

MERUS POWER

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INDERES CORPORATE CUSTOMER
COMPANY REPORT



Orders point to slowdown in growth

Merus Power's announced orders for 2025 do not support continued rapid growth in the short term, which is why we have reduced our forecasts, particularly for 2026. For now, relatively high valuation multiples and hard-to-predict earnings are putting pressure on the risk/reward ratio. The stock would look more attractive if the company could pull up a profitability turn-around and show that the internationalization of its energy storage business progresses sustainably. We reiterate our Reduce recommendation and lower our target price to EUR 4.5 due to estimate revisions (previously EUR 5.0).

Order development does not support continued strong growth in 2026

The company's revenue growth has been rapid in recent years, but according to our estimates, it appears to be slowing down in 2026 in the absence of major order announcements in H1. We estimate that the total value of orders announced by the company in 2025 would have been approximately 43 MEUR, which is a decrease of approximately 13% compared to the corresponding figure for 2024. We estimate the order book to be 30 MEUR at the end of 2025 (the same level as in 2024). According to our estimates, the lower order intake concerns energy storage systems slightly more than energy quality solutions, which is partly due to the strong comparison figures for energy storage system orders in 2024.

Slower growth does not preclude improved profitability

In light of weaker-than-expected order intake, we reduced our 2026 revenue estimate by 8%. We estimate that the company will be able to grow revenue by an additional 6% in 2026, provided that it experiences moderate sales success during the first half of the year. The EBITDA estimate decreased from 3.3 MEUR to 2.5 MEUR, which represents a relatively high decrease of 24%. Nevertheless, we anticipate an improvement in profitability compared to 2025, as the operations of the young, rapidly growing organization become more efficient. It must be

noted, however, that deliveries to the new market in Poland will moderately increase the risk of cost overruns, as the new operating environment and different regulatory requirements may cause additional work or surprises in the first projects.

Strong growth expected to continue in the long term

Our long-term estimates changed more moderately, as we expect the company to return to rapid growth starting in 2027. Market demand for electricity storage is growing rapidly, though continued favorable trend also requires a pickup in renewable energy investments. In addition, Merus Power can accelerate growth by expanding sales to new markets. In fall 2025, the company received two small energy storage orders from Poland, marking an important strategic step in the internationalization of the energy storage business.

High valuation multiples require further evidence of profitability turnaround

Merus Power has successfully capitalized on the rapid growth of the energy storage market and multiplied its revenue since going public in 2021. If the company could raise its profitability closer to its target (EBITDA 15%), we believe that the share price would have considerable upside. However, we consider the industry to be highly competitive and to have low margins, so we believe that achieving the profitability levels we have estimated for the coming years would already constitute good performance (2027e EBITDA: 6.9%, EBIT 4.3%). Potential fluctuations in investment-driven demand also make determining a sustainable level of earnings difficult, which increases the investment's risk profile. The performance-based valuation is high due to the development phase (2027e EV/EBIT: ~18x). The risk-reward ratio is therefore not yet sufficiently attractive in the current situation. Evidence of a turnaround in profitability and stronger order growth could change the valuation picture in a positive scenario during 2026.

Recommendation

Reduce

(was Reduce)

Business risk



Target price:

EUR 4.50

(was EUR 5.00)

Valuation risk



Share price:

EUR 4.40

	2024	2025e	2026e	2027e
Revenue	35.8	45.9	48.6	59.3
growth-%	23%	28%	6%	22%
EBIT adj.	-2.1	0.3	0.7	2.1
EBIT-% adj.	-5.7 %	0.7 %	1.5 %	3.5 %
Net Income	-2.7	-0.8	-0.2	1.3
EPS (adj.)	-0.35	-0.10	-0.02	0.16

P/E (adj.)	neg.	neg.	neg.	27.4
P/B	3.0	3.3	3.4	3.0
Dividend yield-%	0.0 %	0.0 %	0.0 %	0.0 %
EV/EBIT (adj.)	neg.	>100	52.5	18.0
EV/EBITDA	neg.	18.7	15.0	9.3
EV/S	0.8	0.8	0.8	0.6

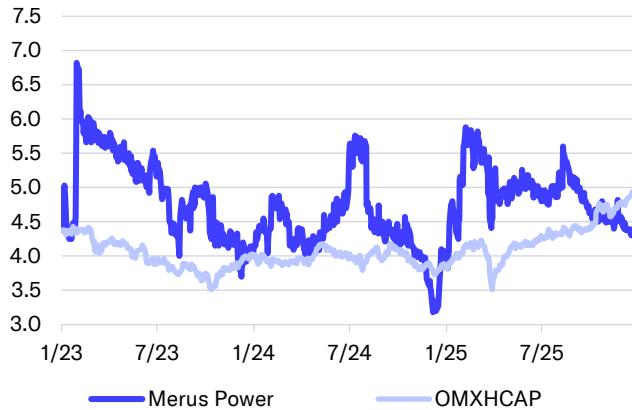
Source: Inderes

Guidance

(Unchanged)

