East are very high, causing significantly increased risks relating to energy policy, economic forecasts and trade. Increasing tension in global trade may slow down trade growth. Inflation has turned out to last longer than anticipated, and economic forecasts are very cautious.[1]

The political importance of the green transition is still evident, but there are risks related to its development.[3] Climate targets have remained unchanged, and there is even pressure to make them more ambitious to prevent global warming from rising above 1.5 degrees Celsius. Political decision-makers have failed to reach a consensus needed for reaching the climate targets.[2] Increasing geopolitical uncertainty and the slow weakening of the inflation may slow down economic and trade development as well as implementation of publicly funded projects. This impacts companies' investment activity and the development and adoption of green technology while delaying the reaching of climate targets.

At least in the short term, U.S. energy and trade policies will increase uncertainty both in the energy-related technology market in general and Merus Power's export markets in the United States in particular.

Merus Power's products are devices with long-term investment projects. Sudden price changes in materials and components cannot necessarily be transferred into the price of the end products. This results in risks related to profitability targets. The price increase caused by inflation was evident in the prices of regularly used components in 2024. Strong demand in the previous years has created challenges for the supply chain. The availability development of components varied. Problems continued particularly in the availability of components used in both energy infrastructure and the automotive industry.

The risk and outlook for battery availability and price level remain unchanged, but the concentration of suppliers in China and other parts of Asia increases the geopolitical risk. In 2024, the availability of batteries has been better than in previous years, but logistics-related issues may still affect the delivery times of batteries used as components in energy storages as well as cargo pricing. Furthermore, the EU's new battery legislation will impact requirements related to, for example, battery recycling.

Cyber security is one of the growing challenges in modern society. In the continuously developing IT environment, the energy industry and power grids are critical targets.

Software and electronics also play a significant part in Merus Power's business, and therefore there are cyber security risks that concern the company and its products. Merus Power continuously develops its products and operations to protect itself against these risks by keeping data security up to date, training its personnel, and collaborating with cyber security experts.

Market outlook

Economic development

According to the economic forecast published by the OECD in December 2024, the global economy continues to grow at a modest pace. The growth forecast for 2025 is very similar to that of 2024. Inflation is expected to continue to slow down. Increasing geopolitical uncertainty and slow economic growth are also reflected in Merus Power's general market outlook.

In the EU, economic growth will pick up slightly during the next two years. In the US, economic growth will be stronger than in the EU, but the growth will slow down somewhat during the next two years. In Asia, good economic growth is expected for India and China. The geopolitical situation is increasing tensions in trade and may impact economic forecasts.[1]

Energy transition and energy storage market

The UN climate summit in Baku decided to triple the funding granted to developing countries for boosting the green transition. At the same time, it was acknowledged that climate change targets must be sped up in the future. The purpose of the targets is to boost the green transition globally and limit climate warming to 1.5 degrees Celsius.[2]

An estimated USD 2,000 billion is invested in renewable energy projects per year. The IEA calls for stronger action to improve energy efficiency. Energy efficiency improvements have the potential to reduce emissions more than any other actions.[3]

The EU has defined a shared target of renewables covering a 42.5% share of electricity production by 2030. To reach the minimum target of the EU, renewable electricity production deployment should double from the current numbers.[5] Currently, Sweden and Finland have the highest shares of renewable energy in the EU.[6] It has been estimated that there were approximately 7 GW of energy storages in the EU in 2022, and the amount must increase to 57 GW by the year 2030. The energy storage market in Europe is expected to grow to EUR 33 billion by 2030.[4]

The electricity markets in Finland and Sweden, and the frequency balancing market in particular, have favored energy storage investments. There are currently 0.75 gigawatts of electricity storage facilities and 0.84 gigawatts under construction in the Nordic countries, and an additional 1.5 gigawatts are already planned by 2027. Obstacles to the growth of the energy storage market are minor in the Nordic countries, and the electricity market supports growth.[8] According to Fingrid, the need for balancing the power grid will continue to increase. In 2023, approximately 1 GW of balancing was purchased. The amount for 2024 is estimated to have reached 1.5 GW and to reach 2.5 GW in 2030.[7]

The company estimates that the short and long-term market outlook for renewable energy and for energy storage remains positive, and the market is expected to grow strongly. In Merus Power's home market in the Nordic countries, different sources indicate continued growth. The energy storage market in Europe is also growing. Electricity market development is at different stages in different countries, and this development creates a favorable market for energy storage at different times in different countries. This non-simultaneity creates continuity for the company's energy storage market growth. However, the unifying European electricity market will make the market development clearer and more predictable in the long term.

Power quality market

The power quality market is a global market growing by 7.4 per cent between 2024 and 2029 . Market size is estimated to have been USD 17 billion in 2024 and to grow to USD 24 billion in 2029.[9]

From the point of view of the company's products, the power quality market forecasts remain similar to those of last year. From the point of view of the company's business, the most important product segments for power quality solutions are active harmonic filters, static synchronous compensators and static VAR compensators. Their combined market size was approximately USD 3.1 billion in 2024. This market is expected to grow to USD 6.0 billion by 2033. Key market sizes and growth forecasts are estimated to have remained unchanged.

Strategy and financial targets

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

	2020	2021	2022	2023	2024
Net sales EUR 1,000	6 500	14 770	16 204	29 031	35 834
EBITDA %	0.6	5.6	3.6	0.6	-2.2
Equity ratio, %	32.3	64.0	52.5	57.1	35.7

Cornerstones of Merus Power's strategy are scalable product portfolio

- multi-channel sales strategy
- growth of energy storage business in Europe
- local and global presence in power quality solutions
- increasing share of services

Medium-term financial objectives:

- achieve net sales of EUR 80 million in 2026 primarily through organic growth
- average EBITDA margin of more than 15 percent
- equity ratio of more than 35 percent

Events after the end of the financial period

On December 30, 2024, Merus Power announced streamlining its Management Team and clarifying the company's delivery processes for modular system deliveries and in-house product manufacturing.

