



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2022 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 913 102 436
Organisasjonsform: Allmennaksjeselskap
Foretaksnavn: MORROW BATTERIES ASA
Forretningsadresse: Havnegaten 2
4836 ARENDAL

Regnskapsår

Årsregnskapets periode: 01.01.2022 - 31.12.2022

Konsern

Mørselskap i konsern: Ja
Konsernregnskap lagt ved: Ja

Regnskapsregler

Regler for små foretak benyttet: Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet: Forenklet IFRS
Benyttet ved utarbeidelsen av årsregnskapet til konsernet: Forenklet IFRS

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Lars Christian Bacher
Dato for fastsettelse av årsregnskapet: 12.05.2023

Grunnlag for avgivelse

År 2022: Årsregnskapet er elektronisk innlevert
År 2021: Tall er hentet fra elektronisk innlevert årsregnskap fra 2022

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 11.06.2024



Resultatregnskap

Beløp i: NOK	Note	2022	2021
RESULTATREGNSKAP			
Inntekter			
Approved project grants	3	19 782 000	4 625 000
Other Income		6 313 000	
Other Income - group companies	4	28 770 000	
Sum inntekter		54 865 000	4 625 000
Kostnader			
Employee benefit expenses	5	86 558 000	27 836 000
Depreciation and amortisation expenses	9	1 792 000	435 000
Other operating expenses	4,5,8,1 7	86 388 000	25 612 000
Sum kostnader		174 738 000	53 883 000
Driftsresultat		-119 873 000	-49 258 000
Finansinntekter og finanskostnader			
Share of the profit/ (loss) of associates	11	47 000	
Finance income	6	27 712 000	252 000
Sum finansinntekter		27 759 000	252 000
Finance cost	6	8 344 000	108 000
Sum finanskostnader		8 344 000	108 000
Netto finans		19 415 000	144 000
Ordinært resultat før skattekostnad		-100 458 000	-49 114 000
Income tax expense	7	-25 711 000	-11 806 000
Ordinært resultat etter skattekostnad		-74 747 000	-37 308 000
Årsresultat		-74 747 000	-37 308 000



Balanse

Beløp i: NOK	Note	2022	2021
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Development	8	78 602 000	
Utsatt skattefordel	7	39 439 000	13 728 000
Sum immaterielle eiendeler		118 041 000	13 728 000
Varige driftsmidler			
Property and plant	9,13	401 053 000	8 010 000
Equipment	9		1 003 000
Fixtures and fittings, tools, etc	9		68 000
Sum varige driftsmidler		401 053 000	9 081 000
Finansielle anleggsmidler			
Investering i datterselskap	10	289 952 000	30 387 000
Investments in other shares	11	63 585 000	
Other long term receivables	12	9 897 000	
Sum finansielle anleggsmidler		363 434 000	30 387 000
Sum anleggsmidler		882 528 000	53 196 000
Omløpsmidler			
Varer			
Fordringer			
Accounts receivable		86 000	39 000
Other receivables		38 055 000	1 918 000
Konsernfordringer	4	561 000	6 939 000
Sum fordringer		38 702 000	8 896 000
Bankinnskudd, kontanter og lignende			
Cash and cash equivalents	14	339 918 000	205 190 000
Sum bankinnskudd, kontanter og lignende		339 918 000	205 190 000
Sum omløpsmidler		378 620 000	214 086 000



Balanse

Beløp i: NOK	Note	2022	2021
SUM EIENDELER		1 261 148 000	267 282 000
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Subscribed share capital	16	1 621 000	104 000
Overkurs		1 261 393 000	291 376 000
Ikke registrert kapitalforhøyelse	5,16	17 040 000	
Annen innskutt egenkapital		3 711 000	2 263 000
Sum innskutt egenkapital		1 283 765 000	293 743 000
Opptjent egenkapital			
Udekket tap		118 790 000	44 043 000
Sum opptjent egenkapital		-118 790 000	-44 043 000
Sum egenkapital		1 164 975 000	249 700 000
Gjeld			
Langsiktig gjeld			
Lease liabilities	6,17	7 208 000	2 839 000
Sum avsetninger for forpliktelser		7 208 000	2 839 000
Annen langsiktig gjeld			
Sum langsiktig gjeld		7 208 000	2 839 000
Kortsiktig gjeld			
Leverandørgjeld		57 343 000	5 544 000
Public duties payable		2 758 000	112 000
Other current liabilities		28 863 000	9 086 000
Sum kortsiktig gjeld		88 964 000	14 742 000
Sum gjeld		96 172 000	17 581 000
SUM EGENKAPITAL OG GJELD		1 261 147 000	267 281 000



Konsernets resultatregnskap

Beløp i: NOK	Note	2022	2021
RESULTATREGNSKAP			
Inntekter			
Approved project grants	3	21 039 000	6 821 000
Other Income		6 465 000	28 000
Sum inntekter		27 504 000	6 849 000
Kostnader			
Employee benefit expenses	5	106 772 000	31 211 000
Depreciation and amortisation expenses	9	2 745 000	632 000
Other operating expenses	4,5,8,1 7	80 422 000	27 825 000
Sum kostnader		189 939 000	59 668 000
Driftsresultat		-162 435 000	-52 819 000
Finansinntekter og finanskostnader			
Share of the profit/ (loss) of associates	11	47 000	
Finance income	6	30 207 000	253 000
Sum finansinntekter		30 254 000	253 000
Finance cost		9 361 000	116 000
Sum finanskostnader		9 361 000	116 000
Netto finans		20 893 000	137 000
Ordinært resultat før skattekostnad		-141 542 000	-52 682 000
Income tax expense	7	-35 423 000	-11 753 000
Ordinært resultat etter skattekostnad		-106 119 000	-40 929 000
Årsresultat		-106 119 000	-40 929 000



Konsernets balanse

Beløp i: NOK	Note	2022	2021
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Development	8	78 602 000	
Utsatt skattefordel	7	51 522 000	16 099 000
Goodwill	8	24 500 000	24 500 000
Sum immaterielle eiendeler		154 624 000	40 599 000
Varige driftsmidler			
Property and plant	9,13	477 583 000	8 010 000
Equipment	9	5 615 000	1 003 000
Fixtures and fittings, tools, etc	9	80 000	125 000
Sum varige driftsmidler		483 278 000	9 138 000
Finansielle anleggsmidler			
Investments in other shares	11	63 585 000	
Other long term receivables	12	64 496 000	
Sum finansielle anleggsmidler		128 081 000	
Sum anleggsmidler		765 983 000	49 737 000
Omløpsmidler			
Varer			
Fordringer			
Accounts receivable		86 000	88 000
Other receivables		48 145 000	3 837 000
Sum fordringer		48 231 000	3 925 000
Bankinnskudd, kontanter og lignende			
Cash and cash equivalents	14	430 123 000	212 246 000
Sum bankinnskudd, kontanter og lignende		430 123 000	212 246 000
Sum omløpsmidler		478 354 000	216 171 000
SUM EIENDELER		1 244 337 000	265 908 000



Konsernets balanse

Beløp i: NOK	Note	2022	2021
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Subscribed share capital	16	1 621 000	104 000
Overkurs		1 261 393 000	291 376 000
Ikke registrert kapitalforhøyelse	5,16	17 040 000	
Annen innskutt egenkapital		3 711 000	2 263 000
Sum innskutt egenkapital		1 283 765 000	293 743 000
Opptjent egenkapital			
Udekket tap		153 950 000	47 751 000
Sum opptjent egenkapital		-153 950 000	-47 751 000
Sum egenkapital		1 129 815 000	245 992 000
Gjeld			
Langsiktig gjeld			
Lease liabilities	6,17	7 208 000	2 839 000
Sum avsetninger for forpliktelser		7 208 000	2 839 000
Annen langsiktig gjeld			
Other non-current liabilities	12	6 645 000	
Sum annen langsiktig gjeld		6 645 000	
Sum langsiktig gjeld		13 853 000	2 839 000
Kortsiktig gjeld			
Leverandørgjeld		62 608 000	6 093 000
Public duties payable		2 580 000	1 700 000
Other current liabilities		35 481 000	9 285 000
Sum kortsiktig gjeld		100 669 000	17 078 000
Sum gjeld		114 522 000	19 917 000
SUM EGENKAPITAL OG GJELD		1 244 337 000	265 909 000



MORROW

(Annual Report 2022).



Key highlights (2022).

- Morrow continued building its Morrow Research Centre. Located on-campus in Grimstad at the University of Agder, the centre will develop and commercialise new battery technology. The facility will be finalised in early 2023.
- In February, Morrow and partners were awarded a NOK 100 million grant for research on sustainable batteries from the Norwegian Government. The project includes the establishment of a cylindrical cell production line at Morrow Research Centre and testing and development of new anode materials for Morrow's LNMO cell systems.
- In May, Morrow announced an EUR 100 million investment round led by Siemens Financial Services and ABB. The transaction will finance the first phase of the company's factory in Arendal, Norway, with a capacity to produce more than 1 GWh battery cells each year.
- In August, Morrow signed a joint venture agreement with Siva SF ("Siva") to build the first phase of a gigafactory in Arendal, Norway. Siva, a governmental agency, will secure 67% of the required total of NOK 480 million.
- In September, the construction of Morrow's first factory started in Arendal. Production start is scheduled for next year.
- In September, Morrow and ABB also signed two Memorandum of Understanding agreements to strengthen collaboration on battery manufacturing to accelerate the transition to renewable energy sources and the electrification of all sectors of society.
- In October, Innovation Norway provided NOK 75 million in public grants to Morrow in addition to a loan of NOK 150 million. The funding will strengthen the industrial scale-up in the race to build up the European battery value chain.
- In November 2022, Lars Christian Bacher was appointed CEO of Morrow, effective 1 December 2022.





Content.

Introduction (chapter, 1)

- 02 - 03. Key Highlights 2022
- 04 - 05. Table of Contents

About Morrow Batteries (chapter, 2)

- 06 - 07. Morrow in brief
- 08 - 09. Letter from the CEO
- 10 - 11. People and organization
- 12 - 13. Leadership team
- 14 - 15. Sustainability in Morrow Batteries

From the boardroom (chapter, 3)

- 17 - 18. Board of Directors
- 19 - 28. Board of Directors' Report

Financial statements (chapter, 4)

- 30 - 56. Annual Accounts & Notes
- 57 - 59. Independent Auditor's Report



MW

Annual report 2022

About Morrow Batteries (chapter, 2).

p. 5



Morrow in brief.

Morrow Batteries ASA was founded in 2020 by strong and committed owners and aims to build a highly cost-effective battery Gigafactory in Arendal, Norway, with the lowest possible CO2 footprint.





The company is fully European owned and deeply embedded in European R&D and industrial networks, with owners including Siemens, ABB, the Danish pension fund PKA, the Norwegian state's climate investment company Nysnø Climate Investments, Norwegian environmental company Noah, and the Norwegian renewable energy company Å Energi.

The climate crisis is at a tipping point as our planet is fast approaching an irreversible climate breakdown. If we do not act now, the world as it stands is heading towards a 3 degree increase rather than the critical 1.5-degree goal. There are solutions to our climate crisis: decarbonisation, electrification, and sustainable energy systems. But these pathways need to be enabled now - at industrial scale and with unprecedented speed.

At Morrow, scientific problem solvers are coming together - delivering the batteries we need today and developing the batteries of tomorrow. We are experts from all walks of life. What unites us is the future we are building. A future powered by cost-effective and sustainable batteries. Morrow is working relentlessly to reduce the cost of batteries, playing its part in speeding up the energy transition. The Morrow Group includes Morrow Batteries ASA, Morrow Technologies AS, Morrow Industrialization Center AS, and Morrow Batteries GmbH.

The company is on track to build a 43 GWh world-class battery cell giga-factory in Southern Norway, supported by strong financial industrial partners.

Imagine tomorrow powered by us.

Our vision

A world powered by renewable energy.

Our mission

Speeding up the energy transition with cost-effective and sustainable batteries.

Our values

- Trust
- Collaboration
- Care
- Creativity



Building batteries together.

Being Norwegian and having spent decades in the oil and gas industry, joining Morrow felt like coming home.



ARENDAL, 26 APRIL 2023
Lars Christian Bacher
(CEO)

p. 8



At Morrow, we are on a clear path to developing our next-generation battery chemistry and the world's most environmentally friendly and cost-efficient batteries.