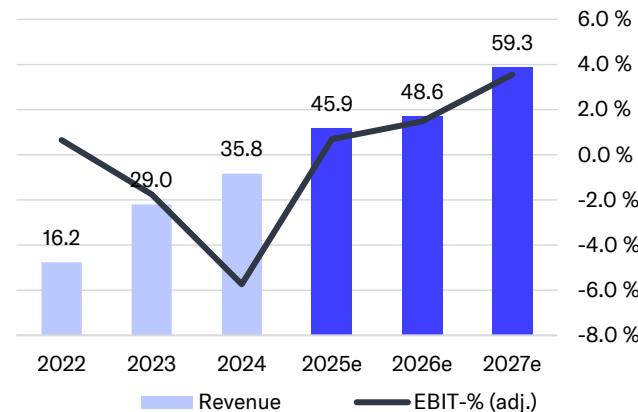
Merus Power estimates that in 2025 the company's revenue will increase strongly compared to 2024. EBITDA is estimated to be 1.3 MEUR.

Share price



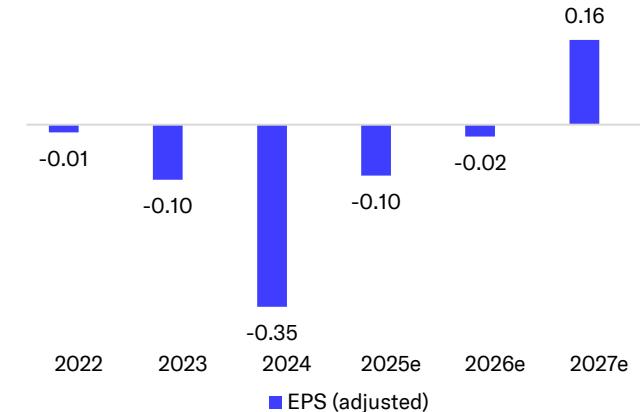
Source: Millistream Market Data AB

Revenue and EBIT-% (adj.)



Source: Inderes

Earnings per share



Source: Inderes

Value drivers

- Rapidly growing end markets due to the energy system transformation
- Specialized technological expertise
- Rapid strengthening of the organization and resources
- Revenue growth brings economies of scale and supports profitability in the medium term

Risk factors

- Long-term profitability levels involve uncertainty due to the development phase of the energy storage business and the market
- The business's composition of large deliveries brings volatility to revenue development
- Fluctuations in investment-driven demand
- Growth has burdened the balance sheet as the profitability turnaround has been delayed

Valuation	2025e	2026e	2027e
Share price	4.40	4.40	4.40
Number of shares, millions	8.12	8.12	8.12
Market cap	36	36	36
EV	36	38	38
P/E (adj.)	neg.	neg.	27.4
P/E	neg.	neg.	27.4
P/B	3.3	3.4	3.0
P/S	0.8	0.7	0.6
EV/Sales	0.8	0.8	0.6
EV/EBITDA	18.7	15.0	9.3
EV/EBIT (adj.)	>100	52.5	18.0
Payout ratio (%)	0.0 %	0.0 %	0.0 %
Dividend yield-%	0.0 %	0.0 %	0.0 %

Source: Inderes

Estimate reductions most clearly focused on 2026

Estimate revisions

- We cut our 2026 revenue estimate by 8% in light of weaker-than-expected order development. Order contracts are often signed around the turn of the year, but there were no announcements this time.
- We anticipate that the company will be able to grow revenue by a moderate 6% in 2026, assuming moderate sales success during the first half of the year. For example, in energy storage, the company would still need an additional 6 MEUR revenue from new orders during 2026 for our estimated 6% growth to materialize.
- Our 2026 EBITDA estimate decreased from 3.3 MEUR to 2.5 MEUR, representing a relatively high 24% decrease but still an improvement compared to 2025 (EBITDA estimate 2.0 MEUR).
- We estimate that profitability will continue to improve as the organization's operations, which have grown rapidly in recent years, become more efficient through learning and repetition. It must be noted, however, that deliveries to the new market in Poland will moderately increase the risk of cost overruns, as the new operating environment and different regulatory requirements may cause additional work or surprises in the first projects.
- We expect revenue growth to accelerate again to 22% in 2027. Growth may depend on winning large individual orders, making estimation difficult.
- We slightly raised our financial cost estimates due to the 5 MEUR loan agreement that the company signed in November 2025.