As of January 1, 2025, the members of the Management Team have been

- Kari Tuomala, CEO
- Rainer Antila, CFO
- Markus Ovaskainen, Sales Director
- Jyri Öörni, R&D Director
- Mikko Marttala, Director, System Deliveries and Services
- Jarkko Latonen, Director, Factory Operations and Quality

On February 13, 2025, Merus Power announced a EUR 13 million order for energy storage from eNordic and Ardian.

Financial guidance for 2025

Merus Power estimates that the company's net sales will grow strongly compared to 2024 and that EBITDA will be EUR 1–3 million.

Board of Directors' proposal on the handling of the result for the financial year

The Board of Directors proposes to the Annual General Meeting that the loss for the financial year of EUR -2.7 million be transferred to the retained earnings account of previous years and that no dividend be paid for the financial year January 1–December 31, 2024.

Annual General Meeting 2025

Annual General Meeting of Merus Power Plc is planned for March 17, 2025. The notice to convene the Annual General Meeting will be published later.

Other reviews and events

Releases

February 8, 2024 Merus Power Plc Financial Statements Bulletin 1.1. – 31.12.2023: Growth in a challenging operating environment

February 13, 2024 Insider information: Merus Power received a battery energy storage order of around 15 million from eNordic and Lappeenrannan Energia - The new battery energy storage system strengthens the power grid

February 16, 2024 Merus Power Plc changes the publication schedule of the Annual Report

February 19, 2024 Invitation to Merus Power Plc's Annual General Meeting 2024

February 21, 2024 Merus Power Plc's Annual Report, Sustainable Report and Remuneration Report 2023 published

March 13, 2024 Decisions of the Annual General Meeting and Board of Directors of Merus Power Plc

May 2, 2024 Merus Power to provide Oy Herrfors Ab with a trading platform - offers immediate economic benefits to the electricity company

May 7, 2024 Merus Power Plc: Subscription of shares with option rights 2021

May 16, 2024 Merus Power's trading service to be deployed for Sallila Energia's energy storage

June 19, 2024 Insider information: Merus Power receives nearly EUR 20 million energy storage order from Alpiq

June 19, 2024 Merus Power's financial guidance for the year 2024 remains unchanged

July 8, 2024 Insider information: Merus Power joins the transformation of steel industry by delivering compensators for green steel production

July 25, 2024 Merus Power provides a compensator worth nearly 4 million euros to Saudi Arabia

August 1, 2024 Merus Power delivers two compensators to support rail traffic in Estonia

August 13, 2024 Insider information, negative profit warning: Merus Power lowers its guidance on EBITDA

August 22, 2024 Merus Power Plc's Half-Year Report January 1-June 30, 2024: Strong order intake – profit remains poor

November 26, 2024 Merus Power's largest battery energy storage system enters the electricity market use

December 4, 2024 Merus Power Plc's responsible auditor changes

December 18, 2024 Insider information: Merus Power delivers battery energy storage to Enertia – contract worth over 4 million euros

December 30, 2024 Changes in the Management Team of Merus Power Plc

Managers' transactions and flagging notifications

January 12, 2024 Merus Power Plc – Manager's transactions, Järvinen

January 12, 2024 Merus Power Plc – Manager's transactions, Antila

March 18, 2024 Merus Power Plc – Managers' transactions, Marttala

April 10, 2024 Merus Power Oyj – Managers' transactions, Sadeharju

May 23, 2024 Merus Power Plc: Notification in accordance with chapter 9, section 10 of the Securities Market Act on a change in holdings – Ahlström Invest B.V.

June 7, 2024 Merus Power Plc: Notification in accordance with chapter 9, section 10 of the Securities Market Act on a change in holdings – Kari Tuomala

June 10, 2024 Merus Power Plc: Notification in accordance with chapter 9, section 10 of the Securities Market Act on a change in holdings – Turret Oy Ab

Key figures

CONSOLIDATED, 1 000 EUROS UNLESS OTHERWISE NOTED	2024	2023	2022
Net sales	35 834	29 031	16 204
Change from previous year	23.4%	79.2%	9.7%
Operating margin (EBITDA)	-798	187	591
% of net sales	-2.2%	0.6%	3.6%
Operating result (EBIT)	−2 055	−509	106
% of net sales	−5.7%	−1.8%	0.7%
Profit (loss) for the financiaal year	−2 654	−798	−108
Earnings per share, diluted, EUR	−0.35	−0.10	−0.01
Earnings per share, undiluted, EUR	−0.34	−0.10	−0.01
Equity per share, EUR	1.24	1.58	1.69
Balance sheet total	26 711	21 189	24 531
Equity	9 533	12 092	12 889
Return on equity, %	−24.5%	−6.4%	−0.8%
Interest-bearing net liabilities	-1 167	1 400	−1 445
Net gearing ratio, %	-12.2%	11.6%	−11.2%
Equity ratio, %	35.7%	57.1%	52.5%
Liquid assets	2 970	2 615	5 287
Cash flow from operating activities	4 978	42	−4 965
Number of shares	7 673 416	7 644 966	7 644 966
Average number of shares	7 659 191	7 644 966	7 644 966
Order book	53 626	33 805	16 884
Orders received	29 953	13 841	9 068
Number of personnel on average	117	88	67