Establishing a successful battery company is, more than anything, a race for competence and innovation. Having our own premier research and development team is decisive for our business and a strategic priority that sets us apart. And our customers are increasingly relying on technology partners that will co-develop the batteries they need. Today - and tomorrow.

That is why I am so glad Morrow saw this from the very beginning.

With our own Morrow Research Centre this spring, we have a research facility second to none. But more importantly, we have the brightest minds. Among our 111 employees, from 22 countries, we have a group of talented researchers with one or more PhDs, as well as experts with experience in areas critical to our success. We are succeeding in attracting competence and capabilities that have not been available in Norway.

Morrow's mission is clear: Speeding up the energy transition with cost-effective and sustainable batteries.

Batteries are needed in the decarbonised world we envision: Powering vehicles and providing energy when intermittent renewable energy sources are unavailable - when the sun doesn't shine, and the wind doesn't blow.

We are now working non-stop on reaching three main objectives:

1. In South Korea, our development team has completed the first milestones: We have finished the first samples of a functioning Lithium Iron Phosphate (LFP) battery produced at our Customer Qualification Line (CQL). We are developing further samples of the batteries and look forward to moving this production from South Korea to Arendal later.
2. In April 2023, we moved into our research centre in Grimstad next to UiA Campus Grimstad, bringing us closer to academic researchers and technological and commercial partners. This will be the main R&D centre for developing our batteries, based on LNMO (Lithium Nickel Manganese Oxide) technology. Grimstad will be where our customers and research team create batteries fit for each customer.
3. Our first factory is under construction in Arendal. The building process progresses every day.

While our CQL in South Korea can produce 2,000 batteries each month, our first 1 GWh production line in

Arendal will produce the same number of batteries every five hours, and our full-scale factory every seven minutes. We are on track to start mass industrial production in Arendal in 2024. We will gradually build a total annual capacity of 43 GWh, equal to batteries for some 600,000 electric vehicles annually.

Since joining the company, I have been deeply impressed by all the great talents at Morrow. Take Jon Fold von Bülow from Denmark, our Head of Research responsible for building our Morrow Research Centre. This will be his fourth battery R&D centre, and we benefit greatly from his extensive experience.

Or Dr. Adriana Navarro-Suárez from Colombia, who has made Arendal her home to build a world-class team dedicated to electrolyte research, one of the biggest challenges to developing our next-generation LNMO batteries.

I believe it really is quite simple. The future of Morrow Batteries depends on the people.

Human capital is our most important input, driving innovation and development, producing the products customers need, and forming the basis our funding and investors rely on.

As we work on our batteries, the world around us changes. The Inflation Reduction Act of 2022 in the US impacts regulation and policy worldwide. The war in Ukraine and continuing energy crises increase the focus on security interests and the need for robust and secure supply chains.

We are fortunate and pleased that our owners are with us for the long term, solidly based on Norwegian and European values.

Morrow and I are also grateful for the continued and dedicated support from our local and national political stakeholders, especially the risk-sharing contribution from the Norwegian government, making the realisation of our project on an environmentally and economically sustainable basis possible.

As we reach our next steps, qualify our batteries, and secure firm offtake and long-term customer agreements, we look forward to presenting our existing and new investors with an attractive investment opportunity.

Together, we are working to develop Norwegian battery production as part of the integrated European battery value chain to become part of a green European community.

Imagine tomorrow powered by us.

We have a diverse, global, and agile workforce.

Our people are our most important asset. The skills, passion, and ambition our employees bring to the table are the foundations of our competitive advantage and future success.



p. 10



During 2022, we expanded and now have 111 international employees representing 22 different nationalities. Our employees represent a picture of diversity.

In order to build a culturally strong and robust platform for us to be able to scale from, we are focusing on strengthening our organisation by developing our people and leaders. Both our leaders and employees need to have the security and strength from our culture and tools needed to bring the organisation forward in a challenging part of our journey. We have clear targets and are committed to the challenge of taking Morrow to the next level. Within our strategy, we also set out key activities for achieving our goals in respect of diversity, equality, and inclusion.

We will continue to recruit resources with the right capabilities, motivation, and collaboration skills at the right time for our industrial journey. We are strengthening our employer brand to ensure long-term access to talent and offer unique career opportunities by promoting growth and development. When we recruit, we look for the best

candidates committed to processing improvement, who have a cultural and business understanding of the business area where they will operate. We do this to reduce risk and accelerate growth.

Our leadership development framework is starting to materialise, and has a target to facilitate the development of broader skillsets within the legal framework of our operation, multi-functional and multi-cultural competencies, as well as building a strong and innovative company culture.

2022 marked a year of change in Morrow, and our diverse, global, and agile workforce will remain our key strength going forward. We remain committed to our people and their development and will work to enhance our values and culture, and how these are vital to ensuring our strategy for the future.





Leadership team.

Lars Christian Bacher (Chief Executive Officer, CEO)

Lars Christian Bacher became CEO of Morrow on 1 December 2022. Bacher previously held a position as senior partner at the private equity firm Hitec Vision, following a 30-year career in the global energy company Equinor ASA, including eight years as Executive Vice President of Development and Production International and as Chief Financial Officer. Bacher holds master's degrees from the Norwegian School of Economics (NHH) and the Norwegian University of Science and Technology (NTNU).

Dagfinn B. Lie (Chief Financial Officer, CFO)

Dagfinn B. Lie became CFO of Morrow in October 2021. Lie has more than 20 years' experience from finance, controlling and accounting from the shipping and oil & energy industry. Before joining Morrow, Lie served 14 years as CFO of Siem Offshore Inc., a company listed on the Oslo Stock Exchange. Prior to joining Siem Offshore, he has held various positions within ABB and Wallenius Wilhelmsen Logistics (WWL), primarily within finance, accounting and group controlling. Lie holds MBA from the Norwegian School of Management, a master's in Finance and Accounting, and a bachelor's in Engineering from the University of Agder.

Dr. Rahul Fotedar (Chief Technology Officer, CTO and Co-Founder)

Dr. Rahul Fotedar is one of the co-founders and currently serves as the CTO at Morrow. Dr. Fotedar's expertise in advanced battery technology has been honed through over 15 years of experience, including his work as an expert at Hilti Corporation. Through his career, he has gained a deep understanding of battery technology's unique challenges and opportunities. Rahul holds a Master's degree in chemistry from TU München and a PhD specialising in battery materials from ETH Zürich.

Dr. Andreas Maier

(Chief Operational Officer, COO)

Dr. Andreas Maier joined Morrow in April 2021 and was appointed as COO in April 2022. Dr. Maier has solid experience in battery manufacturing from Samsung SDI. At Samsung, as VP of Quality, he oversaw the quality of cell production in Korea, China, and Hungary. He holds a MBA from IMD in Switzerland and a Ph.D. in mechanical engineering from the University of Sunderland in the UK. In addition, he has worked as a consultant for McKinsey, developing operations and market strategies for leading automotive OEMs in China and Korea. He also managed the build-up of a large-scale production facility with Hyundai Mobis in Korea.

Pål Brun (Executive Vice President Corporate Affairs and Co-Founder)

Pål Brun is one of the co-founders of Morrow and currently serves as EVP of Corporate Affairs. Brun has more than 20 years of experience in management consulting, green technology investments, and politics. He has worked with organisations such as EY, PwC, Otovo, and Oslo Municipality. Additionally, Pål Brun served as the former Head of Climate Change and Sustainability Services at EY and PwC. Brun holds a Master of Law from the University of Oslo and has attended the Venture Capital Executive Program at Haas School of Business, University of California, Berkeley.

Nina Hunsager Framås (Strategic Projects Director)

Nina Hunsager Framås joined Morrow in April 2021 and currently serves as Strategic Projects Director. Bringing with her over 10 years of experience in management consulting, Framås' proficiency lies in the areas of strategy development, business improvement, and operational optimisation, with a particular focus on the automotive and retail sectors. Nina holds a Master of Science in Business and Economics (Siviløkonom) from BI Norwegian School of Economics.

**Elisabeth Meidel (Talent & Recruitment Director)**

Elisabeth Meidel joined Morrow in October 2021 and currently serves as the Talent & Recruitment Director, bringing with her over two decades of HR experience gained from her previous roles at EY, Accenture, and Gard. Prior to joining Morrow, she held the position of HR Team Lead at the Gard group and served as Recruitment Lead at Accenture. Elisabeth has studied Teamwork and Leadership, as well as Applied Organisational Psychology at BI Norwegian School of Economics. Additionally, she holds a university degree in mercantile German and international trade from Østfold University College.

Asta Stenhagen (General Counsel and Head of Legal & Compliance)

Asta Stenhagen joined Morrow in April 2022 as the General Counsel and Head of Legal & Compliance, bringing with her over two decades of legal, finance, and operational experience from her previous roles at Tietoevry, Wilhelmsen Group, and lawfirm Thommesen, as well as various board positions. Prior to joining Morrow, she served as the General Counsel and Head of Legal, Security and Compliance at Tietoevry, Executive Vice President of Legal and Risk at EVRY, and Legal Counsel at Wilh. Wilhelmsen Holding ASA. Stenhagen holds a Cand. Law Degree from the University of Oslo (UiO), including legal subject matters from University of Århus (Denmark) and project management from UiO.

Naja Boone (Marketing & Communications Director)

Naja Boone joined Morrow Batteries in August 2022 and currently serves as Marketing & Communications Director. Boone has extensive B2B experience, first as a consultant for Statoil (now Equinor), then as Head of Communications for Wilhelmsen Ships Service, and as Global Head of Marketing & Communications for Wallenius Wilhelmsen. She has been responsible for strategic brand management, corporate communications, digital B2B marketing, employee engagement, and crisis management through her leadership roles. She has also worked for agencies Hill+Knowlton Strategies and Scandinavian Design Group in Oslo and Sigel+Gale in New York. Naja holds a BA in Public Relations from BI Norwegian Business School.

Florian Wunsch (Vice President Strategic Partnerships)

Florian Wunsch joined Morrow in October 2022 as the VP of Strategic Partnerships, bringing with him over 20 years of experience in strategic and commercial roles in the automotive sector. Florian has held leadership positions at major companies such as Nissan, Goodyear, Mercedes, and BMW, and in Formula 1 teams. In 2017, he was honored with the "Rising Star Award" from Automotive News Europe, a testament to his outstanding work in the industry spearheading the electric mobility revolution. Wunsch holds a Master's in Mechanical Engineering and Business Administration and a Bachelor's in Electric Engineering.

Jon Fold von Bülow (Head of Research)

Jon Fold von Bülow is the Head of Research at Morrow, where he has been since May 2021. With over a decade of experience in the battery industry, Jon has held various roles in research, development, and management. Prior to joining Morrow, Jon has been leading the development of innovative cathode active materials for lithium and sodium ion energy storage applications at Topsoe. During this time, he was involved in setting up battery research labs in Denmark, Germany, and China. Jon holds a Master of Science degree in Nanotechnology from the University of Copenhagen and has conducted most of his academic work on Li-ion batteries at the University of California Santa Barbara at the UCSB-MIT-Caltech Institute for Collaborative Biotechnologies (ICB).

Dr. Ronny Glöckner (Head of Development)

Ronny Glöckner joined Morrow in March 2022 and currently serves as Head of Development. Dr. Glöckner has 25 years of experience in research, process, and product development from the solar industry in Norway. He has also worked for Institute for Energy Technology, where he built up a group on Hydrogen Energy Systems and achieved a research director position for their Hydrogen Energy program. His roles span from research scientist, and research director to product development lead. In 2022 he was honored with Elkem's national innovation award for initiating and developing the process that led to the first-of-its-kind industrialisation of a 100% circular process for the production of solar-grade silicon. Ronny holds a Ph.D. in materials science from the University of Oslo.



Letter from the Director of Sustainability.

The messages from the world's top climate scientists are clear: We are moving beyond the safe operating space for humanity.



Dr. Stina Torjesen
(Director of Sustainability)



The United Nations Intergovernmental Panel (IPCC) recently warned that we are currently unlikely to stay within the target of 1.5 temperature increase – and we know that going beyond that threshold puts our societies and civilisation at great risk.