Estimate revisions

Estimate revisions	2025e	2025e	Change	2026e	2026e	Change	2027e	2027e	Change
MEUR / EUR	Old	New	%	Old	New	%	Old	New	%
Revenue	45.9	45.9	0%	52.7	48.6	-8%	61.7	59.3	-4%
EBITDA	2.0	2.0	0%	3.3	2.5	-24%	4.7	4.1	-13%
EBIT (exc. NRIs)	0.3	0.3	0%	1.5	0.7	-52%	2.7	2.1	-22%
EBIT	0.3	0.3	0%	1.5	0.7	-52%	2.7	2.1	-22%
PTP	-0.7	-0.8	-7%	0.7	-0.2	-125%	2.1	1.3	-38%
EPS (excl. NRIs)	-0.09	-0.10	-7%	0.09	-0.02	-125%	0.26	0.16	-38%
DPS	0.00	0.00		0.00	0.00		0.00	0.00	

Source: Inderes

Expectations for H2'25

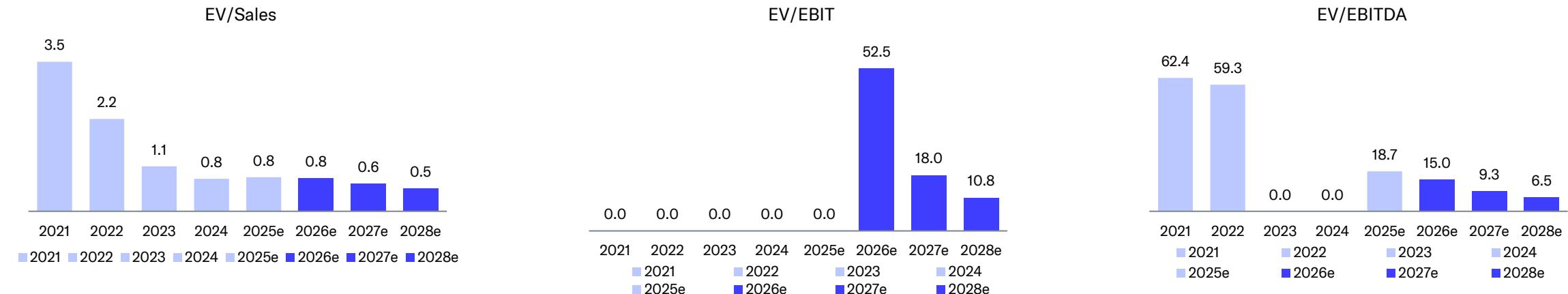
Estimates	H2'24	H2'25	H2'25e	2025e
MEUR / EUR	Comparison	Actualized	Inderes	Inderes
Revenue	29.2		20.9	45.9
Order book	30.0		29.7	29.7
EBITDA	2.6		1.6	2.0
EBIT	2.0		0.8	0.3
PTP	1.7		0.4	-0.8
EPS (reported)	0.22		0.05	-0.10
DPS	0.00		0.00	0.00
Revenue growth-%	88.5 %		-28.2 %	28.0 %
EBIT-%(adj.)	6.7 %		3.9 %	0.7 %

Source: Inderes

Valuation table

Valuation	2020	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Share price		7.70	4.77	3.82	3.71	4.40	4.40	4.40	4.40
Number of shares, millions		6.53	7.64	7.64	7.67	8.12	8.12	8.12	8.12
Market cap		59	36	29	28	36	36	36	36
EV		52	35	31	27	36	38	38	36
P/E (adj.)		neg.	neg.	neg.	neg.	neg.	neg.	27.4	12.8
P/E		neg.	neg.	neg.	neg.	neg.	neg.	27.4	12.8
P/B		4.5	2.8	2.4	3.0	3.3	3.4	3.0	2.4
P/S		4.0	2.3	1.0	0.8	0.8	0.7	0.6	0.5
EV/Sales		3.5	2.2	1.1	0.8	0.8	0.8	0.6	0.5
EV/EBITDA		62.4	59.3	>100	neg.	18.7	15.0	9.3	6.5
EV/EBIT (adj.)		>100	>100	neg.	neg.	>100	52.5	18.0	10.8
Payout ratio (%)		0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Dividend yield-%		0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %

Source: Inderes



The market cap and enterprise value in the table consider the expected change in the number of shares and net debt for the forecast years.

Peer group valuation

Peer group valuation Company	Market cap MEUR	EV MEUR	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%		P/B 2025e
			2025e	2026e	2025e	2026e	2025e	2026e	2025e	2026e	2025e	2026e	
Sinexcel Electric	1592	1528	56.0	35.0	16.6	14.1	2.9	2.5	20.8	17.3	1.7	2.0	4.8
Alfen	229	260	33.6	22.5	9.2	7.9	0.6	0.5	49.6	34.2			1.5
ABB	118944	121107	20.8	18.9	18.5	17.0	3.9	3.7	25.2	24.3	1.5	1.6	7.4
Schneider Electric	135883	147301	18.8	16.8	15.7	14.2	3.5	3.2	24.0	20.9	1.9	2.1	4.0
Wärtsilä	19071	17651	19.7	18.2	16.6	15.5	2.4	2.2	28.8	26.4	1.7	1.9	5.9
Fluence Energy	3644	3471		54.9	83.3	29.4	1.2	1.0		78.9			8.1
Merus Power (Inderes)	36	36	114.8	52.5	18.7	15.0	0.8	0.8	-45.7	-195.0	0.0	0.0	3.3
Average			29.8	27.7	26.6	16.3	2.4	2.2	29.6	33.7	1.7	1.9	5.3
Median			20.8	20.7	16.6	14.9	2.6	2.3	25.2	25.4	1.7	1.9	5.3
Diff-% to median			453%	154%	13%	1%	-70%	-67%	-281%	-869%	-100%	-100%	-38%