Financial Statements
January **1–December 31, 2024**

Financial Statements 1.1.–31.12.2024

CONSOLIDATED INCOME STATEMENT	1.1.2024-31.12.2024	1.1.2023-31.12.2023
NET SALES	**35 834**	**29 031**
Finished and unfinished products		
Increase (+) or decrease (-) in stocks	1 380	1 859
Manufacture for own use (+)	2 483	1 573
Other operating income	786	154
Materials and services		
Materials, supplies and goods	−22 198	−17 593
Purchases during the financial year	−24 081	−10 948
Increase (+) or decrease (-) in stocks	1 883	−6 644
External services	−6 542	−5 083
Total materials and services	−28 740	−22 675
Personnel expenses		
Wages and salaries	-6 756	−5 239
Social security expenses		
Pension costs	−1 121	−865
Other social security costs	−167	−163
Total personnel costs	−8 044	−6 267
Depreciation, amortization and impairment		
Depreciation according to plan	−1 257	−697
Total depreciations, amortizations and impairment	−1 257	−697
Other operating expenses	−4 498	−3 488
OPERATING PROFIT (LOSS)	**−2 055**	**−509**
Financial income and expenses		
Other interest and financial income	67	12
Impairment losses on financial securities held as current assets	20	21
Interest and other financial expenses	−685	−321
PROFIT BEFORE APPROPRIATIONS AND TAXES	**−2 654**	**−798**
Income taxes	0	0
PROFIT (LOSS) FOR THE FINANCIAL YEAR	**−2 654**	**−798**

CONSOLIDATED BALANCE SHEET	31.12.2024	31.12.2023
ASSETS		
NON-CURRENT ASSETS		
Intangible assets		
Development expenses	3 238	1 995
Intangible rights	35	44
Other intangible assets	1 396	1 494
Total intangible assets	4 669	3 533
Tangible assets		
Connection charges, leased real estate	35	0
Machinery and equipment	240	163
Total tangible assets	275	163
TOTAL NON-CURRENT ASSETS	**4 945**	**3 696**
CURRENT ASSETS		
Inventories		
Raw material and consumables	5,659	3 776
Work in progress	2 361	1 006
Finished goods	1 052	1 027
Advance payments	58	453
Total inventories	9 131	6 263
Short-term receivables		
Trade receivables	4 072	3 097
Saamiset saman konsernin yrityksiltä	2	0
Other receivables	180	11
Deferred assets	5 413	5 507
Total short-term receivables	9 667	8 615
Investments	276	756
Cash and cash equivalents	2 694	1 859
TOTAL CURRENT ASSETS	**21 767**	**17 493**
TOTAL ASSETS	**26 711**	**21 189**

CONSOLIDATED BALANCE SHEET	31.12.2024	31.12.2023
EQUITY AND LIABILITIES		
EQUITY		
Share capital	270	270
Paid in capital (limited liability co.)	17 595	17 501
Total other reserve	17 595	17 501
Retained earnings (loss)	−5 678	−4 880
Profit (loss) for the financial year	−2 654	−798
TOTAL EQUITY	**9 533**	**12 092**
PROVISIONS		
Other provisions	119	142
TOTAL PROVISIONS	**119**	**142**
LIABILITIES		
Non-current liabilities		
Loans from credit institutions	983	1,803
Total non-current liabilities	983	1,803
Current liabilities		
Loans from credit institutions	820	2,213
Advance payments received	4 916	959
Trade payables	9 092	2 730
Other payables	178	206
Accruals	1 070	1 045
Total current liabilities	16 076	7 152
TOTAL LIABILITIES	**17 059**	**8 955**
TOTAL EQUITY AND LIABILITIES	**26 711**	**21 189**

CONSOLIDATED CASH FLOW STATEMENT	31.12.2024	31.12.2023
CASH FLOW FROM OPERATING ACTIVITIES		
Operating profit	−2 055	-509
Adjustments	1 234	672
Change in working capital	6 398	169
Financial income and expenses	−599	−289
Net Cash flow from operating activities	4 978	42
CASH FLOW FROM INVESTING ACTIVITIES		
Investments in tangible and intangible assets	−2 505	−2 887
Net cash flow from investing activities	−2 505	−2 887
Cash flow before financing activities	2 473	−2 845
CASH FLOW FROM FINANCING ACTIVITIES		
Increase/decrease of long-term debts	-820	-663
Increase/decrease of short-term debts	-1 393	836
Shares issue	94	0
NET cash flow from financing activities	-2 118	173
Change of cash and cash equivalents	355	−2 672
Cash and cash equivalents 1.1.*)	2 615	5 287
Cash and cash equivalents 31.12.*)	2 970	2 615

*)Cash and cash equivalents include cash and bank receivables and financial securities

PARENT COMPANY INCOME STATEMENT	1.1.2024-31.12.2024	1.1.2023-31.12.2023
NET SALES	**35 834**	**29 031**
Finished and unfinished products		
increase (+) or decrease (-) in stocks	1 380	1 859
Manufacture for own use (+)	2 483	1 573
Other operating income	786	154
Materials and services		
Materials, supplies and goods	−22 198	−17 593
Purchases during the financial year	−24 081	−10 948
Increase (+) or decrease (-) in stocks	1 883	−6 644
External services	−6 542	−5 083
Total materials and services	−28 740	−22 675
Personnel expenses		
Wages and salaries	−6 707	−5 117
Social security expenses		
Pension costs	−1 121	−865
Other social security expenses	−167	−163
Total personnel expenses	−7 994	−6 144
Depreciation, amortization and impairment		
Depreciation according to plan	-1 257	−697
Total depreciations, amortizations and impairment	-1 257	−697
Other operating expenses	−4 541	−3 614
OPERATING PROFIT (LOSS)	**−2 048**	**−512**
Financial income and expenses		
Other interest and financial income	67	12
Impairment losses on financial securities held as current assets	20	21
Interest and other financial expenses	−685	−321
PROFIT BEFORE APPROPRIATIONS AND TAXES	**−2 647**	**−801**
Income taxes	0	0
PROFIT (LOSS) FOR THE FINANCIAL YEAR	**−2 647**	**−801**