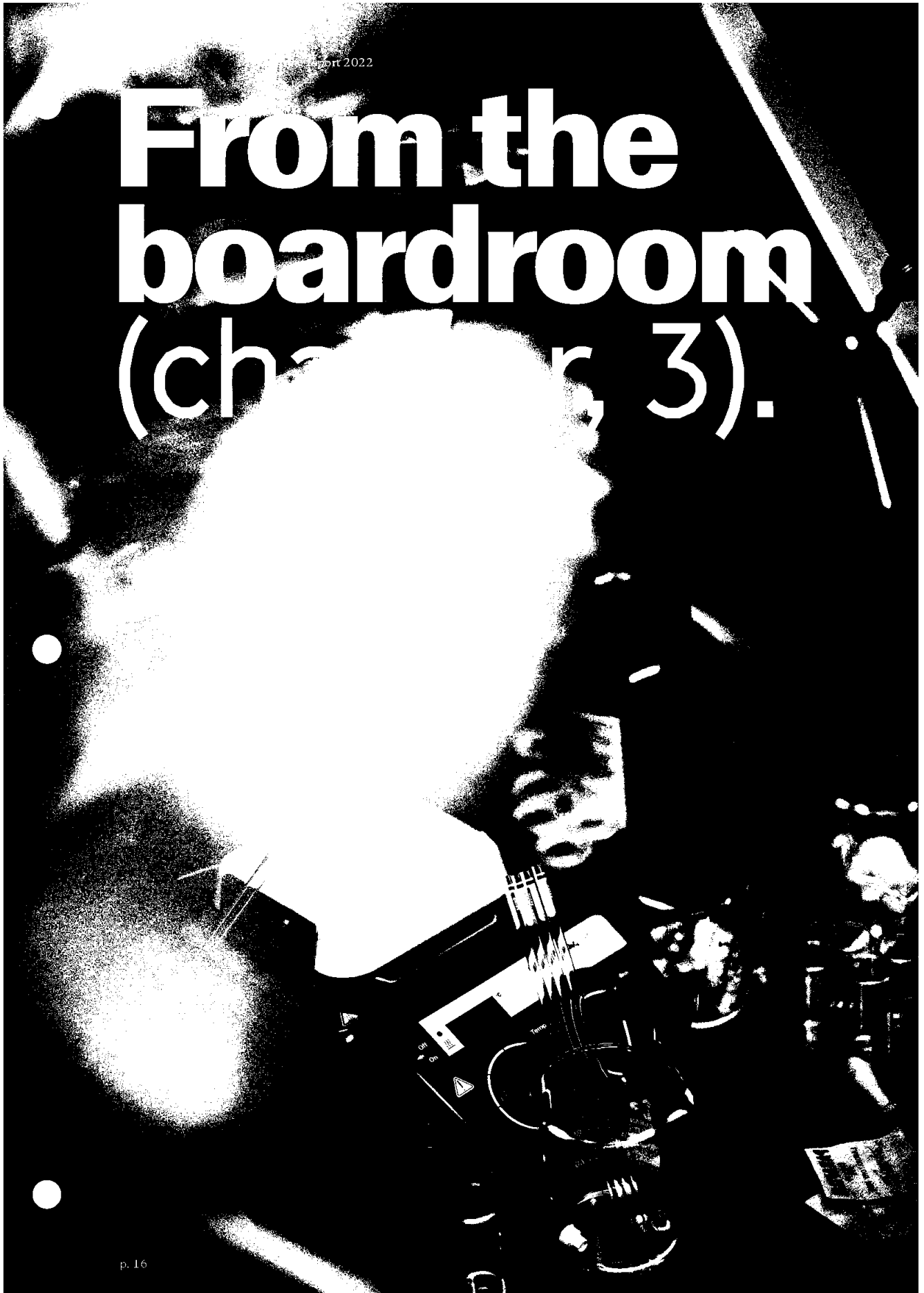
Our only hope is to rapidly transform the way we produce and consume, including radically transforming our energy and transport systems. Morrow is doing our part by speeding up the energy transition with cost-effective and sustainable batteries.

“Morrow will utilise 100 % clean energy in our battery cell production” (Dr. Stina Torjesen)

Morrow will utilise 100 % clean energy in our battery cell production, and we will target significant CO₂ reductions downstream (scope 3). Moving forward, we will work towards tighter vertical integration and aim for the production of active cathode battery material close to our factory site – again utilising 100 % renewable energy in these processes. Morrow will also increasingly become circular as we allow for the use of production scrap and secondary raw materials into battery cell production. Through partnerships, we will also enable the collection of used batteries for further recycling or reuse.

At Morrow, we are moving at great speed towards mass production of sustainable batteries – but when doing so, we make no compromises on quality, safety, and sustainability. We know there are potential serious social and environmental challenges in battery supply chains, and we need to address these head on. In the course of 2022, we have established a robust system for managing social and environmental risks. This is modeled on the OECD Due Diligence framework and includes supplier code of conduct, self-assessment, and social and environmental risk screening by Morrow’s procurement and sustainability teams. All high-risk suppliers are singled out for further follow-up, which may take the form of a Morrow-supplier sustainability desk review and dialogue session or on-site audits.

European companies are facing what many have dubbed a ‘regulatory tsunami’ related to social and environmental issues. The forthcoming EU Battery Regulation and the EU taxonomy will be particularly important in our sector. Morrow is well rigged for meeting the stringent requirements on issues such as recycled content in new battery cell production and maximum carbon footprint threshold across scope 1, 2 and 3. At Morrow, we greatly welcome increased transparency, benchmarking, and environmental performance targets: It creates a level playing field where stellar sustainability performances and solutions are rewarded. We know that we have the right business model, market offering, and procedures in place to thrive in a more ambitious regulatory context, and we look forward to playing our part in building a decarbonised world powered by renewable energy.



p. 16

Board of Directors.

Liv Monica Bargem Stubholt (Chair of the board)

Liv Monica Bargem Stubholt was appointed Chair of the board in June 2022. Stubholt has more than 20 years of experience as a corporate lawyer with the addition of strong industrial executive experience. She has held several top executive positions in the Aker Group and served as deputy minister in the Norwegian Ministry of Foreign Affairs and the Ministry of Petroleum and Energy. Stubholt has several non-executive board positions, primarily in the energy sector, including as chair in Hafslund Oslo Celsio and deputy chair in Vår Energi. Stubholt holds a Cand. Jur. Degree from the University of Oslo.



Liv Monica Stubholt
(Chair of the board)

Tor Øystein Repstad (Director)

Tor Øystein Repstad joined the Morrow board in 2020 and is currently serving as the CEO at Å Energi Venture (previously Agder Energi Invest). Repstad has worked in the industry for over 20 years and has gained experience working with Otovo, Norsk Energigjenvinning, Å Energi (previously Agder Energi), and EcoStor. Repstad holds a Master of Science (MSc) degree in Industrial Economics and Technology Management from the Norwegian University of Science and Technology (NTNU) and a Master of Business Administration (MBA) in Finance from the Norwegian School of Economics (NHH).

Anders Læg Reid (Director)

Anders Læg Reid joined the Morrow board in 2020. With over 30 years of experience in banking, he has held multiple leadership positions in Sparebanken NOR, Gjensidige NOR, and DNB, including head of a corporate customer division in DNB. Currently, Læg Reid serves as the CEO of NOAH AS. He holds a degree in Business Administration from BI Norwegian Business School and a Master of Business Administration (MBA) from Loyola Marymount University.

**Maria Moræus Hanssen (Director)**

Maria Moræus Hanssen joined the board of Morrow in June 2022. Moræus Hanssen has an extensive experience in the international oil & gas industry, including 6 years as CEO of GdF Suez E&P Norge AS, Engie E&P International SA (Paris), and DEA AG (Hamburg), respectively. She has previously held executive positions in Norsk Hydro, Statoil (Equinor), Aker ASA, and Wintershall DEA. Moræus Hanssen also serves or has served as a non-executive board member for major industrial companies, including SLB (Schlumberger), Scatec, Alfa Laval, Hafslund, and Yara. Moræus Hanssen holds a Master of Petroleum Engineering from the Norwegian University of Science and Technology (NTNU) and a Master of Petroleum Economics from IFP School (Paris).

Pedro Valle e Azevedo (Director)

Pedro Valle e Azevedo joined the board of Morrow in June 2022. Valle e Azevedo currently serves as an Investment Director of the Equity Finance Team at Siemens Financial Services. He has specialized in investment opportunities in the energy and infrastructure spaces. His expertise spans across offshore wind, distributed energy, solar PV, and venture capital/growth equity investments in battery production for EVs and energy storage in both emerging and

developed markets. Valle e Azevedo holds an (Bachelor) in Business Management and Industrial Engineering (Portugal), and an Executive MBA in Finance and Leadership from FAU Erlangen-Nürnberg.

Franziska Bossart (Director)

Franziska Bossart joined the board of Morrow as a deputy in June 2022 and not long after becoming a member. Bossart has 20 years of global executive experience in the industrial sector and is also a seasoned Non-Executive Director based in Zurich. She serves as Group Vice President ABB Technology Ventures, the \$400M Corporate Venture arm of ABB, overseeing a large portfolio of direct investments and VC funds across the Americas, Europe, Asia, and Israel. Prior to joining ABB Technology Ventures, Franziska was a Member of the Management Team of ABB's global Digital Group. She joined ABB in 2006 and has held various roles with increasing responsibility in Industrial Automation and Power Grids in Business Development, Innovation Management, and leading group-wide transformation programs. Bossart holds a Master of Business Administration (MBA) from the University of St. Gallen and a Master in International Relations, Economics, and Sociology from the University of Lausanne.



Board of Directors report for 2022.

Morrow Batteries ASA was founded in 2020 by strong and committed owners and aims to build a cost-effective battery Gigafactory in Arendal, Norway, with the lowest possible CO₂ footprint. Morrow is working relentlessly to reduce the cost of batteries, playing its part in speeding up the energy transition. The Morrow Group includes Morrow Technologies AS, Morrow Industrialization Center AS, and Morrow Batteries GmbH.

OPERATIONS AND LOCATIONS

Morrow plans to initially manufacture the current industry-leading battery technologies for mobility (NMC) and for stationary storage (LFP), later progressing to commercializing the next generation of battery technologies for the same markets based on the high-voltage material LNMO.

Strong emphasis on state-of-the-art research is complemented by the fast-paced construction of Morrow's factory sites and production lines. Morrow works closely with owners ABB and Siemens in designing the battery cell manufacturing lines. The combined prowess of Morrow, ABB, and Siemens' manufacturing engineers, ensures that the establishment of relevant production lines is on schedule and at an appropriate scale. Automation and digitalisation also feature heavily in the design of the production lines, ensuring that Morrow's breakthrough innovations will reach markets faster.

Morrow's cell production and related active battery material production will mainly be located at one industrial site, Eyde Material Park, in Southern Norway, and will be exclusively powered by renewable energy (hydropower). One of Morrow's owners, Å Energi, is the main renewable energy provider in the region.

Morrow Research Centre (MRC)

Morrow Research Centre is located at the University of Agder (UiA) campus in Grimstad, closely related to academia, just a few kilometers south of Eyde Material Park. The main part of the construction of the MRC was completed in 2022 and the facility was opened in April 2023. This will provide state-of-the-art equipment to address the final set of challenges to scale LNMO chemistry.

Customer Qualification Line (CQL)

Our Customer Qualification Line became operational at our facility in South Korea in January 2023, ensuring that our customers can qualify our first battery samples early and do not impede the construction of our Norwegian facilities or staff training. The CQL will be relocated to Morrow's pilot-scale Morrow Cell Factory (MCF) upon the completion of construction at Eyde Material Park towards the end of 2023.

Morrow Cell Factory (MCF)

In 2022 we started construction of MCF which will be our first factory, with a total capacity of 1 GWh per year. Commercial production is expected to start during the second half of 2024.



Eyde 1 and cathode active material production plant (CAM 1)

Eyde 1 will be the first of three planned modules of Morrow's gigafactory, each with a capacity of 14 GWh per year. Morrow will build a vertically integrated European "in-house" production (CAM 1) of the active material (LNMO) in close cooperation with trusted European partners, enabling a climate-friendly value chain and avoiding carbon-intensive transportation of raw materials. Pre-project and concept phase is planned for 2023.

REVIEW OF THE ANNUAL FINANCIAL STATEMENTS

Morrow Batteries has prepared the consolidated financial statements in accordance with the Regulation on the simplified application of the International Financial Reporting Standards (IFRS) as adopted by the European Union. All amounts below refer to the consolidated financial statements for the group unless otherwise stated. The financial statements cover the period from 1 January 2022 to 31 December 2022.