Source: Refinitiv / Inderes

Growth companies similar to Merus Power in the group include Sinexcel Electric, Alfen, and Fluence Energy, although these companies are clearly larger than Merus Power. More established players in the group include ABB, Schneider Electric and Wärtsilä.

Income statement

Income statement	2023	H1'24	H2'24	2024	H1'25	H2'25e	2025e	2026e	2027e	2028e
Revenue	29.0	6.7	29.2	35.8	24.9	20.9	45.9	48.6	59.3	67.6
Group	29.0	6.7	29.2	35.8	24.9	20.9	45.9	48.6	59.3	67.6
EBITDA	0.2	-3.4	2.6	-0.8	0.3	1.6	2.0	2.5	4.1	5.6
Depreciation	-0.7	-0.6	-0.7	-1.3	-0.8	-0.8	-1.6	-1.8	-2.0	-2.3
EBIT (excl. NRI)	-0.5	-4.0	2.0	-2.1	-0.5	0.8	0.3	0.7	2.1	3.4
EBIT	-0.5	-4.0	2.0	-2.1	-0.5	0.8	0.3	0.7	2.1	3.4
Group	-0.5	-4.0	2.0	-2.1	-0.5	0.8	0.3	0.7	2.1	3.4
Share of profits in assoc. compan.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net financial items	-0.3	-0.3	-0.3	-0.6	-0.7	-0.4	-1.1	-0.9	-0.8	-0.6
PTP	-0.8	-4.3	1.7	-2.7	-1.2	0.4	-0.8	-0.2	1.3	2.8
Taxes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net earnings	-0.8	-4.3	1.7	-2.7	-1.2	0.4	-0.8	-0.2	1.3	2.8
EPS (adj.)	-0.10	-0.56	0.22	-0.35	-0.14	0.05	-0.10	-0.02	0.16	0.34
EPS (rep.)	-0.10	-0.56	0.22	-0.35	-0.14	0.05	-0.10	-0.02	0.16	0.34
Key figures	2023	H1'24	H2'24	2024	H1'25	H2'25e	2025e	2026e	2027e	2028e
Revenue growth-%	79.2 %	-50.8 %	88.5 %	23.4 %	273.8 %	-28.2 %	28.0 %	6.0 %	22.0 %	14.0 %
Adjusted EBIT growth-%	-582.1 %	463.9 %	876.5 %	302.3 %	-87.8 %	-58.7 %	-115.5 %	125.5 %	193.7 %	60.6 %
EBITDA-%	0.6 %	-51.1 %	8.9 %	-2.2 %	1.3 %	7.8 %	4.3 %	5.2 %	6.9 %	8.3 %
Adjusted EBIT-%	-1.8 %	-60.1 %	6.7 %	-5.7 %	-2.0 %	3.9 %	0.7 %	1.5 %	3.5 %	5.0 %
Net earnings-%	-2.8 %	-64.8 %	5.7 %	-7.4 %	-4.7 %	1.9 %	-1.7 %	-0.4 %	2.2 %	4.1 %

Source: Inderes

Balance sheet

Assets	2023	2024	2025e	2026e	2027e
Non-current assets	3.7	4.9	6.3	6.5	6.6
Goodwill	0.0	0.0	0.0	0.0	0.0
Intangible assets	3.5	4.7	5.0	5.2	5.3
Tangible assets	0.2	0.2	1.2	1.2	1.2
Associated companies	0.0	0.0	0.0	0.0	0.0
Other investments	0.0	0.0	0.0	0.0	0.0
Other non-current assets	0.0	0.0	0.0	0.0	0.0
Deferred tax assets	0.0	0.0	0.0	0.0	0.0
Current assets	17.5	21.8	27.7	28.8	34.3
Inventories	6.3	9.1	11.9	12.6	15.3
Other current assets	0.0	0.0	0.0	0.0	0.0
Receivables	8.6	9.7	12.4	12.9	15.4
Cash and equivalents	2.6	3.0	3.4	3.3	3.6
Balance sheet total	21.2	26.7	34.0	35.2	40.9