PARENT COMPANY BALANCE SHEET	31.12.2024	31.12.2023
ASSETS		
NON-CURRENT ASSETS		
Intangible assets		
Development expenses	3 238	1 995
Intangible rights	35	44
Other intangible assets	1 396	1 494
Total intangible assets	4 669	3 533
Tangible assets		
Machinery and equipment	240	163
Total tangible assets	240	163
Investments	8	8
TOTAL NON-CURRENT ASSETS	**4 917**	**3 704**
CURRENT ASSETS		
Inventories		
Raw material and consumables	5 659	3 776
Work in progress	2 361	1 006
Finished products	1 052	1 027
Advance payments	58	453
Total inventories	9 131	6 263
Short-term receivables		
Trade receivables	4 072	3 097
Amounts due from Group companies	63	47
Other receivables	168	8
Deferred receivables	5 394	5 462
Total short-term receivables	9 697	8 614
Investments	276	756
Cash and cash equivalents	2 682	1 854
TOTAL CURRENT ASSETS	**21 786**	**17 487**
TOTAL INVESTMENTS	**26 703**	**21 191**

PARENT COMPANY BALANCE SHEET	31.12.2024	31.12.2023
EQUITY AND LIABILITIES		
EQUITY		
Share capital	270	270
Other reserve		
Paid in capital (limited liability co.)	17 595	17 501
Total other reserve	17 595	17 501
Retaines earnings (loss)	−5 693	−4 892
Profit (loss) for the financial year	−2 647	−801
TOTAL EQUITY	**9 525**	**12 077**
PROVISIONS		
Muut pakolliset varaukset	119	142
TOTAL PROVISIONS	**119**	**142**
LIABILITIES		
Non-current liabilities		
Loans from credit institutions	983	1 803
Total non-current liabilities	983	1 803
Current liabilities		
Loans from credit institutions	820	2 213
Advance payments received	4 916	959
Trade payables	9 092	2 746
	0	19
Other payables	178	208
Accruals	1070	1 024
Total current liabilities	16 076	7 168
TOTAL LIABILITIES	**17 059**	**8 971**
TOTAL EQUITY AND LIABILITIES	**26 703**	**21 191**

PARENT COMPANY CASH FLOW STATEMENT	2024	2023
CASH FLOW FROM OPERATING ACTIVITES		
Operating profit	−2 048	−512
Adjustments	1 234	670
Change in working capital	6 350	182
Financial income and expenses	−599	−289
Net Cash flow from operating activities	4 936	51
CASH FLOW FROM INVESTING ACTIVITIES		
Investments in tangible and intangible assets	−2 470	−2 886
NET cash flow from investing activities	−2 470	−2 886
Cash flow before financing activities	−2 466	−2 836
CASH CLOW FROM FINANCING ACTIVITIES		
Increase/decrease of long-term debts	-820	−663
Increase/decrease of short-term debts	-1 393	836
Shares issue	94	0
Net cash flow from financing activities	-2 118	173
Change of cash and cash equivalents	348	−2 663
Cash and cash equivalents 1.1.*)	2 610	5 273
Cash and cash equivalents 31.12.*)	2 958	2 610

*)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 2024 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	2024	2023
Finland	28 700	18 178
Europe	2 712	1 155
Other countries	4 422	9 698
TOTAL	**35 834**	**29 031**
Total net sales	35 834	29 031
Other net sales	26 659	13 932
Net sales according to completion	9 175	15 100
Long-term projects, which are recognized as income during the financial year and previous financial years, but not yet delivered to customers	30 779	21 605

OTHER OPERATING INCOME	2024	2023
Grants received	36	51
Other income	750	103
TOTAL	**786**	**154**

PERSONNEL	2024	2023
Average number of employees during the financial year	117	88
Management salaries and benefits	**2024**	**2023**
CEO	243	216
Board of Directors	103	72
TOTAL	**346**	**288**

OTHER OPERATING EXPENSES	2024	2023
Premises expenses	744	685
Marketing expenses	460	375
R&D expenses	795	704
Auditor's fee		
Audit fee	20	16
Other expenses	2 480	1 707
TOTAL	**4 498**	**3 488**

Notes to the assets and liabilities of the Consolidated Financial Statements

INTANGIBLE ASSETS	2024	2023
Development expenditure		
Acquisition costs as of January 1	1 995	1 308
Additions	2 234	1 262
Depreciation for the financial year	-992	-575
Carrying value December 31	3 238	1 995
Intangible rights		
Acquisition costs as of January 1	65	15
Additions	15	73
Depreciation for the financial year	-28	-23
Carrying value December 31	52	65
Other intangible assets		
Acquisition costs as of January 1	1 472	26
Additions	63	1 497
Depreciation for the financial year	-156	--51
Carrying value December 31	1 380	1 472

TANGIBLE ASSETS	2024	2023
Connection charges, leased real estate		
Acquisition costs as of January 1	0	0
Additions	35	0
Depreciation for the financial year	0	0
Carrying value December 31	35	0
Machinery and equipment		
Acquisition costs as of January 1	163	157
Additions	157	54
Depreciation for the financial year	-80	-48
Carrying value December 31	240	163

SHORT-TERM RECEIVABLES	2024	2023
Significant items of assignments		
Income based on the degree of completion	4 469	5 009
Other receivables	925	453