During the period, the Group's revenues increased from NOK 6.8 million in 2021 to NOK 28 million in 2022. Operating loss ended at negative NOK 162 million, compared to negative NOK 53 million in 2021, mainly due to an increase in salary and personnel costs as well as other operating expenses in line with the Group's growth ambitions. The loss for the period was negative by NOK 106 million, compared to negative NOK 41 million in 2021. The Group's total assets amounted to NOK 1 244 million at the end of 2022, compared to NOK 266 million in 2021. The Group had a cash position of NOK 430 million, respectively NOK 212 million in 2021. Total equity amounted to NOK 1 130 million at the end of 2022, compared to 246 million as of year-end 2021.

Cash flows from operating activities ended 2022 at a negative NOK 100 million compared to negative NOK 40 million in 2021. Cash flows from investing activities were negative by NOK 684 million,

compared to negative NOK 9 million the year before. Cash flows from financing activities of NOK 1 001 million mainly include NOK 990 million from the share issue in May and September 2022. Cash flow from financing activities in 2021 ended at NOK 228 million.

Review of the Parent Company

Morrow Batteries ASA's revenues increased from NOK 5 million in 2021 to NOK 55 million in 2022. Operating loss ended at negative NOK 120, compared to negative NOK 49 million in 2021. This was largely due to the company's growth ambitions, resulting in higher personnel expenses and other operating expenses. The loss for the period was negative by NOK 75 million, compared to negative NOK 37 million in 2021.

Total assets of the company amounted to NOK 1 261 million as of 31 December 2022, up from NOK 267 million in 2021. The company's cash position was NOK 340 million, up from NOK 205 million in 2021. Total equity amounted to NOK 1 165 million at year-end 2022, compared to NOK 250 million at the end of 2021.

Cash flows from operating activities ended 2022 at a negative NOK 54 million compared to negative NOK 40 million in 2021. Cash flows from investing activities were negative by NOK 805 million, compared to negative NOK 9 million the year before. Cash flows from financing activities of NOK 994 million mainly include NOK 990 million from the share issue in May and September 2022. Cash flow from financing activities in 2021 ended at NOK 228 million.

The board proposes to the Annual General Meeting that the net loss for the year to be distributed as follows:

To retained earnings:	NOK 74 million
Total allocated:	NOK 74 million



STRATEGY & DEVELOPMENT

The global battery demand is increasing fast and outpacing current supply projections, with European demand being a main force. The resulting considerable supply gap will need to be bridged during the next decade, creating a large market opportunity for Morrow.

The market is driven by the need for electrification, especially for transport, as well as the expected demand for battery storage to balance the electrical grid. Aggressive zero-emission targets and funding initiatives drive electrification, implying Europe will remain an important consumer with its "Net Zero" 2050 target.

The lion's share of the market will be EV passenger cars, followed by commercial vehicles and Battery Energy Storage Systems (BESS). Although there is significant uncertainty related to the projections for the BESS segment, Morrow Batteries believes the BESS demand growth will grow at the top end of market estimates in Europe.

The European countries are expected to focus on local supply chains, creating a market for battery manufacturers able to come online at reasonable costs.

Morrow will address the increasing demand for batteries for passenger vehicles due to Electrification and follow up on the significant and impressive demand for batteries for buses, trucks and commercial vehicles but also supply the fast-growing Battery Energy Storage Systems segment.

Morrow's technology roadmap is tailored to match product offerings and segment demands. To de-risk and ensure a short time to market, we have focused on proven battery chemistries in our first-generation batteries, developing LFP (Lithium Iron Phosphate) and NMC (Nickel Manganese Cobalt) batteries together with our external partners.

For generation two, Morrow is developing LNMO battery technology (Lithium Nickel Manganese Oxide), replacing cobalt and reducing nickel, using more manganese, and making the batteries uniquely positioned in terms of sustainability, availability, and cost.

INVESTING IN RESEARCH & DEVELOPMENT

Morrow has made it a top priority to establish strong collaborations with European research and development communities, and as a result, has also entered key partnerships with leading European innovators such as Arkema (France), Austrian Institute for Technology (Austria), Fraunhofer IWS (Germany), SINTEF (Norway), and UniverCell (Germany). This allows Morrow to benefit from, as well as contribute to, an interwoven European battery ecosystem to accelerate the development of our state-of-the-art LNMO batteries and introduce it to the European market.

Morrow Batteries has invested heavily in research, with more than 150 scientists at Morrow and partners working to solve the remaining challenges of LNMO, of which 60 are internal employees. As of early 2023, our organisation encompasses staff from 24 nationalities, serving as a testimony to Morrow's ability to attract stellar scientists from all over the world and all backgrounds. In total, Morrow currently employs more than 130 people and plans to have a workforce of around 3,000 in 2030.



PARTNERSHIP AND COLLABORATION

Morrow's proposition of vertical value chain integration and partnerships will provide significant structural cost and environmental advantages. By producing our own cathode active material to manufacture battery cells, Morrow integrates value chain steps usually performed by different market players. Morrow and the Eyde Material Park is located in a region increasingly referred to as the Battery Coast. This is close to major and well-established companies within the process industry - with many of them currently developing products that can serve the battery industry.

- In January, Arkema and Morrow entered a non-exclusive partnership to develop high-voltage solutions for batteries.
- In March, Morrow and EoCell, Inc. (EoCell) entered into Master Development Agreement to commercialise a best-in-class prismatic battery for the automotive industry.
- In May, Morrow and IBU-tec advanced materials AG signed a Memorandum of Understanding (MoU) for the development and qualification of a large-scale supply of European LFP cathode material.
- In May, Morrow and Echion signed a binding supply agreement for anode material.
- In September, Morrow and ABB also signed two Memorandum of Understanding agreements to strengthen collaboration on battery manufacturing.
- In November, Morrow entered into a joint development agreement with Celgard, boosting the development of next-generation sustainable batteries in Europe.
- In November, Morrow entered into an agreement with Citrine Informatics for materials informatics and artificial intelligence-guided battery development.
- In December, Morrow signed a Joint Development Agreement with Compular for the computational screening of novel electrolyte formulations for the next generation of high-voltage batteries.

MARKET OUTLOOK

Russia's attack on Ukraine in February 2022 and the subsequent energy crisis created further momentum behind the shift away from fossil to renewable energy. The crisis triggered a commitment to end Europe's dependency on Russian oil and gas and increase the share of renewables in Europe's energy mix. The European Union's prior 'Clean Energy for All Europeans' and the 'Renewable Energy Directive' (2018) was bolstered through the RePowerEU, which was presented in the spring of 2022. RePowerEU stipulated a larger and faster scale-up of solar, offshore wind, and hydrogen projects in Europe and set ambitious targets for the share of renewable energy in Europe's energy mix. As a result, the long-term vision of a European economy powered primarily by renewable energy became credible with specific road maps in place.



In 2022, the Norwegian government presented a range of initiatives designed to bolster new green industries. These initiatives aligned well with the EU Green Deal (2019) and the EU 'fit for 55' package (2021) and included The Green Industrial Initiative (Grønt industriløft) and the Norwegian Battery Strategy. A broader range of policy tools for supporting new green industries in Norway was identified and increased government funding was also signaled in these initiatives.

Globally, the US Inflation Reduction Act (IRA) dominated the battery policy landscape. IRA offered over USD 360 billion in tax credits, grants, loans, and subsidies to new green industries, including the battery sector. The provisions entail that a battery cell manufacturing facility in the US may generate tax credits of up to 50 percent of headline costs if stipulated criteria on wage levels, sourcing routes, and location in a fossil fuel community are met (Financial Times, 16 February 2023).

IRA challenged Europe's efforts to build a sustainable and globally competitive battery industry, as key automobile brands and battery cell producers signaled possible relocation of investments and production to the US due to more favorable industrial policies. Leading European countries and the EU pledged in 2022 to respond to IRA and restore a level playing field. A mix of limited inclusion and access to IRA support for European actors, together with more government support for European green industries, seemed set to become key features in this response. Measures such as widening the Important Project of Common European Interest (IPCEI) mechanism and, temporarily, less stringent rules on state-aid rules will likely result in increased support for European battery initiatives.

IRA enabled a shift towards renewable energy and green industries, but it also promoted a decoupling of US value chains from Chinese suppliers, especially so in relation to battery raw materials and active battery materials. The EU has similarly mapped supply vulnerabilities, promoted the diversification of supply, and signaled a new Critical Raw Materials Act to be issued in early 2023.

These US and EU efforts are part of a large trend where complex global supply chains in strategic industries are discouraged, and sourcing from regional or closely aligned ('friend-shoring') suppliers are encouraged. This trend also features prominently in the European battery industry and Morrow is well-positioned as a regional supplier of battery cells.

There is a growing sense of risk and unease related to doing business in or with authoritarian states underlying the friend-shoring and regionalisation trends. Political tensions between the world's two largest economies, the US and China remain high and have been further exacerbated by the war in Ukraine. A deterioration in US-China relations will have a profound impact on European production, but more regionally based and more diverse supply chains in sectors such as batteries provide important risk mitigation.

GOING CONCERN

In accordance with the provisions in the Norwegian Accounting Act, the Board has assessed the going concern assumption as a basis for preparing and presenting the financial statements. The annual financial statements provide a true and fair view of Morrow's position at the end of the year.

However, the Morrow Group will require further financing to continue its activities throughout 2023, and we refer to note 19 regarding the Going concern assumption.



SUSTAINABILITY

Morrow's sustainability performance is outlined in detail in the 2022 Impact Report. A statement on human rights and decent working conditions in Morrow's supply chain as per requirements in the Norwegian Transparency Act will be published separately on www.morrowbatteries.com by June 30, 2023. Morrow's Communication on Progress to the UN Global Compact is also provided separately.

Health

Morrow's commitment to zero harm to its employees goes beyond just accident prevention. The company understands that employee well-being encompasses both physical and mental health. Easy access to a variety of services from health care professionals is provided through the health insurance for employees.

Morrow also recognises the importance of mental health and understands that employees may experience stress and other mental health challenges due to work-related factors or personal life events. By prioritizing both physical and mental health, Morrow is creating a workplace culture that values employee well-being, which in turn leads to higher employee morale, productivity, and retention.

Sickness absence amounted to 367.8 hours, corresponding to 2.32 percent of the total working hours. There was 1.2 percent long-term sickness absence for any employees. No incidences or reporting of work-related accidents resulting in significant material damage or personal injury occurred during the year.

Environment

The company's vision is to build a decarbonised world, powered by renewable energy sources, through offering highly cost-effective battery cell manufacturing systems with the lowest possible CO2 footprint. The sustainability strategy rest on five pillars:

1. Cell manufacturing based on 100% renewable energy, with a zero-carbon footprint
2. Minimizing the carbon footprint throughout our supply chain
3. High ethical standards for all suppliers
4. The recycling of battery cells, scarp materials, and the re-use of materials
5. Research and development on more sustainable battery chemistries, including our breakthrough LNMO technology

INSURANCE FOR BOARD MEMBERS AND CEO

Morrow has secured an insurance agreement to protect the Board and CEO against potential liability towards the company and third parties. The insurance policy also covers the company's subsidiaries Morrow Technologies AS and Morrow Industrialization Center AS. The total coverage amount of the policy is NOK 50 million.

BOARD OF DIRECTORS

Liv Monica Bargem Stubholt was elected chairperson of the Board, replacing Håkon Ryan Tanem at the Annual General Meeting on 24 August. Franziska Beata Bossart Bright was elected as a regular board member at the Extraordinary General Meeting on 16 November. The other members of the Board are Maria Moræus Hanssen, Tor Øystein Repstad, Anders Læg Reid, and Pedro Valle e Azevedo. Roger Ernst Buchmann and Trond Vegard Stangeby stepped down from the board during the year.



EMPLOYEES AND DIVERSITY

The company is working to implement measures according to the activity and reporting obligations in the Equality and Anti-discrimination Act. This includes activities to promote gender equality, ensure equal opportunities and rights, and prevent discrimination due to ethnicity, national origin, descent, skin colour, language, religion, and faith. During 2022, we scaled up significantly, and by the end of the year, our workforce expanded to 111. 22 nationalities are represented among our staff, including countries in Europe, North and South America, the Middle East, South Asia, and East Asia. We have developed comprehensive procedures for welcoming, onboarding, and integrating international members of our staff into the local communities in the Agder region.

We take considerable pride in maintaining a solid gender balance. As of December 2022, we had 44 women and 67 men in our workforce. Three out of nine members of our leadership team are women. Our Chair of the board of directors is female, and half of our board directors are women. We are maintaining a gender balance across units. In the group of machine operators, for example, 5 out of 8 operators are women.