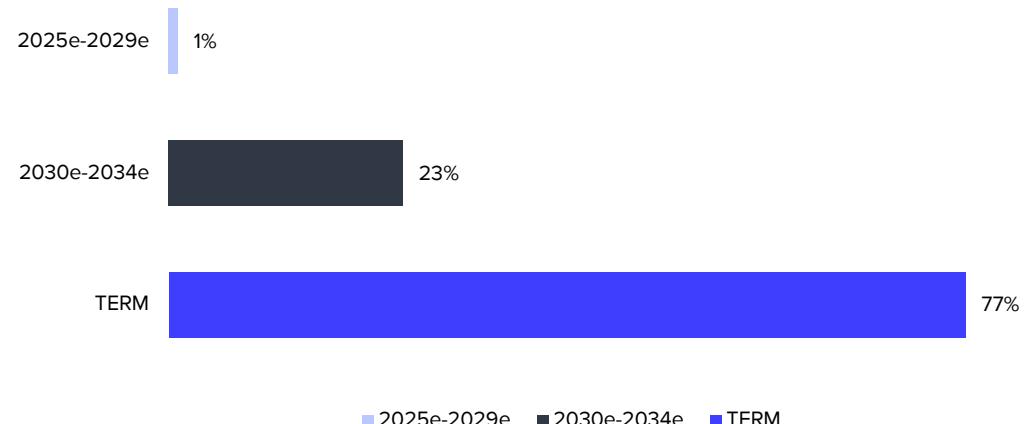
Source: Inderes

Liabilities & equity	2023	2024	2025e	2026e	2027e
Equity	12.1	9.5	10.8	10.6	11.9
Share capital	17.8	17.9	19.9	19.9	19.9
Retained earnings	-5.7	-8.3	-9.1	-9.3	-8.0
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	0.0	0.0	0.0	0.0	0.0
Other equity	0.0	0.0	0.0	0.0	0.0
Minorities	0.0	0.0	0.0	0.0	0.0
Non-current liabilities	1.9	1.1	2.6	3.3	3.6
Deferred tax liabilities	0.0	0.0	0.0	0.0	0.0
Provisions	0.1	0.1	0.1	0.1	0.1
Interest bearing debt	1.8	1.0	2.5	3.1	3.5
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	0.0	0.0	0.0	0.0	0.0
Current liabilities	7.2	16.1	20.6	21.4	25.3
Interest bearing debt	2.2	0.8	1.7	2.1	2.3
Payables	4.9	15.3	18.9	19.3	23.0
Other current liabilities	0.0	0.0	0.0	0.0	0.0
Balance sheet total	21.2	26.7	34.0	35.2	40.9

DCF-calculation

DCF model	2024	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	TERM
Revenue growth-%	23.4 %	28.0 %	6.0 %	22.0 %	14.0 %	10.0 %	10.0 %	10.0 %	10.0 %	10.0 %	3.0 %	3.0 %
EBIT-%	-5.7 %	0.7 %	1.5 %	3.5 %	5.0 %	5.0 %	5.0 %	5.0 %	5.0 %	5.0 %	5.0 %	5.0 %
EBIT (operating profit)	-2.1	0.3	0.7	2.1	3.4	3.7	4.1	4.5	5.0	5.4	5.6	
+ Depreciation	1.3	1.6	1.8	2.0	2.3	2.5	2.7	2.8	2.8	2.8	2.9	
- Paid taxes	0.0	0.0	0.0	0.0	0.0	-0.6	-0.7	-0.9	-1.0	-1.1	-1.1	
- Tax, financial expenses	0.0	0.0	0.0	0.0	0.0	-0.1	-0.1	0.0	0.0	0.0	0.0	
+ Tax, financial income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Change in working capital	6.4	-1.8	-0.8	-1.5	-1.1	-0.9	-0.6	-0.8	-0.9	-1.0	-0.4	
Operating cash flow	5.6	0.1	1.7	2.5	4.6	4.6	5.4	5.5	5.9	6.2	7.0	
+ Change in other long-term liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-2.5	-3.0	-2.0	-2.1	-2.4	-2.6	-2.9	-2.9	-2.9	-2.9	-3.2	
Free operating cash flow	3.1	-2.9	-0.3	0.5	2.2	2.0	2.6	2.7	3.0	3.4	3.7	
+/- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	3.1	-2.9	-0.3	0.5	2.2	2.0	2.6	2.7	3.0	3.4	3.7	61.9
Discounted FCFF		-2.9	-0.2	0.4	1.7	1.4	1.7	1.6	1.6	1.7	1.7	28.0
Sum of FCFF present value	36.6	39.5	39.7	39.3	37.6	36.3	34.6	33.0	31.4	29.7	28.0	
Enterprise value DCF	36.6											
- Interest bearing debt	-1.8											
+ Cash and cash equivalents	3.0											
-Minorities	0.0											
-Dividend/capital return	0.0											
Equity value DCF	37.7											
Equity value DCF per share	4.7											