EQUITY	2024	2023
Share capital January 1	270	270
Share capital December 31	270	270
Reserve for invested free own capital January 1	17 501	17 501
Additions during the financial year	94	0
Reserve for invested free own capital December 31	17 595	17 501
Retained earnings (loss) January 1	-5 678	-4 880
Retained earnings (loss) December 31	-5 678	-4 880
Profit (loss) for the financial year	-2 654	-798
TOTAL EQUITY	9 533	12 092

PROVISIONS	2024	2023
Materials and services		
Materials, supplies and goods		
Purchases during the financial year		
Warranty provisions for long-term projects	119	142

CURRENT LIABILITIES	2024	2023
Specification to accrued liabilities		
Accrued personnel costs	923	824
Other accrued liabilities	147	221

Other notes to Consolidated Financial Statements

Collateral by type and value of debt or lower liability:

Business mortgages given totally EUR 11 400 000 as collateral for commercial guarantee and loans.

Commercial guarantee limit in use EUR 22 279 918 and outstanding long-term loan EUR 1 802 917.

OTHER FINANCIAL LIABILITIES	2024	2023
Premises investments and VAT deductions	325	346
LEASING LIABILITIES	**2024**	**2023**
Due in the next financial year	143	144
Due later	202	333
PREMISES LEASE LIABILITIES	**2024**	**2023**
Due in the next financial year	433	420
Due later	2 510	3 241
LONG-TERM PROJECTS NOT RECOGNIZED AS INCOME	**2024**	**2023**
Entry based on stage of completion	27 792	11 036
Entry based on delivery	2 161	2 805
Total orderbook	29 953	13 841

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	2024	2023
Finland	28 700	18 178
Europe	2 712	1 155
Other countries	4 422	9 698
TOTAL	**35 834**	**29 031**
Total net sales	35 834	29 031
Other net sales	26 659	13 932
Net sales according to completion	9 174	15 100
Long-term projects, which are recognized as income during the financial year and previous financial years, but not yet delivered to customers	30 779	21 605

OTHER OPERATING INCOME	2024	2023
Grants received	36	51
Other income	750	103
TOTAL	**786**	**154**

PERSONNEL	2024	2023
Average number of employees during the financial year	117	87
Management salaries and benefits		
CEO	243	207
Board of Directors	103	72
TOTAL	**346**	**279**

OTHER OPERATING EXPENSES	2024	2023
Premises expenses	736	674
Marketing expenses	460	375
R&D expenses	795	704
Auditors's fee		
Audit fee	20	16
Other services	0	1
Other expenses	2 530	1 844
TOTAL	**4 541**	**3 614**

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

INTANGIBLE ASSETS	2024	2023
Development expenditure		
Acquisition costs as of January 1	1 995	1 308
Additions	2 235	1 262
Depreciation for the financial year	-992	-575
Carrying value December 31	3 238	1 995
Intangible rights		
Acquisition costs as of January 1	65	15
Additions	15	73
Depreciation for the financial year	-28	-23
Carrying value December 31	52	65
Other intangible assets		
Acquisition costs as of January 1	1 472	26
Additions	63	1 497
Depreciation for the financial year	-156	-51
Carrying value December 31	1 380	1 472

TANGIBLE ASSETS	2024	2023
Acquisition costs as of January 1	163	157
Additions	157	54
Depreciation for the financial year	-80	-48
Carrying value December 31	240	163

SHORT-TERM RECEIVABLES	2024	2023
Significant items of assignments		
Income based on degree of completion	4 469	5 009
Other receivables	925	453

EQUITY	2024	2023
Share capital January 1	270	270
Share capital December 31	270	270
Reserve for invested free own capital January 1	17 501	17 501
Additions during the financial year	94	0
Reserve for invested free own capital December 31	17 595	17 501
Retained earnings (loss) January 1	-5 693	-4 892
Retained earnings (loss) December 31	-5 693	-4 892
Profit (loss) for the financial year	-2 647	-801
TOTAL EQUITY	9 525	12 077

CALCULATION OF DISTRIBUTABLE FREE EQUITY BASED ON LIMITED LIABILITIES COMPANIES ACT13:5 §		
Reserve for invested non-restricted equity	17 595	17 501
Profit (loss) from previous financial periods	-5 693	-4 892
Profit (loss) for the financial year	-2 647	-801
Capitalized development expenditure	-3 238	-1 995
Total distributable free equity	6 017	9 812

PROVISIONS	2024	2023
Materials and services		
Material, supplies and goods		
Purchases during the financial year		
Warranty provisions for long-term projects	119	142

CURRENT LIABILITIES	2024	2023
Specification to accrued liabilities		
Accrued personnel costs	923	811
Other accrued liabilities	147	213

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 11 400 000 as collateral for commercial guarantee and loans.

Commercial guarantee limit in use EUR 22 279 918 and outstanding long-term loan EUR 1 802 917.

OTHER FINANCIAL LIABILITIES	2024	2023
Premises investments and VAT deductions	325	346
LEASING LIABILITIES	**2024**	**2023**
Due in the next financial year	143	144
Due later	202	333
PREMISES LEASE LIABILITIES	**2024**	**2023**
Due in the next financial year	433	420
Due later	2 510	3 241
LONG-TERM PROJECTS NOT RECOGNIZED AS INCOME	**2024**	**2023**
Entry based on stage of completion	27 792	11 036
Entry based on delivery	2 161	2 805
Total orderbook	29 953	13 841

Hallituksen ehdotus

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

The company's non-resticted equity is EUR 6 017 247 and the loss for the financial year EUR 2 653 792 .