The Company's reporting on diversity and equal opportunity is available in the Statement of Equality and Non-Discrimination published on the company website.

ETHICS AND SOCIAL RESPONSIBILITY

Morrow is working every day to uphold human rights and decent work practices across the battery value chain. The Company sets high ethical standards, and communication with the outside world is to be open, clear, and honest. Morrow is responsible for ensuring safe and good workplaces in the local communities where it is present.

Respecting human rights and upholding decent work practices are central parts of Morrow's Code of Conduct. All employees are requested to familiarize themselves and sign this code as they enter the workforce. Morrow's Supplier Code of Conduct stresses the importance of decent work and respect for human rights. All suppliers are requested to assess and sign this code when collaborating with the Company.

A statement on human rights, decent work policy, and the Code of Conduct, is available on the company website.

EQUITY

Morrow released 46,822 new shares on 31 May 2022, and an additional 11,706 shares on 25 October 2022. On 16 November 2022, the company raised the nominal value of their shares from NOK 1 per share to NOK 10 per share. As of 31 December 2022, there were 162,128 outstanding shares, each with a par value of NOK 10.

On 31 October 2022, the general meeting of Morrow Batteries AS (Morrow) resolved to convert the Company from a private limited liability company (AS) to a public limited liability company (ASA). The conversion will support future funding rounds as Morrow progresses in building a gigafactory in Arendal over the coming years and delivering cost-effective and sustainable batteries to the market.

Going forward, Morrow will require further financing to complete the Morrow Cell Factory and prepare for the scale-up to deliver on its strategy to build a 43 GWh Battery manufacturing capacity. The Company already raised some equity funding in 2022, and a convertible loan has been committed in April 2023. The Company plans to fund the future capex with a combination of equity financing, debt financing, and public financing or other means. The Company expects to have substantial off-take agreements in place before starting construction of each GIGA factory.



RISK FACTORS

Our operations are exposed to internal and external risks, that could impact our ability to achieve our objectives for sustainable growth and development of the company. At Morrow, we apply COSO risk framework where risk and opportunities are classified by four categories, namely: strategic, operational, financial, and compliance risks:

1. **Strategic risks:** Risks that can prevent the company from achieving the high-level goals that are aligned with and support the company's mission and long-term objectives, such as investments, partnerships, and customers.
2. **Operational risks:** Risks associated with the effectiveness and efficiency of activities and use of resources, including having the correct competence in place.
3. **Financial risks:** Risks associated with the reliability of the company have access to needed capital, as well as exposure to financial risks such as currency, interest, and liquidity.
4. **Compliance risks:** Risks associated with conforming to laws and regulations applicable to the company. Compliance risks entail a risk of financial and legal penalties as a result of non-compliance with laws and regulations.

The Enterprise Risk process facilitates the operational risk management activities and organises processes to aggregate an enterprise view of risk exposure and mitigating plans. The identified risk factors' materiality is defined by assessing the likelihood and consequence based on both quantitative and qualitative factors. Risk mitigation plans are implemented for the risks with the largest materiality and potential to impact Morrow's performance.

Effective risk management is a key success factor for realizing our strategic objectives. The company will continue to work on evaluating the results of the mapping and to develop action plans for the most critical risks.

Strategic risks

Morrow is growing in a fast-paced environment and needs to mature further and gather insights to materialise our strategic opportunities.

The main risk to our strategy is the disruption of the technology roadmap, failing on core technology specifications and risk of focusing on the wrong customers.

Operational risk

Morrow has very low tolerance related to risks associated with HSE and people safety. We avoid risks that can negatively impact our operational goals while ensuring that our sustainability commitments are met.

Morrow is exposed to the risk of not enabling us to deliver on plan, cost, and/or quality. We have an ambitious growth and development plan. Timing is crucial and challenging.

There is increasing exposure to the risk of being unable to attract the required competence and/or retain key personnel. Even though key positions are established we still need to attract the right candidates in the long run.



Financial risk

Morrow is exposed to financial risk, mainly liquidity risk, currency risk, and interest rate risk.

Liquidity risk is the risk that Morrow will not be able to pay its financial obligations as they fall due. Morrow has so far mainly used equity financing to meet liquidity requirements related to financial obligations, to cover operational losses, and for investments.

Morrow are exposed to currency risk, especially exchange rate risk. The goal is to reduce the financial risk as much as possible. The current strategy does not include the use of financial instruments. This is, however, continuously assessed by the Board of Directors.

The Group is exposed to exchange rate risk on purchases and investments in currencies other than the company's functional currency. The primary exposure is to EUR, USD, and CNY. Morrow has not entered into derivative or other agreements to reduce exchange rate and related market risks but will consider this when volume increases.

There are no significant credit risk concentrations within the company. Receivables balances will be monitored on an ongoing basis, along with the increased activity, so that the Group's exposure to bad debts is limited. Morrow has no interest-bearing debt as of 31 December 2022.

Compliance risk

We strive for full compliance with our Code of Conduct and national and international laws and regulations of the market in which we operate. There are no significant risks, or failing to comply with rules related to e.g., accounting, procurement, or transactions.

EVENTS AFTER THE CLOSING OF 2022

In January 2023, Morrow Batteries signed a logistics service agreement with Rhenus Norway AS for delivery of production equipment for its battery cell factory, marking the starting point for Morrow's operations through the Eydehavn Port of Arendal. The agreement includes the first five hundred containers of production equipment through the Port of Arendal.

In February 2023, the company joined forces with Optimeering AS to develop AI-driven automation software for short-term power market operations.

The same month, a significant development milestone with the production of A-sample LFP cells was announced, which is the first step toward the commercial production of LFP batteries.



RESPONSIBILITY STATEMENT

"We confirm that, to the best of our knowledge, the financial statements for the period from 1 January 2022, up to and including 31 December 2022, have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and profit or loss of the company, and that the directors' report includes a fair review of the development and performance of the business and the position of the company as a whole, together with a description of the principal risks and uncertainties the company faces."

Arendal, 26 April 2023

BOARD OF DIRECTORS

Liv Monica Bargem Stubholt
Chair of the board
(Sign.)

Franziska Beata Bossart Bright
Director
(Sign.)

Maria Moræus Hanssen
Director
(Sign.)

Tor Øystein Repstad
Director
(Sign.)

Anders Læg Reid
Director
(Sign.)

Pedro Valle e Azevedo
Director
(Sign.)

Lars Christian Bacher
CEO
(Sign.)



MW

Annual report 2022

Finan statem chapter, 47



Morrow Batteries ASA

Income statement

Amount in NOK 000's	Note	GROUP		PARENT COMPANY	
		2022	2021	2022	2021
Revenue					
Approved project grants	3	21 039	6 821	19 782	4 625
Other Income		6 465	28	6 313	0
Other Income - group companies	4	0	0	28 770	0
Revenue and other income		27 504	6 848	54 865	4 625
Operating expenses					
Employee benefit expenses	5	106 772	31 211	86 558	27 836
Other operating expenses	4,5,8,17	80 422	27 825	86 388	25 612
Depreciation and amortisation expenses	9	2 745	632	1 792	435
Operating expenses		185 940	59 669	174 738	53 883
OPERATING LOSS		-162 436	-52 820	-119 873	-49 258
Financial income and expense					
Share of the profit/ (loss) of associates	11	47	0	47	0
Finance income	6	30 207	253	27 712	252
Finance cost	6	9 361	116	8 344	108
Net financial items		20 892	137	19 416	144
LOSS BEFORE INCOME TAX		- 141 543	-52 683	-100 457	-49 113
Income tax expense	7	-35 423	-11 753	- 25 711	-11 806
NET LOSS		-106 120	-40 930	-74 747	-37 308
Other Comprehensive Income		0	0	0	0
TOTAL COMPREHENSIVE INCOME		0	0	0	0



MW

Annual report 2022

Balance sheet

Morrow Batteries ASA

Balance sheet

Amount in NOK 000's	Note	GROUP		PARENT COMPANY	
		2022	2021	2022	2021
ASSETS					
Non current assets					
Development	8	78 602	0	78 602	0
Deferred tax asset	7	51 552	16 099	39 439	13 728
Goodwill	8	24 500	24 500	0	0
Total intangible assets		154 625	40 599	118 041	13 728
Property and plant	9,13	477 583	8 010	401 053	8 010
Equipment	9	5 615	1 003	0	1 003
Fixtures and fittings, tools, etc	9	80	125	0	68
Total tangible assets		483 279	9 138	401 053	9 081
Investments in subsidiaries	10	0	0	289 952	30 387
Investments in other shares	11	63 585	0	63 585	0
Other long term receivables	12	64 496	0	9 897	0
Total financial assets		128 081	0	363 433	30 387
Total non current assets		1 005 468	49 737	861 239	53 196
Current assets					
Accounts receivable		86	88	86	39
Other receivables		48 145	3 837	38 055	1 918
Other receivables - group companies	4	0	0	561	6 939
Total receivables		48 231	3 925	38 708	8 896
Total cash and cash equivalents	14	430 123	212 246	339 918	205 190
Total current assets		478 354	216 171	378 620	214 085
TOTAL ASSETS		1 244 338	265 908	1 261 147	267 281



MW

Annual report 2022

Balance sheet

Morrow Batteries ASA

Balance sheet

Amount in NOK 000's	Note	GROUP		PARENT COMPANY	
		2022	2021	2022	2021
EQUITY AND LIABILITIES					
Equity					
Subscribed share capital	16	1 621	104	1 621	104
Subscribed share capital - not registered	5, 16	17 040	0	17 040	0
Share premium		1 261 393	291 376	1 261 393	291 376
Other paid-in capital		3 711	2 263	3 711	2 263
Total owners equity		1 283 766	293 743	1 283 766	293 743
Uncovered loss		-153 950	-47 751	-118 790	-44 043
Total accumulated loss		-153 950	-47 751	-118 790	-44 043
Total equity		1 129 816	245 991	1 164 976	249 699
Liabilities					
Lease liabilities	6, 17	7 208	2 839	7 208	2 839
Other non-current liabilities	12	6 645	0	0	0
Total other non current liabilities		13 853	2 839	7 208	2 839
Trade creditors		62 608	6093	57 343	5 544
Public duties payable		2 580	1 700	2 758	112
Other current liabilities		35 481	9 285	28 863	9 086
Total current liabilities		100 669	17 077	88 963	14 742
Total liabilities		114 523	19 917	96 172	17 582
TOTAL EQUITY AND LIABILITIES		1 244 338	265 908	1 261 147	267 281

Liv Monica Bargem Stubholt
Chair of the board
(Sign.)

Franziska Beata Bossart Bright
Director
(Sign.)

Maria Moræus Hanssen
Director
(Sign.)

Tor Øystein Repstad
Director
(Sign.)

Anders Læg Reid
Director
(Sign.)

Pedro Valle e Azevedo
Director
(Sign.)

Lars Christian Bacher
CEO
(Sign.)