Cash flow distribution

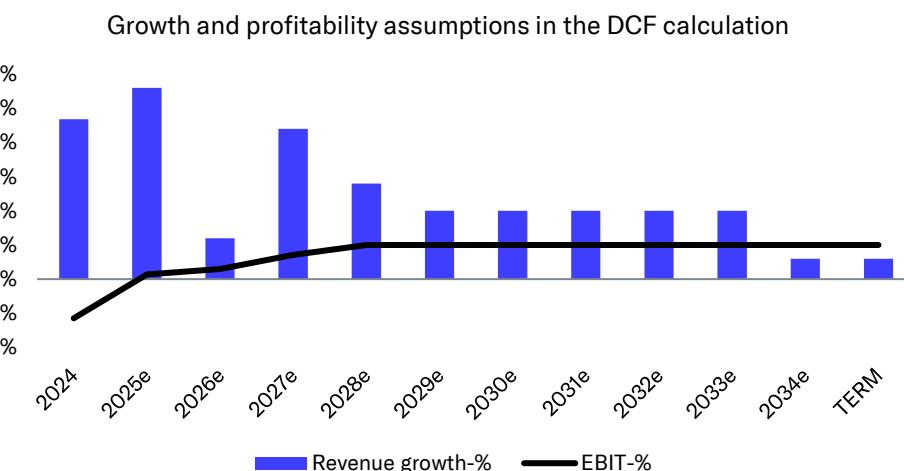
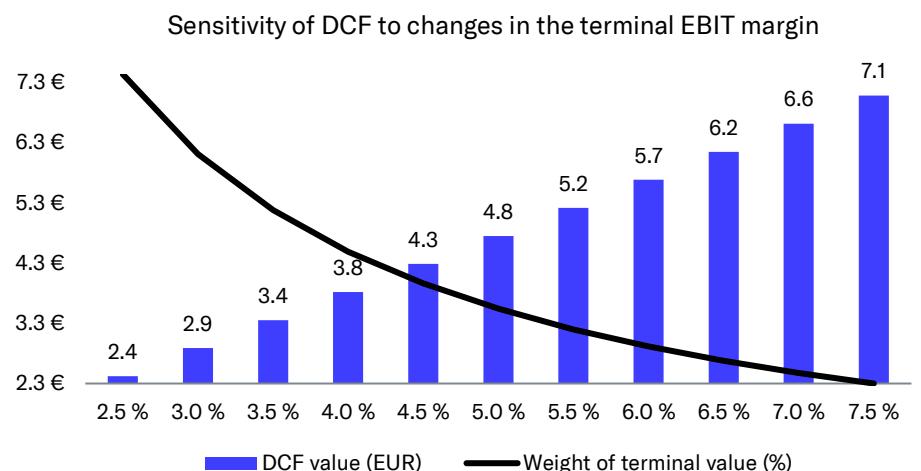
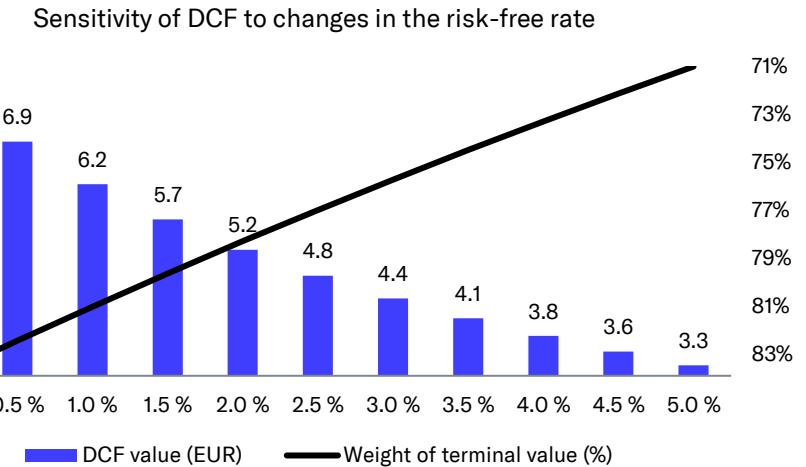
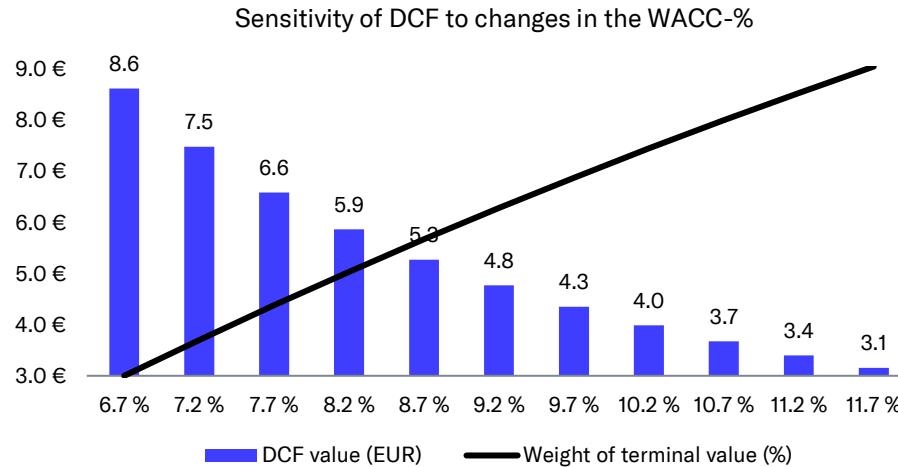