There are no significant changes in the company's financial position after the end of the finacial 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 period[1)]

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

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

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: Ylöjärvi

Date: February 17, 2025

Vesa Sadeharju
Chair of the Board of Directors

Anne Koutonen
Member of the Board of Directors

Tapani Kiiski
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, Audit company
Jussi Savio
Authorized Public Accountant

Auditor's Report

To the annual general meeting of Merus Power Oyj

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of Merus Power Oyj (business identity code 2230775-9) for the year ended 31 December, 2024. 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
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes 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 compliance with the applicable provision.

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 compliance with the applicable provisions.

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, 17th of February 2025

Moore Idman Oy

Audit company

Electronically signed

Jussi Savio

Authorized Public Accountant

GRI content index **2024**

GRI content index / Merus Power Plc 2024

Merus Power has reported the information cited in this GRI content index for the period 1 January 2024 - 31 December 2024 with reference to the GRI Standards.

GRI 1	GRI 1: Foundation 2021

GRI STANDARD	DISCLOSURE	LOCATION
GRI 2: General Disclosures 2021	2-1 Organizational details	Merus Power Plc, Pallotie 2 33470 Ylöjärvi, Finland
	2-2 Entities included in the organization's sustainability reporting	Factory and head office: Ylöjärvi, Finland. Sales offices: Helsinki, Finland; Germany; Singapore; the United Arab Emirates. Subsidiaries: Merus Power Asia-Pacific PTE. Ltd; Merus Power Hong Kong Ltd; Lempäälän Tasapainotus Ltd
	2-3 Reporting period, frequency and contact point	Year 2024, annually, Risto Laakso
	2-4 Restatements of information	No corrections to previous reports.
	2-5 External assurance	No external audit in use.
	2-6 Activities, value chain and other business relationships	https://meruspower.com/
	2-7 Employees	Table 2-7 Personnel
	2-8 Workers who are not employees	Subcontractors working in design, installation and commissioning.21 persons on the average.
	2-9 Governance structure and composition	https://sijoittajat.meruspower.fi/liiketoiminta/
	2-10 Nomination and selection of the highest governance body	https://sijoittajat.meruspower.fi/sijoittajatietoa/hallinto/yhtiojarjestys/
	2-11 Chair of the highest governance body	https://sijoittajat.meruspower.fi/sijoittajatietoa/hallinto/yhtiojarjestys/
	2-12 Role of the highest governance body in overseeing the management of impacts	https://sijoittajat.meruspower.fi/en/for-investors/governance/board-of-directors/

GRI STANDARD	DISCLOSURE	LOCATION
GRI 2: General Disclosures 2021	2-13 Delegation of responsibility for managing impacts	https://sijoittajat.meruspower.fi/en/for-investors/governance/board-of-directors/
	2-14 Role of the highest governance body in sustainability reporting	Approval of Sustainability Report
	2-15 Conflicts of interest	https://sijoittajat.meruspower.fi/en/for-investors/governance/board-of-directors/
	2-16 Communication of critical concerns	Management review, no reported concerns in 2024.
	2-17 Collective knowledge of the highest governance body	https://sijoittajat.meruspower.fi/en/for-investors/governance/board-of-directors/
	2-18 Evaluation of the performance of the highest governance body	https://sijoittajat.meruspower.fi/en/for-investors/governance/board-of-directors/
	2-19 Remuneration policies	https://sijoittajat.meruspower.fi/en/for-investors/reports-and-presentations/
	2-20 Process to determine remuneration	General Meeting
	2-21 Annual total compensation ratio	25%
	2-22 Statement on sustainable development strategy	https://meruspower.com/
	2-23 Policy commitments	https://meruspower.com/
	2-24 Embedding policy commitments	https://meruspower.com/
	2-25 Processes to remediate negative impacts	Member of producer associations for material recycling
	2-26 Mechanisms for seeking advice and raising concerns	Management review, whistle blowing, close call, personnel satisfaction review, monthly meetings
	2-27 Compliance with laws and regulations	No observations of non-compliance.
	2-28 Membership associations	Finnish Association of Purchasing and Logistics Tampere Chamber of Commerce & Industry The Taxpayers Association of Finland (TAF) Mining Finland Finnish Wind Power Association Sähkösuunnittelijat NSS ry SELT association Finnish-Latin American Business Council Technology Industries of Finland Recser Oy Finnish Clean Energy Association Suomen Yrittäjät
	2-29 Approach to stakeholder engagement	Interviews and surveys for double materiality analysis
	2-30 Collective bargaining agreements	In Finland 100%, others 96%

GRI STANDARD	DISCLOSURE	LOCATION
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Double materiality analysis 2023
	3-2 List of material topics	Double materiality analysis 2023
	3-3 Management of material topics	Double materiality analysis 2023
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Table 201-1
	201-2 Financial implications and other risks and opportunities due to climate change	Double materiality analysis 2023, impact, risks, opportunities
	201-3 Defined benefit plan obligations and other retirement plans	The pension insurance of Merus employees is based on the legislation of each country. In Finland arranged through insurance companies
	201-4 Financial assistance received from government	398 020 EUR
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	Not reported
	202-2 Proportion of senior management hired from the local community	Merus Power's subsidiaries are sales offices employing people with local experience. Merus announces open jobs within the group internally to guarantee equal possibilities to apply.
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	Commercial energy storage project investments in Finland
	203-2 Significant indirect economic impacts	Impact of energy storages on the grid's characteristics
GRI 205: Anti-corruption 2016	204-1 Proportion of spending on local suppliers	Table 201-1
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	Contractor's liability: Responsible partner report and use of service
	205-2 Communication and training about anti-corruption policies and procedures	Merus Power Code of conduct and terms of procurement
	205-3 Confirmed incidents of corruption and actions taken	No reported cases of corruption.
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	No reported legal action