MW

Annual report 2022

Statement of changes in equity

Morrow Batteries ASA

Statement of changes in equity

Amount in NOK 000's	GROUP						
	Note	Share capital	Not registered share capital *	Share premium	Other paid in capital	Uncovered losses	Total equity
Equity 01.01.22		104	0	291 376	2 263	-47 751	245 991
Loss for the year		0	0	0	0	-106 120	-106 120
Capital contribution	16	1 517	0	970 017	0	0	971 534
Employee share purchase program	5	0	17 040	0	0	0	17 040
Share based payment	5	0	0	0	1 448	0	1 448
Foreign currency translation	6	0	0	0	0	-79	-79
Equity 31.12.22		1 621	17 040	1 261 393	3 711	-153 950	1 129 815

Amount in NOK 000's	PARENT COMPANY						
	Note	Share capital	Not registered share capital *	Share premium	Other paid in capital	Uncovered losses	Total equity
Equity 01.01.22		104	0	291 376	2 263	-44 043	249 699
Loss for the year		0	0	0	0	-74 747	-74 747
Capital contribution	16	1 517	0	970 017	0	0	971 534
Employee share purchase program	5	0	17 040	0	0	0	17 040
Share based payment	5	0	0	0	1 448	0	1 448
Equity 31.12.22		1 621	17 040	1 261 393	3 711	-118 790	1 164 975

*Registered 03 January 2023



MWN

Annual report 2022

Cash flow statement

Morrow Batteries ASA

Cash flow statement

Amount in NOK 000's	Note	GROUP		PARENT COMPANY	
		2022	2021	2022	2021
Cash flow from operating activities					
Loss before income taxes		-141 543	-52 683	-100 457	-49 113
Depreciation and amortisation expenses	9	2 745	632	1 792	435
Changes in group receivables and payables		0	0	6 377	-4 469
Changes in receivables and payables		39 207	12 594	38 037	13 611
Net cash flow from operating activities		-99 591	-39 457	-54 251	-39 537
Cash flow from investing activities					
Purchase of tangible non current assets	9	-476 886	-8 647	-393 764	-8 508
Purchase of intangible non current assets	8	-78 602	0	-78 602	0
Net purchase and proceeds from subsidiaries		0	0	-259 565	-287
Net purchase and proceeds from other investments	11, 12	-128 081	0	-73 481	0
Net cash flow from investing activities		-683 569	-8 647	-805 413	-8 795
Cash flow from financing activities					
Lease liabilities entered into during the year	17	6 010	2 839	6 010	2 839
Payment of lease liabilities	17	-1 641	0	-1 641	0
Share capital contribution		990 023	225 450	990 023	225 450
Changes in non-current liabilities	12	6 645	0	0	0
Net cash flow from financing activities		1 001 037	228 289	994 392	228 289
Net change in cash and cash equivalents		217 877	180 186	134 729	179 957
Cash and cash equivalents at beginning of period		212 246	32 060	205 190	25 232
Cash at end of period	14	430 123	212 246	339 918	205 190



Morrow Batteries ASA

Notes to the accounts

Note 1 - General information

Morrow Batteries ASA (the "Company") is an industrial technology company registered and domiciled in Norway. In October 2022, the company was converted to a public limited liability company under the Norwegian Private Limited Liability Companies Act. The company is headquartered at Havnegaten 2, 4836 Arendal, Norway.

The consolidated financial statements of Morrow Batteries ASA for the fiscal year 2022 were approved in the board meeting on 26 April 2023.

In the face of the green energy transition, the company's strategy is twofold: delivering current technology products and developing next-generation batteries that are cost-effective and more sustainable. These new batteries will feature the breakthrough cathode material (LNMO) - eliminating the need for cobalt and reducing the use of nickel and lithium while maximising the utilisation of readily available and clean manganese.

Morrow Batteries ASA and its subsidiaries ("the Group" or "Morrow") together form a leading global technology company with the ambition to develop and manufacture the world's most cost-effective and sustainable battery cells.

As a result of rounding off, the numbers or percentages in the consolidated financial statement will not always add up to the total.



Morrow Batteries ASA

Notes to the accounts

Note 2 - Accounting policies

2.1 Basis of the preparation of the Accounts

The financial statements have been prepared in accordance with the Norwegian Accounting Act §3-9 and Regulations on Simplified IFRS as enacted by the Ministry of Finance on 7 February 2022. In all material aspects, Norwegian Simplified IFRS requires that the IFRS recognition and measurement criteria (as adopted by the EU) are complied with, but disclosure and presentation requirements (the notes) follow the Norwegian Accounting Act and Norwegian Generally Accepted Accounting Standards.

The applied accounting policies current financial year are consistent with the accounting policies used last year. There are no new IFRS standards that have been applied in 2022. At the end of 2022, there are no amendments to existing standards/interpretations that are not effective and that will be relevant for Morrow Group at implementation.

2.2 Basis for consolidation

The Group's consolidated financial statements comprise Morrow Batteries ASA and companies in which the Company has a controlling interest. A controlling interest is usually obtained when the Group owns more than 50% of the shares in the company and can exercise control over the company. Transactions between group companies have been eliminated in the consolidated financial statement. We refer to note 10 for a list of subsidiaries consolidated as of December 31, 2022 and note 11 for investment in associates.

2.3 Use of estimates

The management has used estimates and assumptions that have affected assets, liabilities, income, expenses, and information on potential liabilities in accordance with generally accepted accounting principles in Norway.

2.4 Foreign currency

The primary economic environment is where a company primarily generates and spends cash. The functional currency is the currency of the country where the company is located. Morrow Batteries Group's presentation currency is the Norwegian krone (NOK).

All balance sheet items denominated in foreign currencies other than the functional currency are translated to the functional currency using the balance sheet closing rate. Exchange rate differences are recognised in the income statement.

2.5 Balance sheet classification

An asset is classified as current when it is expected to be realised within twelve months after the balance sheet date or consists of cash or cash equivalents, provided it is not subject to any restrictions. All other assets are classified as non-current. A liability is classified as current when it is expected to be settled within twelve months after the balance sheet date, and we do not have the right to defer settlement of the liability for at least twelve months after balance date. All other liabilities are classified as non-current.

Current assets are valued at the lower of historical cost and fair value.

Fixed assets are carried at a historical cost but are written down to their recoverable amount if this is lower than the carrying amount, and the decline is expected to be permanent. Fixed assets with a limited economic life are depreciated systematically in accordance with a reasonable depreciation schedule.



Morrow Batteries ASA

Notes to the accounts

Note 2 - Accounting policies continued

2.6 Receivables

Accounts receivables and other receivables are recorded in the balance sheet at nominal value less a provision for doubtful accounts. Provision for doubtful accounts is determined on the basis of an assessment of individual receivables.

2.7 Cash flow statement

The cash flow statement is presented using the indirect method. Cash and cash equivalents includes cash, bank deposits and other short-term, highly liquid investments with maturities of three months or less.

2.8 Other significant policies

Other significant accounting policies are presented and described in other notes to the financial statements, together with the more expanded disclosures for that particular area. This is done to make the disclosure more relevant to the users and make it easier to get an overview of the related notes.



Morrow Batteries ASA

Notes to the accounts

Note 3 - Public grants

Accounting policies

Morrow Batteries Group presents revenue from approved project grants as defined in IFRS 15. Government grants are recognised when the corresponding project expenditures are made, or when milestones are reached, in accordance with the terms of the related project contracts.

Morrow Batteries Group's development projects have been pledged grants for both 2022 and 2021. The figures are presented in the table below:

	GROUP		PARENT COMPANY	
Amount in NOK 000's	2022	2021	2022	2021
Approved project grants	21 039	6 821	19 782	4 625

Innovasjon Norge was the main public funding contributor in 2022. The Group was involved in 8 projects, for which funding has been granted. The contributions have been made across several technology development projects that will continue into 2023 and beyond.



Morrow Batteries ASA

Notes to the accounts

Note 4 - Intercompany balances with group companies and associates

Accounting policies

Inter-company transactions, balances, income, and expenses on transactions between Morrow's Group companies are eliminated upon consolidation. Profits and losses resulting from intercompany transactions are also eliminated.

GROUP

Amount in NOK 000's	Other income	
	2022	2021
Siva Morrow Eyde Energipark AS (associated company)	5 950	0

PARENT COMPANY

Amount in NOK 000's	Management fee invoiced		Management expenses	
	2022	2021	2022	2021
Morrow Technologies AS*	14 247	0	0	0
Morrow Industrialization Center AS*	14 522	0	0	0
Morrow Batteries GmbH	0	0	18 938	0

Amount in NOK 000's	Other receivables	
	2022	2021
Morrow Technologies AS	0	3 111
Morrow Industrialization Center AS	0	0
Morrow Batteries GmbH	561	3 827

* The company has paid Group contributions of NOK 14,2 million to Morrow Technologies AS and NOK 14,5 million to Morrow Industrialization Center AS as of 31 December 2022. The Group contributions received by the subsidiaries are recognised in the same year as they are recognised in the financial statement of the company.



Morrow Batteries ASA

Notes to the accounts

Note 5 - Salary and personnel expenses, number of employees, loans to employees and auditor's fee

The table below provides information regarding payments made in the financial year 2022 to members of the Board of Directors within the group. Remuneration relating to the financial year 2022, but not yet paid, is accrued for in the accounts.

Amount in NOK 000's	GROUP		PARENT COMPANY	
	2022	2021	2022	2021
Salary and personnel costs				
Salaries	84 843	20 239	67 114	17 818
Social security tax	12 310	2 448	10 121	2 133
Pension costs	3 040	809	2 930	809
Share based payment (IFRS 2)	1 448	2 263	1 448	2 263
Other benefits	5 130	5 453	4 944	4 814
Total Personnel expenses	106 772	31 211	86 558	27 836
Average number of employees	74	17	69	14

Amount in NOK 000's	Salary	Bonus	Pension costs	Other benefits	Total
Management remuneration 2022					
Lars Christian Bacher, CEO	396	0	0	9	405
Håkon Tanem, former CEO*	1 198	2 000	37	2	3 263
Terje Andersen, former CEO*	1 559	1 250	55	6	2 870
Dr. Rahul Fotedar, CTO**	2 420	0	0	47	2 467
Dagfinn B. Lie, CFO	1 992	167	0	7	2 166
Dr. Andreas Maier, COO	2 027	338	0	7	2 372

*In 2022, the Company underwent a change in leadership as Mr. Terje Andersen left on 13 June 2022. Following his departure, Mr. Håkon Tanem assumed the role of interim CEO until 1 December 2022, when Lars Christian Bacher was appointed as the new Chief Executive Officer.

** Salary was paid through an external payroll provider (fee charged are included in this amount).

The CEO's employment contract contains rules governing severance payment if the employment with Morrow is terminated. In the case of termination, a mutual notice period of 3 months shall apply. If the Company should ask the CEO to leave his position, the company shall pay a 6 months' severance pay.

No remuneration was paid to members of the Board of Directors in 2022.



Morrow Batteries ASA

Notes to the accounts

Note 5 - Salary and personnel expenses, number of employees, loans to employees and auditor's fee - continued

Pensions

The Group complies with the requirement to have an occupational pension scheme in accordance with the Norwegian law on required occupational pension ("Lov om obligatorisk tjenestepensjon"). It has a defined pension scheme for all employees of the parent company and subsidiaries in Norway. The pension contribution is limited to 5% of the employee's salary up to 12 G. The Group companies have no further pension commitments when agreed contributions are paid. The Group's contribution costs are charged to the income statement in the year the contribution applies. There were 105 members in the plan as of December 31, 2022.

Employee Share Purchase Program (ESPP)

All permanent employees in the Group, with a signed employment contract by June 30, 2022, had the opportunity to acquire shares in the Company in 2022. The 2022 Employee Share Purchase Program allowed eligible employees to buy shares at certain set purchase amounts between a minimum trading value of NOK 47 104 and maximum NOK 1 000 000. A price reduction of 30% of the total share price was offered in exchange for the purchased shares being subject to a three-year lock-up period: 1/3 in 2023, 1/3 in 2024 and 1/3 in 2025. In connection with the share purchase program, all employees were also offered partial funding up to 70% of the purchase price through a loan from the Company. The loan is subject to an annual 2% interest rate for the period of 10 years. The loans have been granted to staff and senior executives. In total, all employees subscribed shares for NOK 17,04 million, whereas NOK 10,3 million were loans from Morrow Batteries ASA in 2022. The Company has provided loans to senior executives for the total amount of NOK 1,8 million.

Share option program

As of 31 December 2022, certain senior employees of the Group are covered by a share-based option program. A total of 1 142 options were granted, with vesting conditions requiring three separate tranches to vest within 18, 30, and 42 months from the option grant date. In 2022 and 2021, expenses of NOK 1,4 million and NOK 2,3 million were incurred, respectively. The fair value of the options granted in 2022 was NOK 16 823,29 per option, based on a Black & Scholes model. The assumptions used in the calculation included and expected lifetime of 3,75 years, expected volatility of 50,5 %, and an interest rate of 2,683%. The fair value of the granted options will be expensed over the next four years, coinciding with the duration of the tranches.

The overview of outstanding options is presented below:

Amount in NOK 000's	2022		2021	
	Average strike price	Number of share options	Average strike price	Number of share options
Outstanding options 01.01.	12 525	902	0	0
Granted during the year	13 459	240	12 525	902
Outstanding options 31.12.	12 656	1 142	12 525	902
Options vested	12 525	126	0	0

Amount in NOK 000's	Grant date	Number of share options	Average strike price	Total
Management share options 2022				
Dagfinn B. Lie, CFO	25.06.21	155	12 525	1 941 346
Dr. Andreas Maier, COO	01.04.21 & 09.06.22	312	12 764	3 982 493

As of 31 December 2022, none of the CEOs serving during the year were granted any share-based options.