WACC

Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E))	15.0 %
Cost of debt	3.0 %
Equity Beta	1.25
Market risk premium	4.75%
Liquidity premium	2.00%
Risk free interest rate	2.5 %
Cost of equity	10.4 %
Weighted average cost of capital (WACC)	9.2 %

Source: Inderes

DCF sensitivity calculations and key assumptions in graphs



Summary

Income statement	2022	2023	2024	2025e	2026e	Per share data	2022	2023	2024	2025e	2026e
Revenue	16.2	29.0	35.8	45.9	48.6	EPS (reported)	-0.01	-0.10	-0.35	-0.10	-0.02
EBITDA	0.6	0.2	-0.8	2.0	2.5	EPS (adj.)	-0.01	-0.10	-0.35	-0.10	-0.02
EBIT	0.1	-0.5	-2.1	0.3	0.7	OCF / share	-0.62	0.05	0.73	0.01	0.21
PTP	-0.1	-0.8	-2.7	-0.8	-0.2	OFCF / share	-0.72	-0.33	0.40	-0.36	-0.03
Net Income	-0.1	-0.8	-2.7	-0.8	-0.2	Book value / share	1.69	1.58	1.24	1.32	1.30
Extraordinary items	0.0	0.0	0.0	0.0	0.0	Dividend / share	0.00	0.00	0.00	0.00	0.00
Balance sheet	2022	2023	2024	2025e	2026e	Growth and profitability	2022	2023	2024	2025e	2026e
Balance sheet total	24.5	21.2	26.7	34.0	35.2	Revenue growth-%	10%	79%	23%	28%	6%
Equity capital	12.9	12.1	9.5	10.8	10.6	EBITDA growth-%	-29%	-69%	-530%	-344%	29%
Goodwill	0.0	0.0	0.0	0.0	0.0	EBIT (adj.) growth-%	-68%	-582%	302%	-115%	126%
Net debt	-1.4	1.4	-1.2	0.8	2.0	EPS (adj.) growth-%	-90%	626%	231%	-72%	-77%
Cash flow	2022	2023	2024	2025e	2026e	EBITDA-%	3.6 %	0.6 %	-2.2 %	4.3 %	5.2 %
EBITDA	0.6	0.2	-0.8	2.0	2.5	EBIT (adj.)-%	0.7 %	-1.8 %	-5.7 %	0.7 %	1.5 %
Change in working capital	-5.4	0.2	6.4	-1.8	-0.8	EBIT-%	0.7 %	-1.8 %	-5.7 %	0.7 %	1.5 %
Operating cash flow	-4.8	0.4	5.6	0.1	1.7	ROE-%	-0.8 %	-6.4 %	-24.5 %	-7.7 %	-1.7 %
CAPEX	-0.8	-2.9	-2.5	-3.0	-2.0	ROI-%	0.6 %	-3.1 %	-15.0 %	2.4 %	4.7 %
Free cash flow	-5.5	-2.6	3.1	-2.9	-0.3	Equity ratio	52.5 %	57.1 %	35.7 %	31.6 %	30.0 %
						Gearing	-11.2 %	11.6 %	-12.2 %	7.3 %	18.5 %
Valuation multiples	2022	2023	2024	2025e	2026e						
EV/S	2.2	1.1	0.8	0.8	0.8						
EV/EBITDA	59.3	>100	neg.	18.7	15.0						
EV/EBIT (adj.)	>100	neg.	neg.	>100	52.5						
P/E (adj.)	neg.	neg.	neg.	neg.	neg.						
P/B	2.8	2.4	3.0	3.3	3.4						
Dividend-%	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %						
Source: Inderes											

The market cap and enterprise value in the table consider the expected change in the number of shares and net debt for the forecast years. Per-share figures are calculated using the number of shares at year-end.