GRI STANDARD	DISCLOSURE	LOCATION
GRI 207: Tax 2019	207-1 Approach to tax	Table 207-1
	207-2 Tax governance, control, and risk management	Not reported.
	207-3 Stakeholder engagement and management of concerns related to tax	Not reported.
	207-4 Country-by-country reporting	Finland, Singapore
GRI 301: Materials 2016	301-1 Materials used by weight or volume	61 425 kg (A2 raw materials) ; others 748 397 kg
	301-2 Recycled input materials used	Excluded from this report.
	301-3 Reclaimed products and their packaging materials	Excluded from this report.
GRI 302: Energy 2016	302-1 Energy consumption within the organization	640 MWh / a (GHG, Scope 2, year 2023, Merus estimate)
	302-2 Energy consumption outside of the organization	5 559 MWh / a (GHG, Scope 2, year 2023, Merus estimate)
	302-3 Energy intensity	191 Wh / EUR (GHG, year 2023, Merus estimate)
	302-4 Reduction of energy consumption	Excluded from this report.
	302-5 Reductions in energy requirements of products and services	Excluded from this report.
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Excluded from this report.
	303-2 Management of water discharge-related impacts	Excluded from this report.
	303-3 Water withdrawal	Excluded from this report.
	303-4 Water discharge	Excluded from this report.
	303-5 Water consumption	552 m^3/year (Pallotie water bill)

GRI STANDARD	DISCLOSURE	LOCATION
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Excluded from this report.
	304-2 Significant impacts of activities, products and services on biodiversity	Excluded from this report.
	304-3 Habitats protected or restored	Excluded from this report.
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	Excluded from this report.
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	0 kg CO_2e (self-produced energy, company vehicles)
	305-2 Energy indirect (Scope 2) GHG emissions	75 000 kgCO_2e (procured energy)
	305-3 Other indirect (Scope 3) GHG emissions	16 404 000 kgCO_2e (use of products, manufacturing of products, etc.)
	305-4 GHG emissions intensity	0.6 kg CO_2e/EUR
	305-5 Reduction of GHG emissions	50%
	305-6 Emissions of ozone-depleting substances (ODS)	Excluded from this report.
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Excluded from this report.
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Package waste from production (mainly cardboard).
	306-2 Management of significant waste-related impacts	Lassila&Tikanoja Oy statistics
	306-3 Waste generated	23 t (Pallotie factory)
	306-4 Waste diverted from disposal	15 t
	306-5 Waste directed to disposal	8 t
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	Survey to supply chain accomplished.
	308-2 Negative environmental impacts in the supply chain and actions taken	Survey accomplished regarding minerals from conflict-areas. Part of subcontractors changed based on customer's demands.
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Table 401-1
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	All except Epassi.
	401-3 Parental leave	Female 0, male 5, 100%.

GRI STANDARD	DISCLOSURE	LOCATION
GRI 402: Labor/Management Relations 2016	402-1 Minimum notice periods regarding operational changes	Five days, according to co-operation act.
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	ISO 45001
	403-2 Hazard identification, risk assessment, and incident investigation	Systematic risk evaluation, safety walk, site-specific evaluations.
	403-3 Occupational health services	An action plan of occupational health care has been carried out in the company providing statutory preventive health care services and general practisioner level medical treatment including treatment and tracking of illnesses with necessary medical examinations and minor treatment at the health care center. Workplace survey carried out at Ylöjärvi factory
	403-4 Worker participation, consultation, and communication on occupational health and safety	Annual occupational health survey, performance and career development reviews
	403-5 Worker training on occupational health and safety	Table 2-7
	403-6 Promotion of worker health	Epassi in use. The personnel's psychological wellbeing is supported by offering the employees low-threshold access to the services of an occupational health physician and psychologist. Special attention has been paid to work ergonomics and the personnel's physical work ability and work ergonomics is supported in cooperation with an occupational physiotherapist. The personnel's work ability is also supported by advancing supervisory work with preventive measures supporting work ability and with bringing issues up actively. Close cooperation is done with occupational health care in order to identify changes in work ability as early as possible and plan the necessary measures accordingly. Special attention is further paid to exposure agents, the prevention of accidents, and safety at work. Eye protection glasses and noise cancelling headphones for workers. Meal benefit with e-passi in use.
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Cooperation with suppliers, reporting and audits
	403-8 Workers covered by an occupational health and safety management system	ISO 45001 occupational health and safety management system covers the operation of the entire organization.
	403-9 Work-related injuries	Table 403-9
	403-10 Work-related ill health	Table 403-10
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Table 404-1
	404-2 Programs for upgrading employee skills and transition assistance programs	Development plan (MP163_Development plan for the work community)
	404-3 Percentage of employees receiving regular performance and career development reviews	Performance and career development reviews 95% / 2024
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Table 405-1
	405-2 Ratio of basic salary and remuneration of women to men	Not reported.