Morrow Batteries ASA

Notes to the accounts

Note 5 - Salary and personnel expenses, number of employees, loans to employees and auditor's fee - continued

Remuneration to auditor

Amount in NOK 000's	GROUP		PARENT COMPANY	
	2022	2021	2022	2021
Auditor's remuneration				
Statutory audit*	458	195	329	123
Attestation services**	224	7	224	7
Other non-audit services***	172	13	172	13
Total auditors' fee	854	216	725	143

* Statutory audit is defined as the fee for standard audit work that must be performed every year in order to issue an opinion on Company's Consolidated financial statements.

** Attestation services related to auditor confirmations as required by law on compliance, acceptance, engagement, and capital contributions.

*** Other non-audit services consist of fees billed for the technical preparation of tax returns, additional work related to SkatteFUNN reporting (public grants).



Morrow Batteries ASA

Notes to the accounts

Note 6 - Financial risks and net financial items

Morrow is exposed to foreign currency, liquidity, credit, and interest rate risks through its business activities. The Group's management oversees the management of these risks. It assures that appropriate policies and procedures govern the Group's financial risk-taking activities and that financial risks are identified, measured, and managed in accordance with the Group's policies. The Board of Directors reviews and agrees on policies for managing each of these risks, summarised below.

Currency risk

The Group has foreign exchange transaction exposures related to operating and financing activities in currencies other than the functional currency in which the Group operates. The Group is exposed to fluctuations in the EUR/NOK exchange rate. Historically, the Group has had limited exposure to other currencies. Still, the supply chain is becoming more global due to efforts to reduce costs, and the exposure to other currencies - in particular, EUR and USD - is increasing. Mitigation includes monitoring cost trends in global markets and retaining the ability to change suppliers should they cease to be cost-effective. The Group's cash reserves of NOK 430 million are deposited in Norway's savings banks DNB and Sparebanken Sør. All the Group's financial instruments are in NOK and EUR.

Liquidity risk

The Group monitors its liquidity risk to meet its financial obligations as they fall due. Such obligations are assessed regularly and compared against the cash flow projection. The Group's cash position at the year-end of 2022 was NOK 430 million, compared to NOK 212 million at the year-end of 2021. However, additional funding must be raised to secure financing for the operations beyond the following year at the current cash-burning rate.

Credit risk

The Group trades only with recognised, creditworthy third parties. All cash in the Group's Norwegian companies is deposited and distributed between two Norwegian banks, which is considered a risk-reducing initiative. All cash in Morrow Batteries GmbH is deposited in a German bank.

Interest rate risk

The Group is exposed to interest rate risks through funding and cash management activities. The bank deposits are exposed to changes in market interest rate and this change will affect the financial income and the return on cash. The Group had no interest-bearing debt as of 31 December 2022.

The table below summarises the net financial items for both the Group and the Parent for 2022 and 2021:

Amount in NOK 000's	GROUP		PARENT COMPANY	
	2022	2021	2022	2021
Finance income				
Interest income	5 428	222	5 246	222
Other financial income	0	31	0	30
Foreign currency exchange gains	22 895	0	22 385	0
Unrealised foreign currency exchange gains	1 883	0	81	0
Total finance income	30 207	253	27 712	252

In 2022, foreign currency gains were mainly related to funding activities in EUR. Morrow Batteries ASA raised NOK 992 million in a new equity in May 2022, paid in 2 tranches in May and September.



Morrow Batteries ASA

Notes to the accounts

Note 6 - Financial risks and net financial items continued

Amount in NOK 000's	GROUP		PARENT COMPANY	
	2022	2021	2022	2021
Finance cost				
Other financial expense	666	2	429	108
Interest expense on lease liability	189	0	189	0
Foreign currency exchange losses	2 997	114	2 217	0
Unrealised foreign currency exchange losses	5 509	0	5 509	0
Total finance cost	9 361	116	8 344	108

Foreign currency exchange losses were mainly related to realised currency loss on liabilities in foreign currencies (mainly in EUR), due to currency rate fluctuations between the time of invoicing and payment.

Unrealised foreign exchange currency losses were mainly related to foreign currency revaluation of bank account transactions, mainly from EUR to NOK.



Morrow Batteries ASA

Notes to the accounts

Note 7 - Tax

Accounting policies

The income tax expense is comprised of both tax payable for the period, and changes in deferred tax. Deferred tax is determined on the basis of existing temporary differences between accounting net income and tax net income, including year-end loss carry-forwards, calculated at 22%. Temporary differences, both positive and negative, which will or are likely to reverse in the same period, are recorded as a net amount.

Amount in NOK 000's	GROUP		PARENT COMPANY	
	2022	2021	2022	2021
Specification of the tax expense:				
Income before tax	-141 543	-52 683	-100 457	-49 113
Non-taxable income/(loss) from subsidiary	-3 062	0	0	0
Change in temporary differences	-958	74	179	11
Permanent difference*	-16 409	-4 549	-16 409	-4 549
Change in (utilisation of) tax losses carried forward	161 972	57 158	116 688	53 652
Taxable income	0	0	0	0
Specification of income tax expense:				
Current income tax payable	0	0	0	0
Changes in deferred tax assets	-35 423	-11 753	-25 711	-11 806
Tax on profit/(loss)	-35 423	-11 753	-25 711	-11 806
Specification of the tax effect of temporary differences and losses carried forward:				
Tangible assets	1 073	-22	146	232
Leasing	-82	11	-82	11
Losses carried forward	-235 183	-73 211	-179 332	-62 644
Basis for deferred tax benefit	-234 193	-73 178	-179 267	-62 401
Deferred tax benefit in the balance sheet	51 522	16 099	39 439	13 728
Tax rate	22 %	22 %	22 %	22 %

Morrow Batteries ASA and the Norwegian subsidiaries can utilise the group contribution scheme to redistribute the taxable base within the group.

* Permanent differences consist of non deductible expenses, for instance representative expenses, and deduction of the share of profits of associates. (The share of profits of associates are deducted since tax has already been assessed in the individual financial statements).



Morrow Batteries ASA

Notes to the accounts

Note 8 - Intangible assets

Accounting policies

Development costs are capitalised, providing that a future economic benefit associated with the development of the intangible asset can be established and costs can be measured reliably. Otherwise, the costs are expensed as incurred. Capitalised development costs are amortised linearly over their useful life. If the useful economic life of the capitalised development costs cannot be reliably estimated, the capitalised development costs must be amortised over a maximum period of ten years. Research costs are expensed as incurred.

Goodwill is recognised as the aggregate of the consideration transferred and the amount of any non-controlling interest and deducted by the net of the acquisition-date amounts of the identifiable assets acquired, and the liabilities assumed. Goodwill is not depreciated but is tested at least annually for impairment. In connection with this, goodwill is allocated to cash-generating units or groups of cash-generating units expected to benefit from synergies from the business combination.

Morrow Batteries Group's research and development activities are divided into a concept phase and a product development phase.

Expenses incurred during the concept phase are normally research expenses for developing new battery products at an early stage, where the outcome of the project is still uncertain, and different options and alternatives are still evaluated. Expenses incurred in the concept phase are recognised in the P&L statement as incurred.

The project is considered to be in the development phase when development activities have resulted in a definable future battery product that is assessed to generate future economic benefits. Expenses incurred in the development phase are capitalized on the balance sheet if certain conditions are met.

See the Board of Directors report for further information.

Morrow Batteries Group has recognised the following intangible assets in the Statement of Financial Position (including internal built-up assets such as development costs):

	GROUP	
Amount in NOK 000's	Goodwill*	Development
Acquisition cost at 01.01.22	24 500	0
Additions	0	78 602
Acquisition cost at 31.12.22	24 500	78 602
Accumulated depreciation at 31.12.22	0	0
Balance at 31.12.22	24 500	78 602
Current year amortisation and depreciation	0	0
Economic life		3-5 years
Amortisation and depreciation method		straight-line

*Goodwill is related to the acquisition of Morrow Technologies in June 2020, and the acquisition is part of the long-term goal of utilising the technology to fulfill the strategy and plans for the Group as a whole. Morrow Technologies AS is the cash-generating unit. The annual impairment test has not identified the need for impairment for the 2022 Financial Year.



Morrow Batteries ASA

Notes to the accounts

Note 8 - Intangible assets - continued

PARENT COMPANY

Amount in NOK 000's	Development
Acquisition cost at 01.01.22	0
Additions	78 602
Acquisition cost at 31.12.22	78 602
Accumulated depreciation at 31.12.22	0
Balance at 31.12.22	78 602
Current year amortisation and depreciation	0
Economic life	3 - 5 years
Amortisation and depreciation method	straight-line



Morrow Batteries ASA

Notes to the accounts

Note 9 - Property, plant and equipment

Accounting policies

Property, plant and equipment are capitalised and depreciated linearly over the estimated useful life. Significant fixed assets, which consist of substantial components with different economic life, have been unbundled; depreciation of each component is based on the economic life of the component. Costs for maintenance are expensed as incurred, whereas costs for improving and upgrading property plant and equipment are added to the acquisition cost and depreciated with the related asset. If the carrying value of a non-current asset exceeds the estimated recoverable amount, the asset is written down to the recoverable amount. The recoverable amount is the greater than the net realisable value and value in use. To assess the value in use, the discounted estimated future cash flows from the asset are discounted are used.

Amount in NOK 000's	GROUP			
	Under construction	Right-of-Use offices *	Machinery and equipment	Office machinery
Acquisition cost at 01.01.22	5 159	3 041	1 974	145
Additions and transfers	465 298	6 010	5 248	161
Acquisition cost at 31.12.22	470 457	9 050	7 223	306
Accumulated depreciation at 01.01.22	0	190	971	76
Depreciations and transfers	0	1 734	636	149
Accumulated depreciation at 31.12.22	0	1 924	1 608	225
Balance at 31.12.22	470 457	7 126	5 615	80
Current year depreciations	0	1 734	862	149
Economic life			3-5 years	3 years
Amortisation and depreciation method			straight-line	straight-line

Amount in NOK 000's	PARENT COMPANY			
	Under construction	Right-of-Use offices *	Machinery and equipment	Office machinery
Acquisition cost at 01.01.22	5 159	3 041	1 239	145
Additions and transfers	388 767	6 010	-1 239	0
Acquisition cost at 31.12.22	393 926	9 050	0	145
Accumulated depreciation at 01.01.22	0	190	237	76
Depreciations and transfers	0	1 734	-237	68
Accumulated depreciation at 31.12.22	0	1 924	0	145
Balance at 31.12.22	393 926	7 126	0	0
Current year depreciations	0	1 734	-10	68
Economic life			3-5 years	3 years
Amortisation and depreciation method			straight-line	straight-line

* We refer to note 17 for further description of IFRS 16 lease.



Morrow Batteries ASA

Notes to the accounts

Note 10 - Subsidiaries

Accounting policies

Subsidiaries are entities controlled by Morrow Batteries ASA. Subsidiaries are accounted for using the cost method and are recognized at costless impairment. An impairment loss is recognised if the impairment is not considered temporary in accordance with generally accepted accounting principles. Impairment losses are reversed if the reason for the impairment loss disappears in a later period.

Dividends, group contributions, and other distributions from subsidiaries are recognised in the same year as they are recognised in the financial statement of the provider. If dividends/group contributions exceed withheld profits after the acquisition date, the excess amount represents repayment of invested capital, and the distribution will be deducted from the recorded acquisition value in the parent company's balance sheet.

The following subsidiaries are included in the consolidated financial statements:

Amount in NOK 000's	Acquisition date	Location	Share Ownership	Voting rights
Morrow Technologies AS	09.06.2020	Arendal, Norway	100 %	100 %
Morrow Industrialization Center AS	14.05.2020	Arendal, Norway	100 %	100 %
Morrow Batteries GmbH	16.04.2021	Hannover, Germany	100 %	100 %

As of 31 December 2022, the investments in Morrow Technologies AS and Morrow Industrialization Center AS, have been recognized on the balance sheet at a higher value than the fair value. No impairment has been recognised as the decline in value is considered temporary.

The net profit (loss) and total equity for the subsidiaries are presented in the table below:

Amount in NOK 000's	2022		
	Book value	Total Equity	Net profit (loss)
Morrow Technologies AS	107 129	67 474	-15 322
Morrow Industrialization Center AS	182 536	163 400	-19 113
Morrow Batteries GmbH	287	583	-930
Amount in NOK 000's	2021		
	Book value	Total Equity	Net profit (loss)
Morrow Technologies AS	30 000	5 667	210
Morrow Industrialization Center AS	100	77	-17
Morrow Batteries GmbH	287	3 566	-3 815



Morrow Batteries ASA

Notes to the accounts

Note 11 - Investments in associated companies

Accounting policies

An associate is an entity in which the Group has a significant influence but does not exercise control over the management of its finances and operations (usually when the Group owns 20%-50% of the company). The consolidated financial statements include the Group's share of the profits/losses from associates, accounted for using the equity method, from when a significant influence is achieved until such influence ceases.