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Sell	The 12-month risk-adjusted expected shareholder return of the share is very weak

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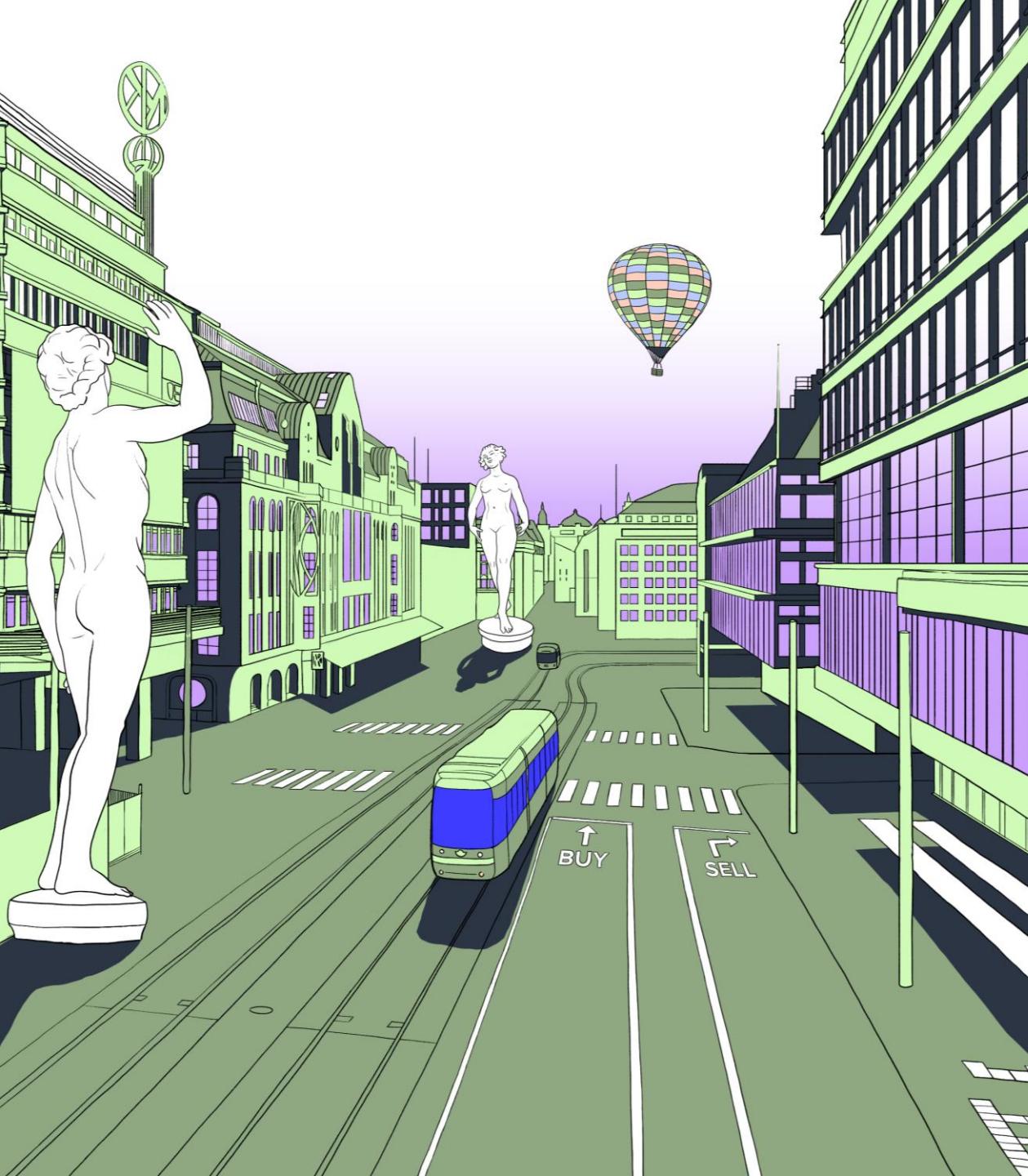
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Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
11/1/2021	Accumulate	9.20 €	8.29 €
1/3/2022	Reduce	9.40 €	9.52 €
2/10/2022	Accumulate	8.20 €	7.54 €
8/24/2022	Reduce	7.20 €	7.89 €
11/15/2022	Reduce	5.20 €	5.00 €
2/9/2023	Reduce	6.50 €	6.82 €
8/2/2023	Reduce	5.00 €	4.95 €
8/24/2023	Reduce	4.00 €	4.36 €
12/12/2023	Reduce	3.50 €	4.08 €
12/15/2023	Reduce	3.70 €	3.82 €
2/8/2024	Reduce	3.70 €	4.28 €
2/14/2024	Accumulate	5.00 €	4.41 €
7/3/2024	Reduce	4.50 €	4.93 €
8/14/2024	Reduce	4.50 €	4.74 €
8/22/2024	Reduce	4.00 €	4.41 €
1/24/2025	Reduce	4.30 €	4.61 €
2/6/2025	Reduce	4.80 €	5.12 €
8/14/2025	Reduce	4.80 €	5.22 €
8/21/2025	Reduce	5.00 €	5.60 €
1/12/2026	Reduce	4.50 €	4.40 €



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