GRI STANDARD	DISCLOSURE	LOCATION
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Equality and non-discrimination as well as righteous and fair treatment are important for us at Merus. According to our values and ethical operating principles , we respect every employee's human dignity, privacy and rights and do not tolerate any kind of dsicrimination, threatening, harassment, insults, bullying or other inappropriate behavior at workplace. The company has a directive for unfair treatment and harassment, which describes the procedure for handling unwanted behavior and creates the personnel good possibilities to succeed in their work and do it in a homely and safe working environment. (MP157_Inappropriate behavior and harassment at work place).
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Supply chains outside Europe.
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	Supply chains outside Europe.
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Supply chains outside Europe.
GRI 410: Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures	Excluded from this report
GRI 411: Rights of Indigenous Peoples 2016	411-1 Incidents of violations involving rights of indigenous peoples	No reported cases.
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Action required by construction permit
	413-2 Operations with significant actual and potential negative impacts on local communities	Action required by construction permit.
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	Excluded from this report
	414-2 Negative social impacts in the supply chain and actions taken	Conflict minerals survey carried out in the supply chain of electronics for active harmonic filters. Part of the subcontractors changed according to the customer's demand.
GRI 415: Public Policy 2016	415-1 Political contributions	No.
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	No violations of regulations relating to health, safety or other product information nor customer information were detected during the reporting period.
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	No reported cases.
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	Merus Power's products must have labels and markings required by legislation and safety instructions for electronic equipment and critical infrastructure. Use of the products requires familiarization and user training, and no outsiders or untrained persons are allowed near them.
	417-2 Incidents of non-compliance concerning product and service information and labeling	No demands for correction to the markings being used have been presented during the reporting period.
	417-3 Incidents of non-compliance concerning marketing communications	No reported cases.
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	No reported cases.

Approach to tax

GRI 207-1

SUMMARY	2024 (EUR)	2023 (EUR)	2022 (EUR)
Taxes borne			
Corporate income tax	0		0
Employment taxes and payments	1 878 307	1 433 835	1 052 451
Other taxes			
Total taxes borne	**1 878 307**	**1 433 835**	**1 052 451**
Taxes collected			
Net VAT	3 210 358	−278 584	−1 280 107
Payroll taxes	1 720 987	1 320 184	922 790
Withholding taxes	0		0
Total taxes collected	**4 931 345**	**1 041 600**	**−357 318**
Total tax footprint	**6 809 652**	**2 475 435**	**695 133**

Personnel

GRI 2-7 and 405-1

NUMBER OF EMPLOYEES	2024	2023	2022
31 December	127	97	69
Average number of employees	117	88	68
NUMBER OF EMPLOYEES BY OFFICE DEC. 31	**2024**	**2023**	**2022**
Ylöjärvi	114	86	62
Helsinki	11	8	4
Singapore	0	1	1
Germany	1	1	1
United Arab Emirates	1	1	1
WORKFORCE BY EMPLOYMENT CONTRACT AND TYPE DEC. 31			
Permanent	86.6%	90.7%	84.1 %
Fixxed-term	94.5%	91.8%	97.1 %
WORKFORCE BY GENDER DEC. 31			
Female	19	14	9
Male	108	83	60
EMPLOYEE CATEGORY DEC. 31			
Management	9	10	9
White collar	97	69	49
Blue collar	21	18	11
AGE DISTRIBUTION DEC. 31			
Under 30 yrs	44	26	16
30-50 yrs	58	52	39
Over 50 yrs	25	19	14

Total number and rate of new permanent employee hires and employee turnover

GRI 401-1

	2024	2023	2022
New employee hires	**32.3%**	**39.2%**	**39.1%**
Female	9	8	2
Male	32	30	25
Under 30 yrs	24	19	12
30-50 yrs	12	17	8
Over 50 yrs	5	2	7
Employees leaving	**11.8%**	**8.2%**	**24.6%**
Female	5	3	2
Male	10	5	15
Under 30 yrs	7	6	10
30-50 yrs	5	2	4
Over 50 yrs	3	0	3
Departure turnover	**44.1%**	**47.4%**	**63.8%**

Key occupational health and safety figures

GRI 403-9 and 403-10

INJURIES AND OCCUPATIONAL DISEASES	2024	2023	2022
Fatal accidents	0	0	0
Occupational accidents and accidents on the way to or from work	5	5	1
Accident frequency	0	0	0
Occupational diseases	0	0	0
Occupational diseases	0	0	0
Lost time (days) due to occupational accidents, accidents on the way to or from work or occupational diseases	0	0	0
Per employee	0	0	0
ABSENSE FROM WORK			
Total absense days	643	483	467
Average of absense days per employee	5.6	5.5	6.9
Absense from work percentage	2.5%	2.5%	3.1%

Training hours
GRI 404-1

EDUCATIONAL BACKGROUND OF PERSONNEL	2024	2023	2022
Graduate degree/student	49	44	33
Bachelor's degree/student	39	31	21
Vocational college or similar	30	22	15
Other education	9	18	11
TRAINING HOURS			
Days of training	169	147	108
Days of training per person	1	2	2
Hours of training	1 269	1 102	808
Female	254	333	41.5
Male	1 015	669	766
Hours of training per person	10	11	12
PERCENTAGE OF EMPLOYEES WHO RECEIVED A REGULAR PERFORMANCE AND CAREER DEVELOPMENT REVIEW	**100.0%**	**100.0%**	**100.0%**

Economic value added

GRI 201-1

STAKEHOLDERS	DESCRIPTION	2024 (EUR)	2023 (EUR)	2022 (EUR)
Customers	Net sales	35 833 967	28 954 082	16 203 835
Direct economic value generated and distributed		**35 833 967**	**28 954 082**	**16 203 835**
Suppliers	Purchased goods, materials and services	28 740 194	22 677 690	9 625 268
	Finland	41%	54%	30%
Employees	Obligatory and voluntary personnel costs	8 534 828	6 411 143	4 717 292
Producers of assets	Financial income and expenses	-598 946	−288 809	−214 525
Public sector	Indirect taxes and vehicle taxes	0	0	0
Communities	Donations	0	0	0
Distribution of economic value		**36 676 076**	**29 377 642**	**14 557 084**
Preservation of economic value		**-842 109**	**−423 560**	**1 646 750**

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Y-tunnus 2230775-9