When the Group's share of a loss exceeds the Group's investment in an associate, the amount carried in the Group's balance sheet is reduced to zero, and further losses are not recognised unless the Group has an obligation to cover any such loss.

Morrow Batteries ASA has the following investments in associates:

	Registered office	Industry	Share Ownership	Voting rights
Siva Morrow Eyde Energipark AS (SMEE)	Trondheim, Norway	Real estate development	33 %	33 %

The associate is recognized using the equity method.

Based on an overall assessment where size and complexity are taken into account, SMEE is considered to be a significant associate. Further information regarding this company is disclosed below.

Amount in NOK 000's

Book value 01.01.22	0
Investment in SMEE	63 360
Share of net income (before tax)	47
Book value 31.12.22	63 407

The Group owns 33% of the shares and voting rights in SMEE. According to the shareholder agreement, 70% of the voting rights are required to make Board decisions. The Group has a significant non-controlling interest in SMEE as pr 31.12.22.

A summary of the financial information on the individual associated companies, based on 100% figures:

Amount in NOK 000's	2022	
	Profit after tax	Equity
SMEE	116	176 607



Morrow Batteries ASA

Notes to the accounts

Note 12 - Other long term receivables and long term liabilities

Amount in NOK 000's	GROUP		PARENT COMPANY	
	2022	2021	2022	2021
Guarantees	54 000	0	0	0
Rental deposit	600	0	0	0
Loans to employees	9 897	0	9 897	0
Other long term receivables	64 496	0	9 897	0

Guarantees

Morrow Industrialization Center AS is subject to the contracting obligations and the associated guarantees in connection with construction contracts entered into in 2022. The Company provided a rental guarantee of NOK 54 million related to the lease agreement entered with Siva Morrow Eyde Energipark AS (SMEE). Morrow Industrialization Center AS only guarantees a portion of the amount corresponding to its ownership interest in the construction projects.

Loans to employees

Loans to employees relate to the employee share purchase program (ESPP), further described in Note 5.

Amount in NOK 000's	GROUP		PARENT COMPANY	
	2022	2021	2022	2021
Other long term liabilities	6 645	0	0	0

Other long term liabilities

Other long-term liabilities relate to a non-financial loan provision with more than five years maturity.



Morrow Batteries ASA

Notes to the accounts

Note 13 - Transactions with related parties

Related parties include affiliates, associates, joint ventures, and other companies, where the Group has significant influence, as well as the Executive Management and the Board of Directors. All related party transactions have been carried out as part of the ordinary course of business and at arm's length terms.

See Note 4 for information about the consolidated subsidiaries and associates. Intercompany balances and transactions between consolidated companies are eliminated in the consolidated accounts.

See Note 11 for an overview of the companies included and further information about the investments. Transactions with associates as per note 10, primarily consist of financing provided to the companies, with other transactions detailed in Note 4.

To find information about the remuneration of the Management, see Note 5 "Salary and Personnel Expenses". The Company has frame agreements for legal services with highly reputable law firms in Norway and other relevant jurisdictions. Since 2020, Morrow has purchased legal services from Selmer, a law firm where the Chairperson also serves as a partner. The Company has a separate agreement for the Chair's remuneration and consultancy services.



Morrow Batteries ASA

Notes to the accounts

Note 14 - Cash and cash equivalents

Accounting policies

Cash and cash equivalents includes cash, bank deposits and other monetary instruments with a maturity of less than three months at the date of purchase.

	GROUP		PARENT COMPANY	
Amount in NOK 000's	2022	2021	2022	2021
Employees tax deduction*	4 105	1 139	3 651	1 139
Cash in bank	426 019	211 107	336 267	204 051
Total bank deposits and cash	430 123	212 246	339 918	205 190

* Deposited in a separate bank account

Note 15 - Estimates

Key accounting estimates

In the process of applying the company's and Group's accounting policies, management has made several judgments and estimates. All estimates are assessed to the most probable outcome based on the management's best knowledge. Changes in key assumptions may have a significant effect and may cause material adjustments to the carrying amounts of assets and liabilities, equity, and the profit for the year. Morrow's most significant accounting estimates are related to the following items:

Impairment losses

Goodwill and other intangible assets with an indefinite life are tested for impairment annually. The company's investment in subsidiaries and associates are similarly tested for impairment. The assessment are based on an analysis of the company's financial position and forecasts/outlook. Other assets, including property, plant, and equipment, are tested for impairment when there is an indication that a fall in value may have occurred.



Morrow Batteries ASA

Notes to the accounts

Note 16 - Share capital and shareholder information

Share capital

	Number of shares	Face value	Book value
Ordinary shares	162 128	10	1 621 280

Overview of shareholders 31.12.2022	Number of shares	Ownership in %
Agder Energi Invest AS	54 826	33,8 %
NOAH AS	49 210	30,4 %
Private Equity Minorities I K/S	16 411	10,1 %
Siemens Project Ventures GmbH	11 705	7,2 %
Rahul Fotedar	6 907	4,3 %
ABB Switzerland Ltd.	5 853	3,6 %
Nysnø Klimainvesteringer AS	4 458	2,7 %
Racso AS	4 000	2,5 %
BEBA AS	2 735	1,7 %
Nordic Sustainable Ventures AS	2 125	1,3 %
Karlsen Consulting AS	2 125	1,3 %
Arendal Næringssselskap AS	700	0,4 %
Arendal Fossekompani AS	594	0,4 %
Frederic Hauge	479	0,3 %
Total number of shares	162 128	100 %

All shares have equal voting rights.

Shares owned by Group management and their related parties 31.12.2022	Number of shares	Ownership in %
Group Management		
Rahul Fotedar, CTO	6 907	4,26 %
Pål Brun, EVP Corporate Affairs	2 125	1,31 %
Bård Karlsen, VP Operations Performance	2 125	1,31 %
Total number of shares in % of total outstanding shares	11 157	6,88 %



Morrow Batteries ASA

Notes to the accounts

Note 17 - Leases

IFRS 16 requires that all leases, except short-term and low-value leases, to be reflected in the balance sheet as lease liability. The weighted average discount rate used to calculate the IFRS 16 opening balance lease liability was 4 %. Under IFRS 16, the Group entered into several lease agreements with Pollen AS and DEG14 AS for leasing office space in parts of the buildings in Arendal and Oslo. The lease payments are recognised in the financial statement on a straight-line basis over the lease terms of 4 years. As of 31 December 2022, the right-of-use asset amounts to NOK 9 050 350, and the lease liability amounts to NOK 7 208 263 related to this lease. The Group's right-of-use assets are categorised and presented in the table below:

Amount in NOK 000's	2022	2021
Lease liability at 01.01.22	2 839	0
New leases including remeasurements	6 010	2 839
Gross lease payments	-1 829	
Lease interest	189	
Lease payments	-1 641	
Total lease liability at 31.12.22	7 208	2 839

Right-of-use assets are depreciated linearly over the lifetime of the related lease contracts.

Future minimum leases related to non-terminable lease agreements are maturing as follows:

Within 1 year	2 561
1 to 5 years	4 316
After 5 years	0
Total	6 877

Extension option

The Group's lease of buildings has lease terms that vary between 1 to 4 years. The agreements involve a right of renewal which may be exercised during the last period of the lease terms. The Group assesses, at the commencement date of the contract, whether it is reasonably certain to exercise the renewal right.



Morrow Batteries ASA

Notes to the accounts

Note 18 - Subsequent events

Accounting policies

Subsequent events are viewed as new information on the Company's financial position that becomes known after the reporting period. In evaluating such, the Group distinguishes between adjusting and non-adjusting events after the reporting period. Adjusting events refer to those that provide evidence of conditions that existed at the end of the reporting period. In contrast, non-adjusting events refer to those that are indicative of conditions that arose after the reporting period. Events after the reporting period that do not affect the Company's financial position at the end of the reporting period but will affect the company's financial position in the future are disclosed if significant.

There have been no material adjusting or non-adjusting events after the balance sheet date with a significant impact on the financial statements for 2022.

Note 19 - Going concern

Morrow Group is in a start-up phase with extensive investments to be made and as such will require further financing to continue its activities throughout 2023.

The liquidity situation as such, is crucial for going concern. Morrow Batteries ASA has secured convertible loan in April 2023. Additionally, it will be required to provide further funding in Q3 2023. If the company is not able to attract such funding, there is uncertainty related to going concern in 2023.



BDO AS
Fjellgata 6
4612 Kristiansand

Independent Auditor's Report

To the Annual Shareholders meeting of Morrow Batteries ASA

Opinion

We have audited the financial statements of Morrow Batteries ASA.

The financial statements comprise:

- The financial statements of the parent company, which comprise the balance sheet as at 31 December 2022, income statement, statement of changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The financial statements of the group, which comprise the balance sheet as at 31 December 2022, and income statement, statement of changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- The financial statements comply with applicable statutory requirements.
- The accompanying financial statements give a true and fair view of the financial position of the company as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act.
- The accompanying financial statements give a true and fair view of the financial position of the group as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company and the Group as required by relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), 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.

Material uncertainty regarding the Groups's ability to continue as a going concern

We draw attention to Note 19 - Going concern, which indicates that the Group is in a start-up phase with extensive investments to be made and as such will require further financing to continue its activities throughout 2023. Additional funding will be required within Q3 2023. As stated in Note 19 Going concern, these conditions indicate that a material uncertainty exists that may cast significant



doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

The Board of Directors and the CEO (management) are responsible for the other information. The other information comprises the Board of Directors' report and other information in the Annual Report, but does not include the financial statements and our auditor's report thereon. 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 consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinion on the Board of Director's report

Based on our knowledge obtained in the audit, in our opinion the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable statutory requirements.

Responsibilities of the Board of Directors and the CEO for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act, and for such internal control as management determines 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, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about 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 ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Penneo Dokumentnøkkel: Q11KM-TLNL5-OGQG7-JB2X4-DCCPX-5YBZX



For further description of Auditor's Responsibilities for the Audit of the Financial Statements reference is made to:

<https://revisorforeningen.no/revisjonsberetninger>

BDO AS

Torbjørn Rypestøl
State Authorised Public Accountant
(This document is signed electronically)

Penneo Dokumentthokke: Q11KM-FLNL5-OGQG7-JB2X4-DQCPX-5YBZX



PENNEO

Signaturene i dette dokumentet er juridisk bindende. Dokument signert med "Penneo™ - sikker digital signatur".
De signerende parter sin identitet er registrert, og er listet nedenfor.

"Med min signatur bekrefter jeg alle datoer og innholdet i dette dokument."

Torbjørn Rypestøl

State Authorized Public Accountant (Norway)

Serienummer: 9578-5995-4-550770

IP: 188.95.xxx.xxx

2023-04-27 11:47:17 UTC



Penneo Dokumentnøkkel: Q11KMFTLNL5-OGOG7-JB2X4-DQCPX-5YBZX

Dokumentet er signert digitalt, med **Penneo.com**. Alle digitale signatur-data i dokumentet er sikret og validert av den datamaskin-utregnede hash-verdien av det opprinnelige dokument. Dokumentet er låst og tids-stemplet med et sertifikat fra en betrodd tredjepart. All kryptografisk bevis er integrert i denne PDF, for fremtidig validering (hvis nødvendig).

Hvordan bekrefter at dette dokumentet er originalen?

Dokumentet er beskyttet av ett Adobe CDS sertifikat. Når du åpner dokumentet i

Adobe Reader, skal du kunne se at dokumentet er sertifisert av **Penneo e-signature service <penneo@penneo.com>**. Dette garanterer at innholdet i dokumentet ikke har blitt endret.

Det er lett å kontrollere de kryptografiske beviser som er lokalisert inne i dokumentet, med Penneo validator - **<https://penneo.com/validator>**



MW

Annual report 2022

Contact

MORROW

CONTACT

Morrow Batteries ASA
Havnegaten 2
4836 Arendal
Norway

PHOTOS BY

Jan Khür / Abrakadabra

morrowbatteries.com



p. 61



● **MORROW**



● Imagine tomorrow powered by us.